

UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT PUBLIC ADVISORY COMMITTEE MEETING
QUARTERLY MEETING

Alexandria, Virginia

Thursday, February 7, 2019

1 PARTICIPANTS:

2 PPAC Members:

3 MARYLEE JENKINS, Chair

4 STEVEN CALTRIDER

5 JENNIFER CAMACHO

6 BARNEY CASSIDY

7 CATHERINE FAINT

8 MARK GOODSON

9 BERNIE KNIGHT

10 DAN LANG

11 JULIE MAR-SPINOLA

12 PAMELA SCHWARTZ

13 JEFFREY SEARS

14 USPTO:

15 BOB BAHR, Deputy Commissioner for Patent
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16 THOMAS BEACH, PE2E & PTAB Portfolio Manager

17 SCOTT BOALICK, Deputy Chief Judge, Patent and
Trial Appeal Board

19 JACKIE BONILLA, Acting Deputy Chief Judge,
Patent Trial and Appeal Board

20 DAVID CHILES, Acting Chief Information Officer

21 DANA COLARULLI, Director, Office of Governmental
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1 MARY CRITHARIS, Senior Patent Counsel, Office
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9 DREW HIRSCHFELD, Commissioner for Patents
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11 ANDREI IANCU, Under Secretary of Commerce for
Intellectual Property and Director, USPTO
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13 MIKE NEAS, Deputy Director, International Patent
and Legal Administration
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15 LAURA PETER, Deputy Under Secretary of
Commerce for Intellectual Property and
Deputy Director, USPTO
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17 MARK POWELL, Deputy Commissioner for
International Patent Cooperation
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19 ANTHONY SCARDINO, Chief Financial Officer
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21 RICK SEIDEL, Deputy Commissioner of Patent
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23 WILLIAM STRYJEWSKI, Acting Associate
Commissioner, Patent Information Management
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1 P R O C E E D I N G S

2 (9:03 a.m.)

3 MS. JENKINS: I'd like to start. So,
4 good morning. Welcome to the February meeting of
5 PPAC. I am Marylee Jenkins, Chair of the
6 committee, and we're going to be doing something a
7 little different to start off. We are going to be
8 doing the swearing-in ceremony first for the two
9 new members of the committee and the two
10 reappointed members of the committee, so with
11 that, why don't we start with the swearing-in and
12 then we'll come back to the agenda for everything
13 else. Okay?

14 (Swearing in new members)

15 MR. IANCU: Great. Do you have the mics
16 on?

17 MS. JENKINS: Yeah.

18 MR. IANCU: Yeah, Let's begin.

19 MS. JENKINS: Yeah.

20 SWEARING IN:

21 MR. IANCU: Congratulations and welcome.

22 (Laughter)

1 MS. JENKINS: Okay. So we're going to
2 do a little different today, too, as well, because
3 I think it's might segue better into Andrei's
4 comments for us, so let's go around the table and
5 introduce all the members.

6 MS. FAINT: Good morning, I'm Catherine
7 Faint. I am a PPAC member and vice president of
8 NTEU245.

9 MS. SCHWARTZ: I am Pam Schwartz. I'm
10 the president of the Patent Office Professional
11 Association and also a PPAC member.

12 MR. COLTRIDER: Good morning. Steve
13 Coltrider, PPAC member.

14 MR. CASSIDY: Good morning, Bernard
15 Cassidy, PPAC member.

16 MR. KNIGHT: Good morning, Bernie
17 Knight, PPAC member.

18 MR. GOODSON: Mark Goodson, PPAC.

19 MS. CAMACHO: PPAC.

20 MS. MAR-SPINOLA: Good morning, Julie
21 Mer-Spinola, PPAC.

22 MS. PETER: Hi, I'm Laura Peter, the new

1 deputy director.

2 MS. JENKINS: Marylee Jenkins, PPAC.

3 MR. HIRSHFELD: Drew Hirshfeld,
4 Commissioner for Patents.

5 MR. FAILE: Andy Faile, USPTO.

6 MR. LANG: Dan Lang, PPAC.

7 MR. SEARS: Jeff Sears, PPAC.

8 MS. MARTIN-WALLACE: Valencia
9 Martin-Wallace, Patent.

10 MR. SEIDEL: Rick Seidel, Patents.

11 MR. POWELL: Mark Powell, USPTO.

12 MR. BAHR: Bob Bahr, USPTO.

13 MS. JENKINS: And with that, I'm going
14 to pass because we have a very busy schedule
15 today; I'd like to stay on time if possible. I'm
16 going to pass it to the director, Andrei Iancu.

17 MR. IANCU: Thanks Marylee, and welcome,
18 everybody. Welcome once again to the two
19 returning members and the two new members. Your
20 contributions have been and will continue to be
21 extremely valuable, and welcome to everybody else
22 as well. I really want to thank all the members

1 of PPAC for your hard work, your dedication to our
2 system, to our agency and to the contributions for
3 improving the United States Patent System. You
4 serve a critically important role in ensuring that
5 the goals, the policies, the performance of the
6 USPTO are in the best interest of all of our
7 stakeholders in the United States.

8 As always, as Marylee said, you have a
9 very busy agenda, so we'll get right to it. It's
10 an impressive lineup of presentations. I believe.
11 You'll find it very, very interesting, but a
12 little bit different than we have done it in the
13 past year, I would say. Let me introduce our new
14 deputy director who will give the opening remarks
15 today instead of myself. But because this is her
16 PPAC meeting, I would like to take a minute to
17 introduce her. Laura Peter is the new deputy
18 under secretary for commerce for intellectual
19 property and deputy director of the United States
20 Patent and Trademark Office, probably the longest
21 title in the U.S. Government, certainly the
22 longest title at the PTO, I believe.

1 So Laura joined us a few months ago and
2 has been already a tremendous help to our mission
3 since she arrived here. Prior to assuming this
4 role, Deputy Director Peter was Deputy General
5 Counsel at A10 Networks. In that role, she helped
6 shepherd the company through its initial public
7 offering and oversaw daily legal matters related
8 to commercial agreements, litigation, and, of
9 course, intellectual property portfolio
10 development.

11 Ms. Peter has practiced (inaudible) for
12 over 20 years. Her former positions include vice
13 president and general counsel at Immersion
14 corporation and assistant general counsel and
15 director of intellectual property at Foundry
16 Networks. Ms. Peter holds a bachelors of science
17 in industrial engineering from Cornell University,
18 a Master's in Public Policy from the University of
19 Chicago, a JD from Santa Clara University of Law
20 and an LLM in International Business Law from
21 King's College, London. I think I need to go back
22 to school. Clearly, she is incredibly well

1 qualified, so with that, please join me, first, in
2 welcoming our new deputy director and, second,
3 listening to her remarks. Laura.

4 (Applause)

5 MS. PETER: Thank you so much, Director
6 Iancu. It is a pleasure to be here and I'm
7 delighted to participate in my first PPAC meeting.
8 Many congratulations to our new PPAC members,
9 Steve Coltrider, Barney Cassidy, and returning
10 members Jennifer Camacho and Julie Mar-Spinola.
11 As Andrei mentioned, I joined the U.S. PTO in
12 November and it's been quite an exciting whirlwind
13 in these couple of months. I look forward to
14 working with all of you on furthering the U.S.
15 PTO's constitutional mandate to promote the
16 progress of science and the useful arts.

17 This past year, the U.S. PTO has been
18 focused on making patents more predictable, more
19 reliable, higher quality and overall better able
20 to withstand the challenges down the line. To
21 that end, I am sure you are aware we have recently
22 made a number of changes with respect to guidance

1 on the application of Section 101, the patent
2 subject matter eligibility standard and post-grant
3 proceedings before the Patent Trial and Appeal
4 Board, The PTAB.

5 We have also been working to ensure that
6 our more than 8,000 patent examiners have the very
7 best tools possible to perform a thorough search
8 and examination. With regard to Section 101
9 Statutory Eligibility, although the statutory
10 language regarding patentable subject matter has
11 remained virtually unchanged since the 1790s,
12 judicial precedent decisions have introduced a
13 degree of uncertainty to the application of the
14 law. Some have suggested that the courts have
15 been blurring the lines between patent statutes.
16 This has led to confusion for applicants,
17 attorneys and our examiners who wrestle with these
18 issues every single day.

19 The USPTO has been working hard to
20 clarify subject matter eligibility under Section
21 101. Of course, within our statutory authority
22 Supreme Court precedent and the letter of the law.

1 As many of you know, we have issued guidance to
2 examiners and the public in this regard, namely
3 the conventionality analysis and the second step
4 of the Mayo/Alice framework, method of treatment
5 claims, and on January 7th a revised framework for
6 101 subject matter analysis at the U.S. PTO.

7 We have been diligently training the
8 examination corps since the recent release of the
9 2019 revised patent subject matter eligibility
10 guidance or as we like to call, the 2019 PEG, and
11 we do like our acronyms around here. To keep you
12 all and the public informed, the new guidance and
13 related materials are available on our website.
14 We also recently conducted a 101 chat session and
15 you can find the materials and the recording of
16 this online as well.

17 For a deeper dive, we are offering
18 external stakeholders a free three-hour virtual
19 training session on February 26, 27, and 28
20 providing parallel content to our recent examiner
21 training, and we just extended the sign-up
22 deadline through to tomorrow. As we begin to use

1 this new guidance in examination, we are looking
2 for your feedback as well. I encourage you all to
3 provide your comments before the March 8th
4 deadline.

5 Now, let's turn to our PTAB changes.
6 Once a patent issues, it's very important for
7 everyone, to the patent owner, competitors,
8 industry, and the public at large to be able to
9 reasonably rely on the patent grant. Therefore we
10 must use our best efforts to ensure that all
11 post-grant proceedings at the USPTO are balanced
12 and meet the congressional intent of the balanced
13 and meet the congressional intent of the America
14 Invents Act, the AIA.

15 To that end, we recently initialed a
16 number of changes to the PTAB. For example, we
17 updated the trial practice guide I August. We
18 published two new standard operating procedures
19 for PTAB in September, and in October we published
20 both a final rule on the claim construction
21 standard and a proposal for an updated claim
22 amendment procedure in AIA trials.

1 For the sake of predictability and
2 reliability, the boundaries of a patent should not
3 depend on which forum happens to analyze it.
4 Accordingly, all petitions that have been filed
5 before the PTAB since November 13th will be
6 interpreted under the Phillips Claim Construction
7 Standards rather than the broadest reasonable
8 interpretation standard or BRI. This means that
9 PTAB will now apply the same AIA standard -- the
10 same standard that is applied in AIA trials that
11 the district courts apply in civil actions and
12 that is applied by the ITC, the International
13 Trade Commission.

14 Additionally we created a precedential
15 opinion panel which governs precedential and
16 informative decisions by the board. This panel
17 will provide consistency on issues of exceptional
18 importance to the agency. We've also presented a
19 new claim amendment proposal designed to ensure
20 that post- grant proceedings are not all or
21 nothing. It is not in the interest of the patent
22 system as a whole to invalid a patent entirely if

1 the specification actually describes patentable
2 subject matter. Therefore the amendment process
3 should allow the patent owner a meaningful
4 opportunity to amend the claims. The public
5 comment period for this amendment proposal ended
6 in December and we're now reviewing the comments
7 and considering next steps.

8 Our goal is to take a holistic approach
9 to fully implement the intent of the AIA which we
10 believe was for AIA trials to be a true
11 alternative to a district court litigation not to
12 take sequential bites of the apple eating away at
13 the core of patent validity. As I mentioned, over
14 the last year we have also paid special attention
15 to improving tools patent examiners use in doing
16 their jobs. As you're no doubt aware finding the
17 most relevant prior arts during examination
18 process has become an increasingly monumental
19 task. Over the past couple of decades, we've seen
20 both a publication and an accessibility explosion.

21 This means the amount of published
22 literature has increased exponentially and

1 continues to do so. Yet for one patent
2 application, there's still only one examiner with
3 a limited amount of time to examine that
4 application and all the related art. Parties and
5 litigations or other disputes can devote almost
6 unlimited time and resources to unearth the most
7 relevant prior art. So often a gap can develop
8 between the prior art identified during patent
9 examination and the prior art an opponent can find
10 during a patent dispute many years later.

11 In an effort to increase the reliability
12 of a patent grant and narrow this gap, the USPTO
13 has established a task force for identifying and
14 creating artificial intelligence tools. We hope
15 that AI tools will help search the ever increasing
16 mountain of information. We hope that it will
17 expedite finding the most relevant prior art and
18 that this prior art is becoming more and more the
19 proverbial needle in a haystack. One such tool we
20 are currently developing is the new cognitive
21 assistant called "Unity or U", for short. The
22 unity tool leverages AI and machine learning in a

1 way that would augment our existing next
2 generation patent tools.

3 Patent examiners will be able to easily
4 conduct a federated search across patents,
5 publications, non-patent literature and images,
6 and a pre-search report will be generated for the
7 examiner using AI and machine learning based
8 algorithms. We're also exploring semiautomated
9 tools for a search query expansion which are
10 trained to mind-technology specific synonyms with
11 the help of crowd sourcing or as we like to call
12 it "Examiner Sourcing". These tools have the
13 potential to considerably increase consistency in
14 searching.

15 In an effort to glean the best and most
16 appropriate artificial intelligence tools for the
17 USPTO's purpose, we are also soliciting input from
18 outside experts across the industry. We're
19 currently reviewing over 60 comments received in
20 response to a request for information from not
21 only leading companies, but also small businesses
22 in the AI field. We believe the diverse

1 information collected will help us to
2 revolutionize the prior arts paradigm.

3 We also continue to collaborate with
4 foreign patent offices ongoing initiatives such as
5 the expanded collaborative search pilot, CSP, and
6 the global dossier. We at the USPTO are
7 constantly striving to improve the search and
8 examination of our applications in order to
9 provide a solid, reliable patent grant. The USPTO
10 homepage has also been revamped to emphasize
11 excitement in innovation. Each month a new
12 feature story highlights an entrepreneur, an
13 inventor, or a journey of innovation.

14 In honor of Black History Month, we
15 currently feature prolific inventor Lonnie Johnson
16 who has over 100 patents to his name and over 20
17 patent applications currently pending. He is an
18 Air Force Veteran, a NASA Engineer, and he's best
19 known for inventing everybody's favorite summer
20 toy, this trademark Super Soaker water gun which
21 has generated a billion in sales to date. I'm
22 told that the Super Soaker invention began as an

1 environmentally friendly heat pump using water
2 instead of freon. Mr. Johnson has made
3 significant advances in aerospace and engineering
4 industries. He is currently working on a
5 revolutionary high efficient heat engine for
6 converting thermal energy into electricity and a
7 novel lightweight rechargeable battery.

8 Mr. Johnson recently joined us on campus
9 as part of our USPTO speaker series. These events
10 provide a forum for the public to personally hear
11 inspiring stories from a variety of inventors and
12 entrepreneurs. We hope that you can join us on
13 April 18th to hear Vint Cerf who is known as one
14 of the fathers of the Internet.

15 In closing, I'd like to thank you all
16 for your hard work and dedication to PPAC. The
17 ongoing collaboration between the USPTO and PPAC
18 is extremely important and your guidance and
19 insights on a number of issues continues to be
20 invaluable to us. As we discuss many important
21 topics today, let us keep both in mind the reason
22 we are all here, that is to celebrate and

1 incentive inventors and to fuel the fire of
2 innovation. Thank you for inviting me to speak
3 with you this morning. (Applause)

4 MS. JENKINS: Laura and Andrei, thank
5 you so much. One of the things that we do at this
6 point is you don't necessarily stay with us the
7 whole time, is if the committee has any questions
8 that they would like to ask based upon the
9 comments and all the strides the office has done
10 over the past year and I should also note -- can I
11 note that this is -- can I say this is your
12 anniversary, right, so to speak.

13 MR. IANCU: I think that's correct, so
14 you can certainly say it. (Laughter)

15 MS. JENKINS: So amazingly it's been a
16 year since Andrei was appointed and much has
17 happened through the office and PPAC has worked
18 very hard to keep up and keep the public informed
19 about all the great development, so. But anyone
20 have questions? Jeff?

21 MR. SEARS: Yes, I have a question for
22 you. It's about 101, a topic of great interest to

1 many of us. I certainly appreciate the new
2 guidance. It's very clear and it really, I think,
3 will be helpful to applicants on drafting claims
4 that get over the 101 hurdle. Here's my question.
5 The patent office is just part of the IP
6 ecosystem, another part is the federal judiciary.
7 I'm curious if you've given thought to, are the
8 guidelines setting the bar too low, meaning this:
9 Are we risking getting patents through the
10 guidelines which eventually the federal judiciary
11 will say, "Didn't really pass the test." Like,
12 what's the -- what's your framework, how have you
13 set the bar?

14 MR. IANCU: So -- can I take that?

15 MS. JENKINS: Okay.

16 MR. IANCU: Okay. First of all, I think
17 you will have a whole session with Deputy
18 Commissioner Bahr shortly on 101 and he'll go into
19 greater detail, but as a general principle, we
20 took great care to make sure that our guidelines
21 are in full compliance with the case law, so it is
22 our belief that if a patent is correctly examined

1 pursuant to the guidelines and the guidelines are
2 correctly followed all the way through, we believe
3 that courts should find those patents -- and the
4 patent is allowed, or either way the decision then
5 of course should agree with the decision made by
6 our examiners.

7 The focus of the guidelines is to
8 synthesize existing law. Obviously as an
9 administrative agency we cannot make new law. We
10 have to follow existing law and that's what we try
11 to do. Now, of course, we don't know yet and it
12 will be some time before we find out exactly how
13 the courts will rule, and we can always reassess
14 once we see a number of those rulings, but, again,
15 our firm hope and belief is that we are in full
16 compliance with the law.

17 MS. JENKINS: Anyone else, questions,
18 while we have them both here? No? One thing that
19 we're going to do, since we have them both here,
20 too, is just do a group photo very quickly for the
21 committee, so if the committee can get everybody
22 back up here one more time, very quickly, and then

1 we'll get right into the meeting, so. Hey, we are
2 now done with photos. Thank you for your
3 patience.

4 So our first topic for this morning,
5 and, again, we are -- for this year, just like we
6 did last year, we focus on the agenda. They get
7 more pointed making topics longer, so you'll find
8 the time that we spend on them is far longer than
9 we had in the past and trying to find things that
10 are very relevant and very current for the office
11 and obviously timely, so leading into the
12 question, Jeff, thank you for teeing that up.
13 That was perfect for subject matter. We have Bob
14 Bahr who is going to comment on the revised
15 guidance for determining subject matter
16 eligibility, so, Bob, it is yours.

17 MR. BAHR: Thank you. As was mentioned
18 earlier, we published revised guidance on January
19 7th of this year, comments. It's out for public
20 comment. Comments by the public are due on March
21 8th, so, please, if you have comments on them,
22 feel free to send them to us. Well, flickering --

1 sorry. Basically, please remember that, you know,
2 a lot of times when we publish things for
3 comments, people will send in comments if they
4 don't like what they see. Now, that's very
5 common, but I would urge you that if you would
6 ever agree with something that we do, you should
7 send in that comment, too, because, in all
8 seriousness, if you don't do that when we publish
9 things for comment and we do get a lot of negative
10 comments, we may not get a fair impression of how
11 the public has received something and we may make
12 a change that you don't want us to make because
13 you were happy with it (Laughter), so, bottom
14 line, feel free to send in comments agreeing with
15 us when you do.

16 So moving into the guidance, basically,
17 why did we do this. We have been publishing
18 guidance over the years for Section 101. What we
19 have done here is we have two major goals. First
20 is to try and improve the clarity predictability
21 and consistency in how the guidance -- or how
22 Section 101, patent eligibility, is applied during

1 the patent examination process, and also the
2 prayer guidance was becoming unworkable in
3 determining whether claims are cited in abstract
4 idea, so this guidance is to hopefully create an
5 improved way for examiners to more consistently
6 determine whether a claim does or does not recite
7 an abstract idea.

8 In a nutshell, the significant change in
9 this guidance is, there is two changes to Step 2A;
10 basically 2A corresponds to Step 1 of the
11 Mayo/Alice framework. So, first, we have created
12 a two-prong process to determine whether or not a
13 claim is "directed to a judicial exception", and
14 with respect to abstract ideas, we have replaced
15 reliance upon a quick reference sheet or a sheet
16 of snippets from cases to basically identifying
17 particular groupings of abstract ideas. So these
18 are the two significant changes if you can't stay
19 for any else of this talk, those are the two
20 significant changes in the guidance that we just
21 published.

22 So here is our flow chart basically from

1 the MPEP, and what has not changed? First,
2 there's no change to the USPTO Step 1 which is
3 whether or not you fall within one of the
4 statutory categories invention to begin with.
5 Second is there is a streamlined analysis. Many
6 inventions are clearly patent eligible are clearly
7 directed to things for which, you know, we issue
8 patents and they really don't need to go through
9 any fine sorting to make that evaluation, so we
10 have maintained and keep upfront the streamline
11 analysis, and also Step 2B, which is Step 2 of the
12 Mayo/Alice framework. That has not changed in
13 this particular guidance. So those things are the
14 things that have remained the same -- remain the
15 same.

16 So what is new? Basically the 2019
17 Patent Eligibility Guidance or PEG revises Step
18 2A. It creates a two-prong inquiry for
19 determining whether a claim is "directed to a
20 judicial exception," and it also puts abstract
21 ideas into groupings rather than inviting
22 examiners and the public to go look at cases and

1 see what looks similar to something held to be
2 directed to an abstracted idea in one of those
3 cases.

4 To show this more pictorially, obviously
5 the slide's hard to read, but on the left-hand
6 side you see the flow chart from the MPEP, and
7 there is a diamond in there that has the quote
8 "Directed To" box, and it's expanded on the right
9 to show how we've created or modified that to be a
10 two-prong inquiry. I'm going to discuss the
11 details in a second, so here is that part of the
12 flow chart, a little bit more legible. The first
13 Prong 1 is you just see whether or not a claim
14 recites a judicial exception, does it recite in
15 abstract idea, law of nature, a natural
16 phenomenon, and if the answer to that is yes, then
17 you go to -- you don't say it's directed to a
18 judicial exception and move quite along here.

19 If the answer is yes, you go to a Prong
20 2 and you ask, "Is the exception integrated into a
21 practical application," and only if the answer to
22 that question is no do you go on further in the

1 analysis to Step 2B; if the exception is
2 integrated into a practical application, then if
3 the answer is yes, you move out and the claim is
4 patent eligible and you can move on to examination
5 of the application under Prior Art Grounds,
6 (inaudible) and the like.

7 So basically here is the prongs written
8 out. First, you ask, you know, does the claim
9 recite an abstract idea, law of nature, or a
10 natural phenomenon. If the answer to that is no,
11 the claim is eligible without further analysis
12 here. If the answer is yes, then you go to a
13 second prong and you ask, "Is the exception
14 integrated into a practical application?" If the
15 answer to that is yes, then the claim is eligible,
16 however if the answer is no, then you move on to
17 Step 2B for further analysis.

18 So with respect to laws of nature and
19 natural phenomenon, you basically use our existing
20 guidance to determine whether or not a claim
21 recites a law of nature or a natural phenomenon
22 which includes products of nature. And if the

1 answer to that is yes, you still even for those,
2 move to Prong 2. For abstract ideas, we have made
3 a change here from prior guidance. You no longer
4 use the quick reference sheet or the chart of
5 cases to determine whether a claim recites an
6 abstract idea, you would use the groupings of
7 abstract ideas which I'll discuss in a little bit
8 more detail.

9 So if an examiner determines a claim
10 recites an abstract idea, they identify the
11 specific limitations that recites an abstract idea
12 and determine whether or not it falls within one
13 of the groupings. If it falls within the
14 groupings, they proceed to Prong 2; if it does
15 not, you don't treat it as an abstract idea except
16 in a rare circumstance that I will discuss more
17 near the end of the talk.

18 So the groupings of abstract ideas,
19 there is three basically buckets or groupings.
20 The first is mathematical concepts, mathematical
21 relationships, formulas or equations or
22 mathematical calculations. The second is mental

1 processes that are processes that are performed in
2 the human mind, observations, evaluations,
3 judgments or opinions, and then there is the
4 certain methods of organizing human activity.
5 There is a "certain" before that, so it's not any
6 method of organizing human activity. The certain
7 methods would include fundamental economic
8 principals, like hedging, mitigating risks,
9 commercial or legal interactions like legal
10 obligations, marketing sales, sales activities or
11 behaviors or business relationships and then
12 managing personal behavior or relationships or
13 interactions between people. Like, these would be
14 social activities, teachings, following rules or
15 instruction.

16 Now, for each of these, there is a note
17 here and it's written on this slide very small,
18 but it does say that reciting generic computer
19 components in the claim as performing these
20 doesn't take it out of reciting an abstract idea,
21 so merely the fact that there is generic computer
22 components recited in the claim doesn't mean the

1 claim is not directed to an abstract idea.

2 Now Prong 2, this is completely new to
3 this guidance is, once you determine that a claim
4 recites a judicial exception, you identify the
5 additional elements beyond the judicial exception
6 and you evaluate whether they integrate the
7 exception into a practical application. So this
8 requires that the additional element who apply,
9 rely upon, or use the judicial exception in the
10 manner that imposes a meaningful limit on the
11 judicial exception so that the claim's more than
12 just an effort to monopolize the exception. This
13 has used the considerations laid out by the
14 Supreme Court and Federal Circuit to evaluate
15 whether judicial exceptions are integrated into a
16 practical application, so this Prong 2 is new to
17 the current guidance.

18 Now many of the Prong 2 considerations
19 are not completely new, that many of them were
20 considered as former Step 2B considerations, so
21 there is -- many of these are looked at, we've
22 basically moved them to Step 2A. In the Federal

1 Circuit cases, End Fish being the most notable,
2 there are certain things like improvements to
3 computer technology where the Court has said these
4 things can (inaudible) we can really considered
5 what is out Step 2A or Step 2B, so we have moved
6 many of these considerations with respect to
7 integrating into a practical application to Step
8 2A.

9 Another one is a recent case in Vanda
10 where, you know, there were additional elements
11 that made it a particular -- admitted a practical
12 a practical application of a law of nature rather
13 than just being directed to a law of nature. So
14 that is where we got the notion for creating this
15 Prong 2 to the Step 2A. These are more details on
16 things that have been held to be an integration
17 into a practical application such as improvements
18 to computers or other technology, using it for a
19 particular treatment of prophylaxis, use of
20 particular machines for particular reduction of
21 particles to particular different states or things
22 and applying it in a meaningful way beyond just

1 linking the judicial exception to a field.

2 The flip side is there are certain
3 things that have been held to be basically not
4 enough to be a practical application and these
5 come from the Supreme Court cases, namely just
6 basically adding "apply it" to the judicial
7 exception or mere instructions to implement the
8 idea on a computer or merely using a computer as a
9 tool to perform an abstract idea, the
10 insignificant extra solution activity and
11 generally linking the use of a judicial exception
12 to a particular field, so these things have not
13 been considered to be enough to be a practical
14 application of a judicial exception.

15 Now, importantly here, and it's marked
16 here in red on this slide, is that for Prong 2 you
17 don't analyze whether or not the additional
18 elements simply represent well-understood routine
19 conventional activity. So basically what that
20 means is that things that don't really go beyond
21 the well-understood routine can still be a
22 practical application of a judicial exception.

1 That's put here for emphasis that you
2 impromptu; you don't say -- you don't ask yourself
3 whether or not the additional elements are simply
4 well-understood, routine and conventional, rather
5 you determine whether or not the additional
6 elements are a practical application of the
7 judicial exception. So basically additional
8 elements aren't dismissed simply because they are
9 well-understood, routine and conventional.

10 Segueing with that, another part of what
11 remains the same is Step 2B. So even if you get
12 into a claim where it's -- recites a judicial
13 exception, it's not really a practical application
14 of the judicial exception, there is another
15 pathway to eligibility if the claim recites what
16 the courts have called an inventive concept or
17 something that is significantly more than a claim
18 that's directed toward judicial exception, and so,
19 here, if the claim has an element or a combination
20 of elements that go beyond the well- understood
21 routine conventional, here the claim can be still
22 eligible under 2B.

1 So here for examiners we -- our
2 instructions are to in Step 2B to evaluate whether
3 the claim recites additional element that amount
4 to "an incentive concept" that is significantly
5 more than the recited judicial exception. So if
6 it does, the claim's eligible; if it does not and
7 also it doesn't -- it falls out under 2A, then the
8 claim is ineligible. This goes with -- it's
9 similar procedure -- basically the same procedure
10 as our prior guidance for Step 2B.

11 Now, maybe you should note that many of
12 the Step 2A considerations here for practical
13 application do overlap with Step 2B, so we've told
14 examiners that they don't really need to be
15 reevaluated in Step 2B because the answer is the
16 same, but if you conclude that something was
17 insignificant extra solution activity under 2A
18 then you could re-evaluate that conclusion in 2B
19 and see whether or not the elements are
20 unconventional or otherwise go beyond the
21 well-understood routine conventional. So there's
22 another way that a claim could be patent eligible

1 at Step 2B.

2 There is some limitations that are --
3 not limitations, or things where there are some
4 overlap with Step 2B and Step 2A, the improvements
5 to the function of a computer or the applying the
6 judicial exception by a particular machine,
7 transformations of particular articles, and going
8 -- adding specific limitations other than what's
9 well-understood, route conventional, and similarly
10 the apply it insignificant extra solution activity
11 and simply using the -- linking the judicial
12 exception to a particular technological field.
13 Those are not enough to be significantly more.

14 As I mentioned, there was a -- there may
15 be a rare circumstance where something that would
16 nominally -- doesn't fall within one of those
17 groupings should nonetheless be treated as an
18 abstract idea because the courts have not said
19 they are closed groupings of cases or closed
20 groups of things that are abstract ideas. We've
21 provided this exception process where if an
22 examiner feels that even though we haven't

1 specifically enumerated something as falling in
2 with one of the groupings of abstract ideas that
3 the claim is nonetheless recites something that is
4 so close to them that it ought to be treated as an
5 abstract idea.

6 In this situation we basically tell the
7 examiner to treat that tentatively as an abstract
8 idea to see if it's integrated into a practical
9 application in which case the claim is eligible
10 and you can just proceed on. However if it
11 doesn't, then see if -- go to Step 2B and see if
12 the claim has other elements that alone or in
13 combination go beyond the well-understood, routine
14 conventional, and if it does then you can conclude
15 that the claim is eligible. However if it's not,
16 then we've told examiners to bring the application
17 to the attention of the group director and if a
18 decision is made to make a rejection of the claim
19 as not falling within patent eligible subject
20 matter, the TC Director has to approve it and that
21 has to be indicated in the file record of the
22 application and there has to be a justification

1 for why that claim limitation is being treated as
2 an abstract idea.

3 So these are some reminders that we have
4 given to examiners in doing this that, one, you
5 always have to treat the claim as a whole in
6 considering this, that you should no longer use
7 the quick reference sheet, and, of course we're
8 not going to continue to update that sheet, and
9 also with respect to claim elements with the
10 well-understood, routine conventional, that that
11 is a consideration that's only done at Step 2B,
12 that that's not really a consideration under Step
13 2A. Under Step 2A, the decision is, is the claim
14 directed to a judicial exception or rather is it
15 directed to a practical application of the
16 judicial exception, and finally, keeping with
17 compact prosecution, we want examiners to address
18 all the patentability requirements up front and
19 not just focus on subject matter eligibility.

20 The impact here is that the -- this new
21 guidance supersedes certain provisions of the
22 MPEP, the one determining whether a claim is

1 directed to a judicial exception, obviously we'll
2 up -- you know, we're working on revising the MPEP
3 to bring it up to date and also it -- you know, it
4 supersedes all versions of the quick reference
5 sheet. We have posted a chart of the affected
6 MPEP sections on our website, and finally we point
7 out that that any claim that was considered patent
8 eligible under our prior guidance should still be
9 considered patent eligible under the revised
10 guidance.

11 We have come up with, I think it's six
12 new examples that we have used in training
13 examiners. Those are posted on our website. They
14 address abstract ideas, computer related
15 inventions and software. We also have about 36
16 preexisting examples. With respect to those
17 preexisting examples, we believe that the outcomes
18 in those examples remain the same, however some of
19 the analysis that was presented when we wrote
20 those examples would be different under the new
21 guidance, so while the outcomes can still be
22 relied upon, the analysis of them, when they're

1 used, should be considered with some caution.

2 We have also updated some form
3 paragraphs for examiners for use with the revised
4 guidance. These are those form paragraphs, and we
5 have resources; we have a subject matter
6 eligibility webpage and we have a number of, like,
7 for example, Arkheimer and Vanda memos; these
8 things are all posted online. We also have new
9 form paragraphs, a chart of affected MPEP
10 sections. We did provide a sample of rejection.
11 We have the new examples and we have a "Frequently
12 Asked Questions" document.

13 Once again, the public comment period is
14 open through March 8th. There is the mailbox for
15 comments. It's eligibility 2019 at USPTO.gov, and
16 a link to the comments is actually on our webpage,
17 so some of the comments we have are already posted
18 online. Again, for questions and comments? Oh?

19 MS. JENKINS: Go ahead.

20 MR. CASSIDY: Shown on Slide 23, Mr.
21 Bahr comment, "Any claim considered eligible under
22 prior guidance should still be considered eligible

1 under the 2019 PEG," what's the rationale for
2 including that comment, which is troubling to me?

3 MR. BAHR: Well, the way we revised our
4 guidance it didn't seem to us that anything that
5 was eligible before should be ineligible now and
6 we did not want examiners to interpret the
7 guidance in a way that would result in claims that
8 were previously considered eligible being treated
9 as ineligible.

10 MR. CASSIDY: It occurs to me that just
11 remaining silent on the topic might get you to the
12 same place, but I appreciate the insight.

13 MR. BAHR: I appreciate what you're
14 saying, but when we created this guidance, we did
15 -- we gave it to people within the examining corps
16 and throughout the office and we worked with the
17 PTAB, we worked with the solicitor's office, and
18 some of the -- and a lot of the input they gave us
19 was that something like this would be helpful.
20 That's sort of why we do what we did.

21 MS. CAMACHO: Thank you very much for
22 the presentation and for the office for the

1 revised guidance. I think that this is fantastic.
2 It really represents a nice unification of the
3 approach between the life sciences and the
4 computer sciences, two sides of the passive pain
5 of 101, and this also provides a very nice
6 practical approach for both the examiners, but on
7 the other side it's very helpful for those of us
8 who are left responding to the 101 so that we can
9 follow the same approach on response, too.

10 I have in the past at times seen 101
11 rejections that start to blend into a 102, 103,
12 and I know that we've talked about that in the
13 past as well, and so is yours -- when this was
14 prepared, did you keep that in mind as far as
15 trying to segregate the two arguments that you
16 were seeing?

17 MR. BAHR? Oh, yes, very much. If you
18 read through the cases, you will see language that
19 looks like, almost like you say, a prior art
20 rejection or prior art issues, and there are other
21 cases where you are reading them and it looks like
22 arguments that are directed to a adequacy of

1 disclosure issue or definiteness issues, so you
2 definitely see languaging cases that sort of
3 points you in directions that historically I would
4 not have considered subject matter eligibility
5 issues, and we tried very much in this guidance
6 to, I'm going to say, keep projections -- we say,
7 "Keep them in their lane", so that -- you've
8 probably noticed that concurrently we publish
9 guidance on 112, that wasn't a accidental or an
10 incident.

11 We very much felt that if we at the PTO
12 did a better job of policing disclosure
13 requirements and definiteness requirements, we
14 might not have the same issues we have -- we now
15 have issued patents with claims that are being
16 treated now as lacking subject matter eligibility.

17 MS. CAMACHO: Thank you.

18 MR. KNIGHT: Bob, just wondering, what
19 sort of requirements to examiners have to make
20 notes in the file regarding this analysis so that
21 the applicant can, you know, know and figure out
22 like where they ran afoul of this new analysis or

1 is it just covered in the form paragraphs?

2 MR. BAHR: Well, it's some are covered
3 in the form paragraphs. I mean, they would have
4 to identify what limitations recite the judicial
5 exception, you know, explain why it's not a
6 practical application and explain why the
7 additional elements don't go beyond the
8 well-understood, routine, conventional. So those
9 are basically the paths an examiner would have to
10 follow to explain a Section 101 rejection.

11 I mean, when you say notes and abouts
12 would be written out in an office action, that's
13 sort of the explanation process and it's laid out
14 for examiners in the form paragraphs.

15 MS. MAR-SPINOLA: Bob, a question here.
16 First, before the question, I want to comment:
17 Thank you for the guidelines. I think that they
18 are helpful and it's certainly advances the
19 directors objective of providing consistency for
20 the stakeholders, so thanks on that. I do have a
21 question about the tentative abstract ideas,
22 designation, if you will. Can you expand? So if

1 an examiner preliminarily identifies the subject
2 matter as tentative abstract idea, and I
3 understand from the process that there would be
4 some internal discussions about whether or not it
5 should be designated as such. Does that
6 designation become part of the record, and if it
7 is decided that it's not tentative, that it is
8 eligible, for example, is the designation somehow
9 removed or purged from the record or what?

10 And the question is asked because, you
11 know, the tentative abstract idea, looking down
12 the line and in enforcement proceedings, I can see
13 that as a hook for an issue that may not exist.

14 MR. BAHR: Okay, so I'll give you the
15 lawyerly answer, "It depends". So if an examiner
16 looked at a claim and felt that it recites
17 something that it wasn't falling within a grouping
18 but should be, you know, might be considered an
19 abstract idea, but determined that there was a
20 practical application of it or that there was
21 something in the claim that goes beyond the well
22 understood routine conventional. In that case the

1 examiner can conclude that the claim is eligible
2 and would never have to go to the group director
3 and so there would not be anything formally that
4 the examiner had to do to, you know, do anything
5 other than the examiner would normally authorize
6 to do, is to find the claim eligible.

7 Of course in that situation where it's a
8 close call it would be appropriate for the
9 examiner to include -- you know, if the claim was
10 allowable, you know, to include a reason for
11 allowance explaining why, you know, there was a
12 practical application of whatever the examiner
13 thought was a tentative abstract idea. However
14 conversely, if the examiner did believe it was a
15 tentative abstract idea and it -- felt that there
16 was no practical application of it and that also
17 there was, you know, nothing that went beyond the
18 well-understood, routine, conventional and went
19 through the process of going to the group director
20 and the group director signed off on it and there
21 was an explanation in the file as to why the
22 application is being treated that way, that, of

1 course, would be in the record.

2 Obviously the applicant could amend to
3 get over it or could explain why their decision
4 was probably not correct and it should be
5 considered patent eligible. In either of those
6 two cases, the record would show, you know, a
7 office section approved by the group director and
8 then, you know, the withdrawal of that office, and
9 you know, basically, arguments or an amendment and
10 then, you know, the PTO not making that rejection
11 for the case to ultimately be allowed. So that
12 would be something of a record as to what
13 happened.

14 MS. MAR-SPINOLA: Yeah, thank you.

15 MS. JENKINS: So, you asked for
16 positive, so you will get -- I commend the office
17 for the long awaited and much needed guidance on
18 this. We're already seeing movement in this area.
19 We're already seeing examiners withdrawing Section
20 101 rejections, so we've, you know, as a
21 practitioner and not as PPAC Chair, this is a long
22 time in coming and is very appreciated, and the

1 more guidance that you give, no pun intended, I
2 guess, to the public on this I think is helpful
3 for everyone, so I encourage the office to get out
4 -- Bob, you have nothing else to do -- but to
5 travel and (Laughter) just really get the message
6 out so people get educated on the stakeholder side
7 as well, so I think that's great.

8 I think one thing, too, that I was
9 surprised you didn't mention and something that we
10 were made aware of yesterday is the training here
11 that goes on at PTO for examiners and how quickly
12 you've gotten the training done, I think that's
13 something the public should be aware of, so if you
14 could just touch on that.

15 MR. BAHR: Sure, first of all, I can
16 take very little credit for that, but Valencia's
17 staff and then with help with the TCs did a great
18 job in training examiners. First of all, training
19 for subject matter eligibility is not a one-time
20 deal and done, but we did what we called a "First
21 Wave of Training," where pretty much all examiners
22 have been trained, I'm going to say, one way or

1 another, within the month of January, so we
2 separated the training into what we call, "Two
3 Tiers". The first tier we'll call "Tier 1
4 Training," and that's -- was for examiners who
5 rarely or probably never see patent subject matter
6 eligibility issues. Those are in the technologies
7 I'm going to say like fuel injectors where there's
8 just no question that it's subject matter
9 eligible.

10 For those examiners they got a light
11 version of training quite similar to the slides I
12 presented this morning. For that, we simply feel
13 that all examiners of the PTO should be familiar
14 with patent subject matter eligibility issues,
15 however for other examiners where they do see
16 subject matter eligibility issues, they got what
17 we call a "Tier Two Training," which was a more
18 detailed training in this with examples, those six
19 examples I mentioned. For each of those trainings
20 they would have been trained on, I believe, two of
21 those examples that were the most pertinent to the
22 technology area from that examiner, and we do plan

1 to do further training. We're going to see what
2 comes in with the public comment to see if we need
3 to make any adjustments to the guidance and then
4 we will plan to do updated training in the future
5 for examiners.

6 MS. WALLACE: So Bob is very humble
7 because his division as well as Andy's and mine
8 have worked really diligently for a long time,
9 well before the guidance came out in preparing the
10 POCs each of the technology areas, CRU and OPQA,
11 to make sure that as they're training and
12 answering questions of the examiners, they are
13 thoroughly involved with this at every stage, so
14 it was a huge effort by all three divisions to get
15 that done. So as Bob was saying, yes, we have --
16 this is multiple phase approach. You can't just
17 give training once and think that that's all
18 that's going to be needed, so we have this first
19 phase.

20 We are going to then wait for the
21 comments as well as do a thorough evaluation of
22 the examiners' work after the training has been

1 given to help us in the approach for Phase II
2 which will be a more intense workshop-style
3 training that we'll be giving all involved
4 supervisors, cases, examiners, OPQA as we're
5 developing. So that's our next phase and you also
6 mentioned, so I'll just touch on a little bit,
7 Deputy Director Peter mentioned that we have
8 training coming out at the end of this month for
9 the public as well which is the same training that
10 we're giving our Tier Two that Bob mentioned which
11 is the more intense training for examiners, so we
12 will be giving that.

13 So far we have over 1,300 participants
14 signed up to take that training, so clearly it's
15 something that's needed and as you were
16 mentioning, reaching out more, that's one of the
17 first ways and as we affectionately call it, "Our
18 Bob Chats". We had a Bob Chat when the guidance
19 first came out for the public as well to make sure
20 that they're better aware and understand the
21 meaning of the guidance and how to use it. So we
22 have a lot still planned. This is not going to be

1 a one and done. We will be on top of this for
2 quite some time.

3 MR. FAILE: And just to add in to what
4 Bob and Valencia said, so another thing we thought
5 about with this particular training is trying to
6 provide an extra support network, particularly
7 when we first launched the training, so you have
8 8,200 examiners and about 600 or so SPEs managing
9 the oversight of patent examination, so we thought
10 it was key that we kind of get to those two groups
11 and provide some support for this.

12 So one of the things we did was very
13 early on in the development process of the
14 training guidance, we had POCs, Points of Contact,
15 within each of the TCs that we specifically
16 trained up and brought along with us during the
17 whole development cycle, and they were kind of
18 our, you know, "Go To Resources," so when we first
19 launched the training, we had a place for the
20 immediate traffic to go while we were busy
21 training up to speed the examiners kind of on the
22 backend, so we had kind of a repository of

1 knowledge area examiners could go to and talk to
2 someone with a specific issue.

3 Another thing that we've done is
4 providing examples. Examiners love examples.
5 It's great to have training, it's great to lay out
6 a methodology for how to approach a certain
7 subject or issue. They always want an example
8 preferably within their technology to show how
9 that particular methodology should be carried out.
10 So Bob had mentioned earlier in the chat of the
11 six examples, we kind of strategically picked
12 those six examples on technologies that we think
13 see 101 a lot and we gage those six examples to
14 teach different parts of the test, so they're kind
15 of purposely laid out in a certain fashion.

16 During the training, if we trained a
17 certain TC, we would lean on the examples that
18 were pertinent to that particular TC in an effort
19 to bring the actual methodology to an example that
20 the TC was most familiar with. And of course this
21 is very high-level example, so we couldn't have an
22 example for every single examiner or every single

1 technical field.

2 So the follow-up training that Valencia
3 mentioned would be workshops where we take another
4 deeper dive, get into the technology and start
5 devising more examples that are kind of more
6 pertinent on a weedier level for examiners in
7 those technologies. This way we can kind of drive
8 home the test itself with the technologies that
9 the examiners have. But I think having those POCS
10 trained up and ready at the beginning of the
11 launch, number one and number two, having examples
12 that are geared toward the technology centers in
13 which we trained was helpful in moving everything
14 through.

15 MR. HIRSHFELD: Yeah, just a couple
16 additional comments. Andy mentioned the examples;
17 I will tell you I get more positive feedback about
18 examples from examiners, from the public,
19 everybody wants more examples. As we move
20 forward, part of what we know is in front of us is
21 to continue to look for examples. We are
22 canvassing throughout patent operations as

1 examiners are looking at cases to see what type of
2 subject matter would be examples. We're hoping
3 that people who submit comments to us will submit
4 potential examples that they think are fit. We've
5 done that in the past and it's been very helpful.

6 So the more examples the better, and as
7 we move forward, we'll certainly have examples,
8 and I just wanted to make one more point is that
9 all of this material that we talk about, we make
10 public, and so that you can all see it right on
11 our website, the examples, the training, and so as
12 we continue to roll out, we will add that material
13 so people can see it. We're somewhat cognizant of
14 the timing. We don't want to put information on
15 our website before the bulk of our examiners get
16 trained. It's an odd situation to have the public
17 going to our examiners and saying, "This is on
18 your website," and they haven't been trained on it
19 yet, so once we train the bulk of examiners in a
20 particular topic or area, example, et cetera, then
21 we will put that right on our website.

22 MS. JENKINS: Well, again, I commend and

1 I've made a note that we can also ask for Bob
2 chats (Laughter) from the committee, so that's
3 great. Any other questions on 101? Mark is
4 saying no, shaking the head "no". So let us move
5 along and we'd obviously changed up the agenda, so
6 International is next. I do want to make a couple
7 of comments, though, reminding the audience that
8 we welcome e-mails, so if you do have e-mails that
9 are directed to the subject matter that's being
10 discussed, we will try to include those in during
11 the session as best we can, so please keep that in
12 mind, and with that, so who is on tap for -- is
13 Mary starting? Yeah, great. Oh, and do we segue
14 right into International Subject Matter? Wow,
15 look at that (laughing). Great. Mary, welcome.

16 MS. CRITHARIS: Thank you, and I know we
17 didn't get a chance to talk about this at the last
18 PPAC session, but maybe the timing is better
19 coming off the heels of Bob's discussion earlier
20 this morning.

21 So OPIA decided to host a international
22 dialog on patent eligible subject matter and we

1 had a three-day session. The first day was
2 dedicated to the life sciences and the second and
3 third days were dedicated to computer implemented
4 inventions. This was somewhat of an inaugural
5 meeting for us. Typically when we host these
6 international meetings the different
7 representatives from the offices come prepared to
8 give a position on a particular topic, however for
9 this dialog we didn't want to have that. We
10 really wanted to understand the motivations and
11 the reasons behind their eligibility analysis, so
12 we weren't really interested in their bottom-line
13 so much. We were really interested in their
14 thinking and how examiners approach patent
15 eligibility in their respective jurisdictions.

16 We had different representatives from
17 the European patent offices as well as
18 representatives from the respective offices from
19 China, Japan, and Korea, so we limited this group
20 to the IP5 group. Again this was an inaugural
21 meeting and we wanted to see how it'd work, so
22 limiting to a small group proved to be very

1 effective for these purposes. And to be frank,
2 one of the reasons why we decided to host this
3 meeting was back in the fall of 2017, we hosted
4 two roundtables on patent eligible subject matter.
5 The first roundtable was really on the guidance,
6 but the second roundtable focused on the legal
7 contours of patent eligible subject matter, and we
8 asked the public what their views were on the
9 current status of the law and we also asked them
10 what changes they thought, if any, were necessary
11 in order to improve the framework for determining
12 patent eligibility, and one of the comments that
13 we received -- several of the comments received
14 focused on the fact that it was easier to get
15 patent protection in other jurisdictions.

16 They found the laws in those regions a
17 little more accommodating with respect to patent
18 eligibility. In particular they focused on
19 Europe, Japan, and even China, so we really wanted
20 to explore those differences. In the past we've
21 had a lot of studies with our trilateral partners;
22 that's the Japan patent office and the European

1 patent office, where we did these comparative
2 studies. But the problem with that was, when we
3 did the comparative data, we just came to
4 everyone's bottom line, so we never really got to
5 have this discussion where we got to ask them, why
6 did you do that, how can you overcome that, what
7 other things can the applicants do to overcome a
8 patent eligibility rejection. So this gave us a
9 really unique opportunity to be able to have that
10 kind of discussion.

11 MS. JENKINS: Thank you, Mary, quick
12 question.

13 MS. CRITHARIS: Sure.

14 MS. JENKINS: So, I mean, was this
15 impact -- like the timing of this meeting, was
16 this impactful then for the guidance at all?
17 Like, did it give any pause or -- or, you know,
18 what I -- I mean, obviously they're all different
19 processes --

20 MS. CRITHARIS: Yeah.

21 MS. JENKINS: -- we're just wondering,
22 and I don't know if you want to answer, Bob wants

1 to answer, Drew? I don't know. Yeah.

2 MS. CRITHARIS: Well, I think that it
3 all comes together for us, so while we don't look
4 at the international standards as being
5 instructive, but I think they are helpful in
6 helping to understand, so you know we've all been
7 working very closely together on the guidelines
8 for months and we did have some of the discussions
9 looking into what the other offices doing with the
10 practices, so while it's difficult, I think,
11 because, you know, we're bound by the law, so we
12 couldn't really make too many changes, but I do
13 think it was helpful in going through the
14 analysis, but I'll let Bob also add onto that.

15 MS. JENKINS: Sure.

16 MR. POWELL: I would just like to add
17 that, you know, Mary mentioned all of these
18 comparative studies and stuff like that. There
19 have been suggestions within the trilateral
20 offices that she mentioned in the IP5, the larger
21 group, about doing, you know, further studies and
22 so forth. You know, one thing to point out that

1 we had not agreed to do those yet until the
2 guidance got out, and let's put it that way. So
3 there may be follow-on work along the lines that
4 Mary has discussed coming soon, maybe.

5 MS. JENKINS: And clearly one of the
6 reasons I raise is that there has been comment
7 throughout the user community about, well, the EPO
8 gets it right, why can't the patent office get it
9 right, you know, so I think it's important for
10 them not to hear that you operate in isolation and
11 a lot of people don't know all the efforts that
12 the PTO does on the international front, so I
13 think it's important to express tht, so.

14 MR. BAHR: Right. I just -- I don't
15 know if anything from this particular conference
16 was used in the guidance, but I do know that
17 certainly we met pretty much weekly with Andrei on
18 subject matter eligibility pretty much since he
19 became undersecretary and comparative subject
20 matter eligibility was discussed at a number of
21 those meetings, and I know Mary was crucial in
22 bringing that to us and explaining how things

1 would come out in different jurisdictions, so that
2 was definitely taken into account.

3 MS. CRITHARIS: And I think one thing as
4 I go through some of the slides is, for us I think
5 the differences was really eye-opening. So I'd
6 like to touch upon some of those differences and
7 actually get some of your thoughts as well as we
8 go forward. So just as far as the format of the
9 conference, we started with an overview from the
10 different offices. They provided brief
11 presentations on their laws and their guidelines
12 on subject matter eligibility. For the life
13 sciences we decided to really focus on methods of
14 treatment and diagnosis.

15 We didn't really focus on the isolated
16 and purified products of nature. We thought maybe
17 that's something we can do at another point, but
18 we felt that we had a lot more questions regarding
19 the diagnostic and the treatment method, so we
20 started with that subject matter and we had
21 workshop sessions related to diagnosing claims,
22 treating teams, and we also focused on, you know,

1 screening with the genes and methods of detecting
2 or predisposition to particular conditions based
3 on some genetic, you know, biomarkers.

4 So these are just some of the examples
5 of the claims that we discussed. We had
6 representative claims and were able to go back and
7 forth and discuss them, so methods of diagnosing
8 diseases, you know, in vitro and ex vivo, methods
9 of optimizing treatment, methods for screening for
10 genetic alterations, methods of diagnosis and
11 treatment based on genetic findings and methods of
12 treatment based on genotype.

13 Some of the claims would be very
14 familiar. We took them basically from Supreme
15 Court and Federal Circuit decisions so that we had
16 a really, you know, firm understanding of what the
17 analysis would be for the United States, and we
18 asked our counterparts these questions. So some
19 of the key takeaways was that -- as most of you
20 probably know in most other jurisdictions there is
21 an exception for diagnostic surgical and
22 therapeutic methods, but what we found was

1 interesting was claim drafting in this particular
2 area was very important.

3 So what's interesting was that these
4 offices found ways to circumvent that particular
5 limitation regarding diagnostic, surgical, and
6 therapeutic methods in order to find some patent
7 eligible subject matter. So for the EPO, in
8 particular, the exception is limited to methods
9 performed directly on the human body. So for
10 example, any claims that had obtaining a blood
11 sample, they viewed that as a surgical method.
12 However in order to get around those limitations,
13 if there was a passive limitation that it was a
14 process that was performed on a sample that was
15 obtained from a human patient, then that would be
16 a passive limitation, not a active limitation, so
17 it wouldn't be a surgical procedure. So that was
18 one way they were able to get around this
19 diagnostic and surgical method exception.

20 They also were able to get around pure
21 diagnostic claims by using the words "detecting".
22 So for example if they were able to detect a

1 certain biomarker in the blood, that was okay;
2 they just couldn't use the term "diagnosing for a
3 particular condition." So that was also very
4 interesting. Another way they got around some of
5 these exceptions were that they didn't necessarily
6 allow methods of treatment, however if you put it
7 in the composition claim and the composition
8 included limitations where it said the
9 "Composition X" for treating a particular disease
10 where you used a particular dose, if you put all
11 of those limitations including some of the
12 diagnostic limitations in a composition claim, you
13 were able to get protection. So overall we felt
14 that approaches were very different from our
15 approach in the United States versus the approach
16 in Europe, but there was some perceptivity on the
17 partners to allow certain claims to be eligible.

18 So now turning to the computer-related
19 inventions, we had the same format where we
20 allowed offices to provide a little bit of
21 background on their respective laws and practices
22 and so for these we had four sessions. One was

1 related to software applications, second on
2 Internet, e-Commerce related applications, the
3 Internet of things and then finally we also
4 discussed claims related to cryptography and
5 cybersecurity and cybersecurity.

6 So here are some of the claims that we
7 discussed. Again you'll see some of them are
8 familiar from some federal circuit cases, a method
9 of filtering content on the Internet, a method of
10 sending and monitoring delivery of audiovisual
11 information, a method of encrypting data, a method
12 of virus scanning, methods of recommending
13 products based on biometric measurements and
14 methods of detecting and analyzing events in real
15 time.

16 And so as far as the computer-related
17 inventions, again they had a very different
18 approach than we have in the United States. They
19 don't have an abstract ideas exception. They have
20 specific exceptions related to mere presentations
21 and informations and computer programs, per se.
22 What they really focus on in Europe and in all the

1 other jurisdictions, even Japan, Korea, and China,
2 was they looked to see if there was some type of
3 technical character and technical effect, and
4 while the standards were a little different, you
5 know, between jurisdictions they all seemed to
6 have the same approach where they looked to see
7 was the computer program being implemented by
8 technical means.

9 So in these jurisdictions, methods of
10 presenting data or, you know, virus scanning as
11 long as there was some technical means for
12 implementing that computer program, that would be
13 eligible. So they had a little bit of a lower
14 threshold and because they don't have an abstract
15 idea exception and they were able to separate the
16 computer program, per se, from implementing that
17 program using some kind of technical feature,
18 technical means in order to solve a technical
19 problem. So that was the key finding from that
20 approach, but when we went with examples, I think
21 it was -- you know, it's fair to say that they
22 found most of the claims eligible where for us,

1 you know, it was split depending on whether we
2 found there was something that was non-routine,
3 you know, or well understood, and they were very
4 clear that they don't have any of that type of
5 analysis, the work, the well understood routine
6 and conventional analysis in their patent
7 eligibility analysis. So those are, you know,
8 some of the key takeaways.

9 I welcome any comments or questions and
10 just going forward as, you know, Mark said, you
11 know, this was kind of an inaugural meeting. I
12 think it was very useful. They also felt it was
13 very useful for them because they had a lot of
14 questions about our practice, so this was a really
15 good opportunity for us to go back and forth with
16 these questions, so we may have some follow-up
17 discussions on this, but I'm always very
18 interested to hear the feedback from you and all
19 of our stakeholders as to some of the developments
20 in the other region, what happens in practice,
21 because that's really what's important to us.
22 Thank you.

1 MS. JENKINS: Great. Any questions?

2 MR. KNIGHT: Well, Mary, just a
3 question. I mean, I would think that this
4 initiative would be very helpful as Congress looks
5 for a legislative solution, you know, to patent
6 eligibility. Are you finding it useful in that
7 regard as well?

8 MS. CRITHARIS: I think we're finding it
9 useful on all fronts. I mean, you know, it's
10 chafing some of our domestic policy internally as
11 we consider some of the approaches, but I think
12 it'll be very useful going forward on some
13 legislative initiatives which some, I think, have
14 called out for some of these changes to model
15 after the European office, so I think it's
16 important that we have a really good
17 understanding, so if we participate in those
18 discussions we're able to participate in a really
19 meaningful fashion.

20 MR. KNIGHT: Like, in these other
21 countries, do the patent offices have more, like,
22 authority to engage in substantive rule-making or

1 other ways to actually define with more
2 specificity what's patent eligible and what is
3 not?

4 MS. CRITHARIS: Their approach is very
5 different, so unlike our statute which is very
6 broad, they actually have the specific limitations
7 written in their statute, so they have a whole
8 list of what's not eligible, so I think in some
9 ways that makes it easier for them going forward
10 because it's already written out, so aesthetic
11 creations, presentation of informations, methods
12 of doling business, computer programs, per se,
13 those are not eligible by law in a lot of these
14 countries, so we don't really have that and
15 that's, I think, part of the struggle that we
16 have, is we have a very open-ended statute, but
17 their statutes are different, so that then I think
18 makes it easier them to have guidelines based on
19 that statute. Did that answer your question,
20 Bernie?

21 MR. KNIGHT: It does. I guess it just,
22 like, brought another question to mind which is,

1 do you think a statute that's more specific
2 actually quells innovation in these other
3 countries because it's really hard to work around
4 the specific black and white language?

5 MS. CRITHARIS: I think it depends on
6 the country. I think for some of these countries
7 that we've talked about, I don't really see that.
8 Now we may see that in some of the other countries
9 who are using it in a different way, but I think
10 what we've found with this conference was, at
11 least my observation was, these countries were
12 looking for ways to find it eligible, so even
13 though they had this diagnostic exception, they
14 said, "Oh, no, we can get around that by having
15 composition claims and just put in the diagnostic
16 limitations within the composition claim.

17 You know, we haven't really talked about
18 the enforcement aspects of that which is different
19 from enforcing products versus method claims, and
20 the same thing in the computer science area. They
21 were looking to find a technical means and if they
22 found one, they were able to say it was eligible.

1 Now whether that works across the board on other
2 countries, we've seen that not work so well in
3 other regions where they were looking not to find
4 things eligible, so I think, you know, it's a
5 difficult, you know, task to draw that line, but,
6 you know, it's again really important to see the
7 international landscape, know what's going on in
8 these countries, know what's also going on in the
9 countries who are -- you're looking at a different
10 way so that it can help us shape our domestic
11 policy.

12 MR. COLTRIDER: Mary, thanks for the
13 presentation. I thought it was really
14 outstanding. A couple of questions: Marylee
15 asked in the beginning whether or not your work
16 informed the guidelines, and my question's a
17 little bit different because it seems to me for
18 many, many years while the approach was different
19 the result was very similar. In diagnostic
20 methods, for example, they had a claim format that
21 allowed you to do that. In surgical methods, they
22 had a claim format in terms of second medical use

1 that allowed you to do that, so the result is very
2 quite similar.

3 I'm wondering if you applied the new
4 guidelines to us, are we still similar in result
5 or have we created a gap in the results based on
6 recent case law?

7 MS. CRITHARIS: To defer that one over
8 to Bob on how the new guidance would, you know,
9 bring closer. We haven't really done that
10 analysis. I think we're waiting to see a little
11 bit how it plays out, but I'll defer that to Bob.

12 MR. BAHR: Yeah, I think you'll still
13 see a gap. I mean, obviously when they were
14 analyzing this, you were looking at claims from
15 court cases that were held ineligible. Obviously,
16 we issue new guidance, but they don't flip the
17 results in those cases; that we feel our guidance
18 is still consistent with the Supreme Court and
19 Federal Circuit case law, so you're not going to
20 see a change at that level, so I think, you know,
21 you will still see a difference.

22 MR. POWELL: Also, I will add that, you

1 know, at least in my view, our -- you know, the
2 part of the test relating to a practical
3 application makes it somewhat similar to finding a
4 technical solution to a technical problem, and I
5 think the outcomes in the computer-related
6 invention area may be a little more aligned than
7 they were. As for life sciences, I think that's
8 -- have to leave it to the bio types.

9 MR. COLTRIDER: Right. Perhaps a little
10 bit of a follow-up question, because, Bob, I
11 certainly appreciate we're bound by the case law,
12 and the outcome in those cases, if you look at
13 those facts, you're going to reach the same
14 outcome, but of course the reason why I think the
15 guidelines are so very helpful is it's very, very
16 difficult to read the case law in total and
17 understand in the next case how is it going to be
18 decided because it just seems to me there's a
19 level of unpredictability there that's very, very
20 difficult, and I think the guidelines have gone a
21 long ways in writing some predictability to an
22 unpredictable state.

1 And, Mark, I think you answered my
2 question very well in the sense I think if you
3 look at the practical application perhaps we'll
4 again migrate so the results the same even though
5 the path to get to the same result is a bit
6 different for each of the countries.

7 MS. CRITHARIS: One thing I would like
8 to add is, I do think that the guidelines provides
9 a more disciplined based approach. So, for
10 example, in the past we were looking at other
11 cases and we're making these determinations that,
12 you know, methods of collecting data, analyzing
13 it, and displaying it were abstract. You know, in
14 some ways we're now more in line with the approach
15 of, you know, it has to fall within a certain
16 category; it has to be a fundamental economic
17 practice, a certain method of organizing humane
18 activity, and so I think in that sense it aligns a
19 little bit more in the thinking and the approach
20 that it's, you know, internationally taken by some
21 of these other offices.

22 MR. BAHR: Right. I just want to

1 clarify some earlier comments. I didn't mean to
2 say that our guidance changed nothing. I mean,
3 certainly the outcomes in those particular cases
4 are fixed and can't change. What our guidelines
5 did is help caveat in some of the, I'm going to
6 say, language in those cases that has been
7 expanded to cover other areas. So from that
8 perspective, yes, our guidelines probably pushes
9 us closer to the other countries, and also it's
10 similar to in the computer areas and the life
11 sciences, we've issued a Vanda memo recently where
12 it talked about the distinction between methods of
13 diagnostics and where you're using a natural
14 phenomenon in treatments or prophylaxis or some
15 other way, and there it's kind of somewhat similar
16 to the, you know, EPO's version where they're
17 trying to find ways to claim things that will make
18 it patent eligible.

19 MS. JENKINS: Questions? No? Mary,
20 what are next steps or next meetings, or is there
21 a timeline on this?

22 MS. CRITHARIS: Well, you know, coming

1 off the heels of this meeting and we finally put
2 together some of the summaries. Unfortunately
3 we're not going to make those summaries public
4 because we really wanted offices to have a frank
5 exchange and we didn't want the summaries to be
6 used against them while they said, "Oh, this is
7 eligible, and it, you know, may be used in a
8 similar example down the line." So we are in
9 discussions with them as far as what we want to do
10 together collectively as next steps because it's
11 not something that's just up to us, it's something
12 that we are doing with the IP5 partners, so we are
13 talking about some next step, perhaps a more
14 focused sessions on the isolated materials,
15 perhaps on artificial intelligence or something
16 along those lines, but we really wanted to, you
17 know, get the summary from those discussions, we
18 wanted to get some feedback, you know, from you as
19 far as if you think these kinds of discussions are
20 something that's useful and helpful. We'd also
21 appreciate that feedback as well.

22 MS. JENKINS: Yeah, this has been very

1 helpful and I think it's important to move the
2 needle on this, and, again, I commend the office.
3 I think it's also an important mechanism to
4 educate Congress, picking up on Bernie's comments
5 about, you know, legislative initiatives. It's
6 important to, in my opinion, for the office to
7 spearhead explanation and knowledge in this area.

8 (Interruption)

9 MS. WU: Good morning, everyone. I'm
10 Elaine Wu and I am Senior Counsel for China. I
11 thought I would kind of give everybody sort of an
12 update about things happening in China. There is
13 nothing happening in China. Just kidding. There
14 are lots of things happening in China, as you
15 know. We are in the midst of a lot of the action
16 that's happening in China, particularly with the
17 90 day discussions that are leading up to March
18 1st that you've heard about, but I'm going to talk
19 a little bit about on the technical level about
20 some of the updates that we have had in the patent
21 area, in particular, and also focus on the patent
22 law amendments, which I think perhaps many of you

1 are aware of. The Chinese have been amending the
2 patent law for a number of years. Also talk a
3 little bit about a new memorandum of cooperation
4 maybe some of you have heard about that deals with
5 tying the patent infringement activities to
6 China's social credit system, the first time that
7 that's happened. Also some judicial developments,
8 because there's been lots of things happening in
9 China in the judiciary that I think are somewhat
10 interesting.

11 I'm going to touch very briefly on the
12 Section 301 investigation, WTO case, just to give
13 you a real quick update because I know in the
14 past, we've talked about the WTO case in a little
15 more detail. So, on patent law amendments, China
16 has been working on the 4th amendments to patent
17 law since 2012. The last two drafts were issued
18 in April and December of 2015 for public comments.
19 This new draft is now with the National Peoples
20 Congress which is really the last stage of
21 legislation of China. It was released in actually
22 not this month, but in January for public comment

1 and public comments were due on February 3rd.
2 Just a few of the notable provisions that I just
3 wanted to point out that I think might be
4 interesting for the group.

5 One of them is an important provision
6 for patent term restoration due to marketing
7 approval delays, something that we've been working
8 on with China's particular pharmaceutical
9 industry, of course, very interested in improving
10 China's environment for pharmaceuticals patents
11 and so, there is a new provision in the draft that
12 would compensate for patent term loss by the
13 innovators waiting for their products to undergo
14 the safety and efficacy reviews that China's State
15 Food and Drug Administration. The extension would
16 be up to 5 years, not to exceed 14 years from the
17 marketing approval date. A couple of issues that
18 we've had and we've heard from the pharmaceutical
19 industry, issues of concern with the amendments,
20 is that it seems to use the word "made" to make
21 the extension optional, which can be problematic.
22 Also, in the amendments, the extension is

1 contingent upon an innovator filing marketing
2 approval application simultaneously in China and
3 in another country, which is unusual and a bit
4 interesting. So, we're going to wait and see what
5 happens with that. I know a lot of other trade
6 associations have as well. We're kind of waiting
7 to see what will happen with these amendments.

8 There is no patent linkage mechanism,
9 which we believe is problematic. The U.S.
10 government and the pharmaceutical industry has
11 been working with China for a number of years to
12 help them improve their patent linkage mechanism.
13 In fact, in 2017, China actually issued an
14 opinion. This is China's State Food and Drug
15 Administration. They issued a long title, an
16 opinion on keeping the reform and the review and
17 approval system and encouraging the innovation of
18 drugs and medical devices. This sort of opinion,
19 was a very high level document, but we were
20 encouraged by it, because it provided sort of the
21 outlines of Hatch Waxman type of system, patent
22 linkage system. So, we were all pleased to see

1 that.

2 However, the person that was behind
3 promoting a sort of a viable patent linkage system
4 in China, a minister B actually got in trouble and
5 was not able to resume his -- he basically got
6 fired from his position. So, the champion of the
7 patent linkage system that we were hoping for,
8 that is actually in this opinion, is no longer at
9 the head of that agency. So, anyway, we continue
10 to pursue this, along with a lot of people in the
11 industry and we're going to have to wait and see
12 about what happens with this kind of mechanism.

13 On the design front, concerning design
14 patents, earlier drafts have provided more clear
15 language, new revisions in the Article II of the
16 patent law, to provide for protection for partial
17 designs. Unfortunately, in this last amendments
18 that language that we had seen in earlier drafts
19 is no longer there. So, unfortunately, from what
20 we understand, there is at least in the law, no
21 way to provide for protection for partial designs.
22 However, we have been talking to some of our

1 colleagues at China's CYPOR, China's patent
2 office, now renamed CNIPA, China National
3 Intellectual Property Administration. They have
4 told us that perhaps there is some thinking that
5 maybe there are other mechanisms to provide for
6 design patent protection, maybe a change to
7 examination guidelines, which we think is hopeful,
8 because this is in fact how they've made some
9 changes in the past. For example, protection for
10 graphical user interfaces China resulted in sort
11 of tweaking or actually changes to examination
12 guidelines. So, we're going to kind of wait and
13 see what happens there.

14 On a couple of provisions on
15 enforcement, there is a further expansion of
16 administrative patent enforcement which we think
17 is somewhat problematic, and I think industry
18 shares those views. Administrative patent
19 enforcement is the one way of enforcing patents in
20 China. There is a civil system, I am using the
21 judiciary and other systems using administrative
22 enforcement, and there are new provisions in the

1 article that would increase the power of
2 administrative patent enforcement, authorities to
3 handle patent cases with "major impact throughout
4 the country". We are really not sure what major
5 impact throughout the country would mean.

6 Some of the concerns that we have with
7 empowering administrative patent enforcement in
8 China is that there is lots of concern about bias
9 to local companies with administrative patent
10 enforcement. So, empowering them even more would
11 probably -- our concern would increase the bias.
12 Fines are often too low to be considered a
13 deterrent. So, we would really prefer that China
14 move towards enhancing its civil judicial system,
15 rather than empowering its patent enforcement
16 system on the administrative level, which is why
17 we would rather not see a provision like this in
18 the new law.

19 Finally, there is a new article -- not a
20 new article, but a revised article 72, which would
21 increase fines for patent infringement. Statutory
22 fines would go up to up to five million U.N, and

1 would provide for enhanced damages for willful
2 infringement up to 3 times -- actually, sorry, 1
3 to 5 times the amount determined on the basis of
4 actual losses or reasonable royalties. So, we
5 think that is probably a good provision, and I
6 think rights wholeness in general will like it,
7 except we are a little concerned however, about
8 definitions of willfulness Regulations to the
9 law, I think maybe we'll see a little bit more
10 about what will happen.

11 Very recently in December 4th, 2017,
12 that should be -- actually this is more recent.
13 This was in 2018. I'm sorry, that's a typo. But
14 very recently, the China's very powerful National
15 Development Reform Commission (NDRC) issued a
16 memorandum of understanding, whereby 38 government
17 agencies got together to address 6 types of
18 dishonest conduct. I've listed what the 6 acts of
19 dishonest conduct are. They include things like
20 repeated patent infringement, abnormal patent
21 applications, or providing false documents to the
22 patent office. But the unique thing about this

1 memorandum is first, it was issued right after the
2 G20 meetings and it came into effect just shortly
3 after in December of 2018. The MOU would make
4 certain dishonest actions such as those listed
5 here tied to China's social credit system, which
6 means that if you engage in some of this dishonest
7 conduct, what may happen is the government takes
8 away things like your ability to travel -- for
9 example, it would be hard for you to get train
10 tickets or airplane tickets, or harder to get
11 financing for your start-up business, which is
12 something that China has done, but not in the
13 patent area. So, we find it very interesting. We
14 normally would not -- we don't think this is the
15 most effective way to do things. However, the
16 Chinese have evidentially tied these bad acts to
17 social credit systems before and other areas.
18 It's just that this time it's tied to the patent
19 area.

20 MS. JENKINS: Okay. Now you have my
21 attention, not that you didn't before. You know
22 that. It's interesting that they are proposing

1 this. It comes to mind would this only apply to
2 bad acts in China or would it also apply to, say
3 for example, filing a patent application, which
4 you know has already been patented ten years
5 prior, and you file that patent application in the
6 U.S., and you're getting subsidy money for filing
7 that patent application in the U.S., because of
8 the Chinese incentive program.

9 MS. WU: Right.

10 MS. JENKINS: Particularly because it's
11 interesting -- we all have different types of
12 practices, but if you're practicing in China, and
13 you're having clients and advising them and then
14 you also have to do the U.S., is trying to explain
15 all of this, and it doesn't come off very clearly.
16 People are quite surprised when you give them more
17 detail.

18 MS. WU: Yeah, so, I don't think we
19 really know more than what I have here and in the
20 memo itself, which is pretty spotty. In a way it
21 seems like a political document because it was
22 issued right after G-20 in the midst of all these

1 negotiations and so on. So, I don't think so.
2 However, I'm not positive. I mean, I think it
3 affects Chinese companies that are filing for
4 domestic applications. What they mean by abnormal
5 applications, we don't know. China has used the
6 term "abnormal applications" before when they
7 revised the examination guidelines concerning
8 utility model patents which are problematic
9 because utility model patents don't undergo
10 examination and before they used the term abnormal
11 patent applications referring to basically the
12 Chinese usually domestic applicant who basically
13 files for a patent app, basically taking a copy of
14 an existing patent, and kind of switching names
15 and so on and just filing it again with CNIPA.
16 This is what we've heard. They use the word
17 "abnormal" in that context. My guess is this is
18 what that abnormal means, basically really, you
19 know, completely -- an application that's already
20 issued as a patent. They're filing it again and
21 changing things. So, that's my guess because
22 they've used that term before, but I think this is

1 just a way to discipline domestic applicants. We
2 don't really know more than that. We don't have
3 any more information about how this is going to be
4 actually being done.

5 MS. JENKINS: Yeah. I appreciate that.
6 I think also too, we've seen it on the trademark
7 side, the number of applications that were
8 unbelievable as far as the content or lack of
9 content and the falsification of information. So
10 I would hate to see -- since they are
11 incentivizing programs to get people to file
12 patent applications and to file trademark
13 applications. I would hate to have this incentive
14 and then dump everything on us, so to speak.
15 Okay. I'm still getting money and now I'm going to
16 file in the U.S., and I'm going to have all of
17 these abnormal applications.

18 MS. WU: I mean I think that we do have
19 to keep an eye on this and just see what happens
20 on it see if we can get more information, other
21 than this is sort of brand new, see if we can get
22 any more information about how this is going to

1 work. Part of it again, I think, there is a bit
2 of a political motivation behind this as well.

3 MS. JENKINS: I think Dan has a
4 question.

5 MR. LANG: Just a comment here, I guess,
6 and followed up by a question. I think we need to
7 be wary of assuming that when China strengthens
8 its patent enforcement regime, that's going to be
9 uniformly good for U.S. industry, In the back
10 round of the Chinese patent system is the large
11 number of patents that have been issued in China,
12 the perception of many of us, the quality is been
13 relatively low in an increasingly liquid market
14 for patents in China. We're starting to see U.S.
15 companies become defendants in China. We're
16 starting to see the emergence of an MP phenomena.
17 When you combine the numerical goals that were
18 set, both at the national level and at the company
19 level, for patents to be filed and issued with a
20 stronger enforcement system which increases
21 damages and the rewards of patent enforcement.
22 You know we have a combination that we should be

1 wary of. I wonder if in any of our dialogue with
2 the government, are we not only talking to them
3 about the patent enforcement, but also how they
4 can increase the quality of their patent approval
5 process.

6 MS. WU: Yeah, very definitely, we are.
7 I think, as I mentioned earlier, that one of the
8 things that we are seeing that's problematic in
9 these patent law amendments, in the last revision
10 and this one, is that there is a real concerted
11 effort to enhance the administrative enforcement
12 system. Partly it's because China has been
13 inundated with utility model and design patents,
14 really particularly utility models. Design patent
15 applications have actually gone down in filing
16 numbers. The utility model patents, which as you
17 know, of course, as you mentioned, are subsidized.
18 Not only are they subsidized at the application
19 stage, there are subsidies if they are even larger
20 subsidies in certain cases if you as a Chinese
21 hunter, issued a patent in another jurisdiction.
22 If you are issued, for example, a U.S.P.T.O

1 patent, then you get even more money, even more
2 than on the application stage.

3 Although interestingly enough, there are
4 some jurisdictions, including Xinjiang, we just
5 heard that has actually gotten rid of some of its
6 patent subsidies. This is the only jurisdiction
7 we have heard of. I think this is the one thing
8 that we are looking very carefully at and telling
9 the Chinese, "Look, you really need to improve
10 your civil judicial enforcement system, which has
11 its issues". However, I think we think the
12 administrative enforcement system has even more.
13 So, that's one of the hallmarks of what we're
14 trying to push the Chinese to do, and a lot of the
15 dialogue and so on. But the administrative
16 enforcement system is complicated because there is
17 a lot of local bias and a lot of money going to
18 local officials and so on. That's what gets very
19 complicated.

20 Okay, just wrapping things up, because I
21 know --

22 MS. JENKINS: Well, we're actually

1 early. I hate to say that.

2 MS. WU: Oh, okay.

3 MS. JENKINS: Steve has a question.

4 MR. CALTINDER: Very interesting
5 presentation, but I do want to build on Dan's
6 point a little bit because it may be a detail that
7 I would encourage you to look into, and that is
8 the evidentiary standards for a Chinese national
9 company to prove infringement compared to a
10 multi-national or U.S. state or multi-national
11 company trying to enforce a patent in China is
12 quite different. It's very, very difficult to make
13 those proofs as a U.S. company much easier per a
14 Chinese based national company. It's perhaps
15 favoritism, perhaps just differences in those
16 evidentiary rules, but it seems to be it might be
17 an area to query and probe a bit more so that we
18 don't end up with a more effective enforcement
19 system for a Chinese national company, but really
20 the rules are there but you can't meet the
21 evidentiary standards to enforce the patent as a
22 multi-national, particularly against a Chinese

1 national company.

2 MS. WU: I think that's an important
3 point that I think that we will continue to look
4 at even as China, you know, starts formulating a
5 lot of new courts and that was my next -- I think
6 the evidentiary issues are important. Also, we
7 have heard from a lot of companies that one of the
8 big issues also is conservatism. In other
9 words, if you wanted to get evidence into Chinese
10 courts, it is very, very difficult because of
11 multiple layers of authentication and
12 cancerization of documentation. This is a big
13 topic that we have been talking to companies
14 about. In fact, along with the evidentiary
15 issues, I think it would be really good to hear
16 for those of you who have experience with China
17 how, you know, is it easier or we've heard
18 difficult to get some of your, you know, evidence
19 of infringement or any documentation to, you know,
20 into the Chinese courts because of these
21 burdensome requirements.

22 Yeah. Okay. Good. We've heard that.

1 Something that we are very intent to continue to
2 work on. So, judicial developments. So, as I
3 mentioned, China has made, we think important
4 strides in some improvements, although we'd like
5 to hear more from you all who have worked in China
6 in recent years to improve its judicial system.
7 For example, it has established a specialized IP
8 courts. This is in Beijing, Shanghai and
9 Guangzhou. This is only the -- it was a pilot for
10 several years. It was established -- it has kind
11 of gone off pilot status. It is actually
12 established now. These courts have exclusive first
13 instance jurisdiction over civil -- over appeals
14 from the thaub -- if you want to validate a
15 trademark, then you have to go to the trademark
16 office and go through a process at the trademark
17 counterpart to our TTAB, then also, the PRB patent
18 examination board at CNIPA.

19 So appeals from those decisions go to
20 the specialized IP Court in Beijing, in
21 particular. These specialized IP courts also hear
22 patent infringement cases, trade secrets, computer

1 software cases, new client varieties integrated,
2 circuit layout designs, recognition well known
3 trademarks and anti-trust issues. Now, China has
4 just some brand new news, since January of this
5 year. China has established a new national
6 appellant IP court. So, appeals from those cases
7 of the specialized IP courts which used to go to a
8 provincial high court, now go to this appellant
9 court. This appellant court is in Beijing. It's
10 part of the Supreme People's Court. So, they will
11 be hearing these decisions along with some others.
12 We will be waiting and seeing what this new
13 appellant court will do and whether or not it will
14 provide much needed conformity in China over
15 decisions on individual private patents. So, this
16 is something -- anyway, some new news we're
17 waiting and we'll see what it all means. But we
18 are hopeful that it is good news. So, we'll wait
19 and see. Hopefully next time we'll know a little
20 bit more and we can kind of tell you a little bit
21 more about it next time we meet.

22 Finally, just very quickly, about the W2

1 case that I know we've been discussing previously.
2 A panel has been assembled to hear the W2 case on
3 Forest Tech Transfer, and next steps is the panel
4 will hear the case and we don't really know when
5 that will be. We have actually heard from a
6 reliable source that China may appeal -- repeal
7 Sorry. Repeal, not appeal. Repeal one of the more
8 problematic provisions concerning cheer, the
9 technology import, export regulations which I know
10 this has been discussed quite a lot at PPAC
11 before, and that is one of the major issues that
12 we've had concerns with the Forest Tech transfer
13 in China and there is some -- we've heard from a
14 reliable source anyway, that China may appeal some
15 of the problematic conditions of Cheer. We don't
16 know much more than that, but we'll kind of wait
17 and see what happens. And that's it. Thank you.

18 MS. JENKINS: Thank you. Always
19 fascinating. Are we good here to move on? So,
20 who is going to go next?

21 MR. GERK: Excuse me. I will be.
22 Thanks, Elaine, for that presentation. That's a

1 good lead in with the mention of designs. My name
2 is Dave Gerk. I lead our design policy work in
3 engagement in the office of policy in
4 international affairs. I am going to be speaking
5 on a quick snapshot or highlight on the ID-5,
6 industrial design forum. Elaine mentioned with
7 respect to China some of the developments with
8 respect to design. They are one of the partners,
9 which I'll get into in a bit. Hopefully, today
10 will give you a quick highlight as to what is the
11 ID-5 forum, why it came about, what's happening
12 there, and most importantly probably to you all,
13 why it may be of interest or hopefully it's of
14 interest to PPAK. There was a growing need for,
15 and maybe need is not the right word, opportunity
16 for an industrial design forum, based upon a
17 continued growth, we've seen of industrial design
18 applications across the world. Also important, the
19 Apple- Samsung Agreement litigation. That's an
20 important IP tool in the business world these
21 days, especially in the e-commerce world. Also,
22 as you're aware, there has been a lot of growth

1 and membership in the Hague Agreement. So,
2 there's been much more opportunity to develop
3 global portfolios for industrial design protection
4 across a wide variety of industries, maybe in a
5 more efficient manner. Along with that, there's
6 great opportunity because there hasn't been a lot
7 of time spent outside of Hague and some other
8 instances to focus on greater convergence, greater
9 consistency on policies and practices across
10 jurisdictions. As we all know, if we can make our
11 practices more consistent, it's more efficient for
12 you all when you are prosecuting and using your
13 budgets to protect your great innovations on the
14 design side as well.

15 So, the ID-5, not to prolong background,
16 but it began in 2015. The members are the EUIPO,
17 JPO, KPO. At the time they were CIPO, but as
18 Elaine mentioned, it is CINPA and the US PTO and
19 WIPO as an observer. This didn't just pop up out
20 of nowhere. This started as small discussions. I
21 remember sitting with one representative of the
22 JPO, one representative from the OHIM at that

1 point, but EUIPO in a small conference room on the
2 margins of TM-5 sort of as a think tank
3 speculating as to what we could potentially do on
4 the design side of things in a collaborative
5 effort. And eventually enough ground work was laid
6 and developed in 2015 where we hosted the first
7 ID-5. WIPO also participates as an observer so
8 they can infuse some of the other global work
9 there. You can see the website there which we'll
10 mention a little more later.

11 From our view, I think at a high level,
12 we view each of these collaborative forms. You've
13 heard about ID-5 and TM- 5. They each have a
14 little bit of a different flavor and focus. They
15 have some common themes. With respect to the ID-
16 5, the strategic objective, we certainly view it
17 as an incubator or a key mechanism as mentioned
18 for implementing global best practices in the hope
19 of benefiting in particular U.S. design
20 applicants, so you can more efficiently and
21 effectively protect designs across the globe.
22 Three aspects of that is first off, insuring that

1 there is effective industrial design protection
2 for designs in all technologies. You think of the
3 modern designs like graphical user interfaces and
4 icons, but technology is continuing to move and
5 we're now looking at concepts like virtual
6 reality, holographic images.

7 So, we definitely don't want to wait for
8 that technology to get too far ahead before we
9 start thinking about how we're going to be
10 handling those and this is a great forum for that.
11 As you saw in the earlier slide, those five
12 offices, at the time ID-5 started, represented 90
13 percent of the global filing. So, while WIPO is a
14 great harmonization place where you could
15 theoretically try and get everybody across the
16 globe to do things, even if you were only to get
17 the ID-5 partners to take on board a practice, you
18 would effectively have a great convergence.

19 Also, we're looking to try and increase
20 consistency in our registration and examination
21 policies and practices and then finally, really
22 try and provide an effective way to get your

1 comments infused into the global discussion on
2 improvements in practice. Now, to what you
3 probably really care about -- so, what have we
4 achieved?

5 It's great to have a meeting, but the
6 key point in all these meetings is to move the
7 ball forward. Right? We want progress and
8 achievements and results. So, we're happy to
9 report we have, we think, made some really great
10 progress, especially for how young the forum is.
11 Electronic priority document exchange is an area
12 where you can have a lot of efficiency
13 improvements and cost improvements. We've seen on
14 the utility side and we've brought that to the
15 design side. A U.S. proposal was made and we were
16 able to get all the partners to buy into it, to do
17 electronic priority document exchange. Everyone
18 this year agreed to use WIPO dace. Already KIPO,
19 CINPA and USPTO are using WIPO dase now just over
20 this last year for electronic priority document
21 exchange for designs where they weren't before.
22 There's commitments for JPO and EUIPO in the next

1 year to be doing so as well.

2 We've also completed 4 first of their
3 kind comparative studies for users with regard to
4 eligibility of protection for designs, grace
5 period, partial designs, and in some way related
6 new technological designs or emerging designs such
7 as graphical user interfaces, and icon designs. In
8 that regard, now we'll have 1 resource you can go
9 to and compare what are the requirements and
10 practices or interesting characteristics of
11 practice on these topics in the various
12 jurisdictions, something that will helpful to
13 applicants as they try to navigate filings in
14 these jurisdictions.

15 Additionally, beyond those guides, we've
16 actually been able to move the ball forward on
17 convergence. Japan moved their grace period to 12
18 months and they have specifically told us, among
19 the things that was helpful in them making that
20 leap was the ID-5 discussions where they were able
21 to look at the grace period rationales of other
22 countries and how they do things. So, that was

1 helpful in that regard.

2 Also, Elaine mentioned we are closely
3 monitoring partial designs or not having to claim
4 the entire product claim apart, which is important
5 to have robust design protection. China has
6 really taken this on a little bit more. I know it
7 sounded like they may have taken either a step
8 back, but it really brought it into focus for
9 them. It is another forum where we can work with
10 China to help advance areas where we think we can
11 read some common views.

12 Lastly, just to look ahead in 2019,
13 what's going on, as mentioned, we expect this year
14 all the 5 offices to actually complete
15 implementation of WIPO dace so you'll now be able
16 to do electronic priority document exchange on the
17 design side via WIPO dace. We've also now started
18 to use ID-5 as another place where we run into
19 some head winds at WIPO to get some convergency
20 practice perhaps explored. There is the draft
21 design law treaty which is a formalities treaty
22 like the PLT on the design side of things. It was

1 all but for agreed to, except for some political
2 considerations at WIPO which have been holding it
3 back. We've taken that project and put it in the
4 ID-5 hoping to come out with a recommendation that
5 mirrors that work. That may help the international
6 discussions.

7 Additionally, I'll just mention 4 other
8 quick things that we see on the horizon. There is
9 an ongoing study led by the EUIPO on economic
10 factors that affect design filings, which will be
11 an interesting work product as we look at office
12 practices as well as applicant practices. Looking
13 to the future, KIPO has proposed a 3-D printing
14 project with regard to design and how 3-D printing
15 is going to change things. So, we'll be looking
16 more at that, as well as internet information and
17 how that plays into disclosures and prosecution.

18 Finally, with the Apple Samsung case, it
19 is time to potentially look at remedies and what
20 is the best way to have remedies to have effective
21 design system. You find it interesting, maybe
22 ironic -- I don't know what the right word,

1 coincidental, is -- that KIPO and the U.S.P.T.O.,
2 of course, Samsung and Apple was the big remedies
3 case. So, it's kind of interesting that those two
4 offices are interested in studying remedies
5 together.

6 Hope not too much on designs, but I
7 think that gives you a snapshot of what we're
8 doing in that space and hopefully trying to move
9 the ball forward and get results out of that
10 collaboration. I leave you with this. The ID-5
11 website is a great resource to follow all these
12 various projects, turn to those studies in regard
13 to comparative practices as you are doing design
14 filings, and you may want to look at those and
15 just to keep tabs on progress there.

16 MS. JENKINS: Thanks, David. Just to be
17 clear, so, the information that the ID-5 -- I want
18 to say ID-5 but it's wrong -- is going to on the
19 ID-5 website and it's not on the PTO website, or
20 is it going to be on both?

21 MR. GERK: Well, the ID-5 website is a
22 collaboration of information. I mean, it's public

1 then, and then we can always explore whether we
2 can also have it on -- I'll leave it to other
3 folks on that, but I will say there are links from
4 the ID-5 web site to the USPTO site, and some
5 interplay, but I'll defer to all --

6 MR. POWELL: Exactly. Typically, you
7 know, as an IP- 5, you know the EIPO hosts the
8 IP-5 site, but our offices provide links on our
9 information pages to that. I'm certain it will be
10 set up the same way.

11 MS. JENKINS: It's often hard, as we all
12 know, to find the relevant information. So, trying
13 to focus everybody in the right direction is
14 helpful. Any other questions? No? David, thank
15 you. Great. Oh, Jeff.

16 MR. SPARS: Just a quick comment. Great
17 presentation. Really appreciate the office's
18 effort in this record. It very clearly tied to
19 benefits to the user community, really great
20 improvements, particularly the comparative guides,
21 I think, would be very useful, and also the
22 achievements that have been made with working with

1 other offices to streamline the process and
2 increase benefits, for example, the grace period
3 shift. That's monumental from the user
4 prospective. So, commendable. Thank you.

5 MR. GERK: Thank you for that feedback.
6 Appreciate it.

7 MS. JENKINS: Moving right along. Who is
8 next in the que? Christian?

9 MR. HANNON: Good morning, everybody.
10 So, I guess we're going to leave this on a lighter
11 note here. Just this time last week on Thursday,
12 we held our artificial intelligence considerations
13 policy conference, right here in Madison
14 auditorium. So, I'm going to speak about what
15 happened at that conference.

16 So, the conference was laid out. It was
17 all day. Basically, we ran from 9:00 to 5:00. We
18 had about 200 people registered, showed up in
19 person and so, I think at the peak, we actually
20 had about 200 plus folks with some standing room
21 only in the background. The layout of the
22 conference was 6 panels where we covered

1 everything from patents, copyright, trademarks,
2 economics -- there was an economic panel. There
3 was also an international views panel.

4 So, it was really a great discussion. We
5 had everyone from academia, university folk. We
6 had private practice individuals. We also had
7 foreign officials that came and spoke about what
8 the cutting edge issues in artificial intelligence
9 were for that particular topic, be it patents,
10 copyrights, like I said.

11 I had the distinct pleasure of
12 moderating the patents panel. At that panel, we
13 actually had a great discussion involving
14 everything from inventorship. Can machines invent?
15 Where do we draw the line? We were trying to be
16 proactive in thinking about these issues as they
17 come to the forefront. There is some scholarship
18 out there that says there have been a number of
19 machines that have invented things. So, one of the
20 things that I brought up that day was this Oral-B
21 cross bristle toothbrush that supposedly was
22 invented by a machine, but it was actually

1 patented by a human inventor. So, where do you
2 draw the line? Those are the types of things that
3 I try to tease out on that panel. There was a
4 really interesting discussion. I don't think my
5 panelists were willing to bite off too much on
6 some of the science fiction questions that I had
7 when I got into some of the discussion on
8 obviousness. I wanted to talk about well, if we
9 have a centian machine, what is the level of
10 ordinary skill and the art at that point. If you
11 could pull data from everywhere and actually know
12 everything, how do you assess obviousness at that
13 point? Nobody really wanted to go down that path
14 with me, but it was an interesting discussion, to
15 say the least.

16 I think at the height of the attendance
17 records that we have, and these are just
18 preliminary number. So, take it with a grain of
19 salt. There is a little bit of margin of error
20 here. We had about 3500 examiners on our one feed.
21 So, that was max capacity. We also had on our
22 public link -- we had about, at the height was 750

1 people that had tuned in on line. So, right there,
2 you've got over 4,000 people that were watching us
3 on line, plus the 200 that I said were in the
4 room.

5 The other aspect of the conference was
6 we actually had -- right out here, we had these
7 exhibitors that were showcasing their artificial
8 intelligence based technology. So, we actually had
9 a broad spectrum of either just e-filing
10 techniques for things that could generate
11 documents to sort of improve process for law firms
12 -- or I understood from IBM that many sectors had
13 oftentimes been approached by all these people.
14 So, he was actually very familiar with some of
15 these technologies. But there are some fascinating
16 developments that they had out there as part of
17 the showcase for the event.

18 That's really all I have for you guys.
19 As I said, that was a light period on our
20 presentation today. If you have any questions
21 about the conference, I am happy to answer them.
22 The conference is now on line just as of

1 yesterday. So, the videos are all up there. So,
2 I'm not sure how we're going to be distributing
3 the links, but hopefully we can get a link up on
4 our website.

5 MS. COMACHO: I do have a question.
6 Thank you for the presentation. It's good to hear
7 about the conference. I am interested though in
8 what the patent office is doing with respect to
9 serious analysis of A.I. and inventions that are
10 or creations that are coming from A.I. I think
11 with a lot of emerging technologies the law or the
12 policy lags behind it and preferably here, where
13 we can foresee what's coming, it would be good to
14 have a full discussion and some positions in place
15 when the technology actually reaches a point where
16 it is no longer science fiction.

17 MR. HANNON: Precisely. So, this is
18 definitely a priority of Director Iancu to
19 actually go and explore these sorts of impacts of
20 artificial intelligence they may have. So, he and
21 Deputy Director Peter are very involved in this
22 and looking these so that maybe we can be

1 proactive and come out with some policy statements
2 on the issue.

3 MS. COMACHO: Thank you.

4 MS. JENKINS: Jennifer, good point.

5 Maybe we can consider doing some other type of
6 more in depth presentation at the next PPAC
7 meeting, or even the following PPAC meeting.
8 Yeah, good idea. Anyone else? Any other
9 questions? Okay. All right. Moving right along.
10 Status of PCT CS&E. Who is doing that? Michael?
11 Changing of the guard.

12 MR. NEAS: Thanks very much. So, this
13 was going to be 5 minutes, but now we have all
14 this time.

15 MS. JENKINS: As I recently said, no.

16 MR. NEAS: This will be a quick update.
17 My name is Mike Neas. I work in International
18 Patent Legal Administration. Quick update on the
19 IP-5, PCT collaborative search and examination
20 pilot. This pilot started July 1st of 2018. It's a
21 pilot to test the efficiency and quality gains of
22 a collaborative search during the international

1 phase under the PCT. The process model basically
2 works like this. The applicant selects a main
3 international searching authority. That authority
4 prepares a draft search report and written opinion
5 and a record of the search. That office shares the
6 draft work product with the other 4 offices. Those
7 offices then provide what we call peer
8 contributions and a chosen international searching
9 authority then produces the official search report
10 and written opinion or the final work products,
11 based on the contributions of the other 4 offices.
12 So, it is a work product that is based on the
13 contributions of a total of 5 offices. The
14 important message today is about limits. This is a
15 2 year pilot. The pilot will treat over 2 years
16 500 international applications. There are limits
17 in the pilot that are set on an annual basis. In
18 each office's capacity as main international
19 searching authority, in the first year of the
20 pilot, they will accept a total of 50
21 applications.

22 The message today is that the U.S. PTO,

1 in our capacity as international searching
2 authority, has reached our limit of 50
3 applications. You can no longer participate in a
4 pilot, at least until July 1st of this year, by
5 selecting U.S. As your international searching
6 authority. Likewise, the European patent office
7 has reached their limit of accepting applications
8 in the English language. Their first year limit is
9 also 50, but they have set it as 40 in English and
10 they will take 10 more either in German or French.
11 The Chinese office also has reached their first
12 year limit on English applications. Of course,
13 this is kind of meaningless to U.S. Applicants
14 because China isn't available as international
15 searching authority to you, but can you still
16 participate in the first year of the pilot. The
17 first year of the pilot ends on June 30th of this
18 year. The answer is yes, you can. You can do that
19 by selecting either Korea or Japan as your
20 international searching authority.

21 If you take a look at the statistics on
22 the slide, you'll notice that Korea is closer to

1 their first year limit of 50 and Japan certainly
2 has more capacity. I think many U.S. Applicants
3 aren't aware, actually, that Japan is available as
4 international searching authority. They've been
5 available for several years now. Initially they
6 were only available where the application related
7 to green technology. That limitation was removed
8 last year. So, now they are available as an
9 international searching authority for U. S.
10 applicants for any technology. So, between now and
11 June 30th, if you want to participate, you may do
12 so, but please pick Korea or Japan as the ISA. To
13 get updated information on this, you can go to
14 WIPO's website. They update these statistics on a
15 daily basis.

16 These limits will reset July 1st of this
17 year. So, then you can again select EPO or U.S.
18 PTO as an ISA and participate in the pilot. Any
19 questions now or later, please feel free to email
20 me directly.

21 MS. JENKINS: Okay. You're not getting
22 off that quick.

1 MR. NEAS: You said fast.

2 MS. JENKINS: I know I did. So, you had
3 collaborative pilot programs with JPO and KIPO,
4 whatever, and just couldn't get the ball going on
5 that. Interesting types of -- you tried different
6 processes and all of that. Why is this seemingly
7 more successful? Do you have insight on that yet?
8 Because you never met your goals, I mean, the
9 maximum, on the other ones.

10 MR. NEAS: Just for everybody's benefit,
11 the pilots you're referring to are what we call
12 CSP, collaborative search pilots. They are a pair
13 of bilateral pilots between us and -- the Korean
14 office and us and Japan patent office. And you're
15 right. The participation level in those have been
16 low to date. When I say to date, I'm meaning over
17 the last 3 or so years. We've only had about 164
18 applications in those pilots. I think some of it
19 is -- one is, does the public know about those
20 pilots. I'm not so sure the public is well aware.
21 The other is the circumstantial which that pilot
22 is available to an applicant. Those pilots are

1 available where you have unexamined applications
2 pending in both offices. Then there needs to be
3 coordination between the agents, both in the U.S.
4 And Japan or Korea to say we want to accelerate
5 and we're going to make the claims correspond. So,
6 I'm not so sure that these conversations are
7 happening actually between the agents under this
8 circumstance, two unexamined applications sitting
9 in both offices.

10 This is widely publicized because it is
11 the PCT and it's free, by the way. CSP is free.
12 This is free, as well, and you're getting what
13 some practitioners have called a super search.
14 Whatever the fee is per the ISA you choose, that's
15 the fee under the pilot. So, you're getting a 5
16 office search for your standard international
17 search fee. So, I think some of it is the
18 situation of applications or the application
19 family and the other is --

20 MS. JENKINS: What about this? Do you
21 also get -- because the other one, you are getting
22 an accelerated review too, and you weren't paying

1 for that; right? So, is that the same here too?

2 MR. NEAS: So, no. Under CSP we
3 accelerate the first action, the first action
4 only. I point that out because I want to
5 differentiate from PPH where we accelerate even
6 through appeal. Here, there's no acceleration.
7 You know, we have a treaty obligation. Each
8 office, in their capacity has a treaty obligation
9 of when to deliver the work products. This
10 administratively is a lot more difficult to
11 deliver the work product on time. Surprisingly, so
12 far, the work products have been coming out before
13 18 month publication occurs, which I think is a
14 pretty good achievement when you're trying to
15 coordinate 5 offices conducting a search on an
16 application. Remember, these applications
17 routinely are filed at 12 months from priority.
18 So, we're doing this work for the most part within
19 5 months of filing of the PCT application within 4
20 months of the main searching authority actually
21 receiving a copy of the application. So, it's
22 fast. It's not accelerated. There is really no

1 way to accelerate it any more than that, to be
2 honest with you.

3 MS. JENKINS: Do you think too -- just a
4 thought -- that because you get all this
5 searching, you're creating a super patent?

6 MR. NEAS: I'm not going to say that.

7 MS. JENKINS: You know what I mean.
8 Maybe that's an incentive too, that you get all of
9 this done at once very quickly and you just have
10 such a strong and brilliant patent because you've
11 had 5 offices search?

12 MR. POWELL: I'll just jump in. I mean,
13 you have multiple offices searching in multiple
14 languages --

15 MS. JENKINS: At once, right?

16 MR. POWELL: And data bases that they're
17 most familiar with. In keeping with Andre's
18 reliability and predictability and so forth,
19 naturally, your search is going to be enhanced, at
20 least. The other thing I'd like to point out is
21 between the 2 different types of pilots and PCT,
22 there is one international application, right,

1 whereas in the Paris group pilots, we're trying to
2 balance 2 applications and the timing of 2
3 offices. So, it's naturally more difficult. I
4 would also say that the PCT, we have prescribed
5 time frames, as Mike said, which are somewhat
6 generous to allow us to be a little bit more
7 flexible in doing these. Whereas, unlike not that
8 many years ago, the first action pendency's both
9 here and in Japan have gone way, way, way down.
10 Like with PPH, it makes less applications
11 available as it did, for example, when our first
12 action pendency was 30 months or more in certain
13 areas.

14 MR. NEAS: So, just to add on to that,
15 the super patent question, we won't know the
16 effect that this collaborative search has on
17 national stage applications for a long time.

18 MR. JENKINS: But Valencia's group is
19 going to get right on that.

20 MR. NEAS: There will be some obvious
21 things that we can determine right after the pilot
22 is over, which are what were the peer

1 contributions -- how much did the peers really
2 contribute? Did the peers find relevant prior art
3 that the main ISA couldn't find out on its own?
4 Why did they find it? Is it because of the
5 language of the prior art? Is it because of the
6 language of the patent examiner? Is it because of
7 a different search tool? What then, what happens
8 in the national stage is probably the most
9 important thing. Do we see efficiency gains
10 there? Will some 6th office in the national phase
11 find prior art that the IP 5 offices couldn't
12 find? Of course, then, it's oh, my. So, we'll
13 see. So, that's part of the pilot, as I said.
14 There's a 2 year operational period, but then
15 there's some time built in to the end to allow
16 national stage prosecutions to occur in these cases
17 and then to look back and see, well, what did
18 happen.

19 MR. POWELL: Right. One thing we're
20 really looking forward to when we try to find a
21 value point in a process like this, be it 3
22 offices or 4 or 5, what are the effects in the

1 prosecution in the national phase, specifically if
2 an applicant can clean the case up, clean the
3 claims up in the international phase, take those
4 into the international offices here under 371, for
5 example. Hopefully, the need for rejections is
6 lessened and certainly the needs for responding is
7 lessened, so it's a fee and a future, you know,
8 permanent implementation of this, such a fee might
9 well be offset by prosecution savings that an
10 applicant might have to fork out down the road. So
11 it's prosecution savings that we're really looking
12 most forward to finding out about.

13 MR. KNIGHT: I was just wondering, you
14 know, with these collaborative search and
15 examination pilots, I can understand how it can
16 improve quality if the other offices found prior
17 art that our examiners wouldn't have found, but I
18 just don't see how these pilots create any
19 efficiencies because in order to create
20 efficiencies, we would have to take away time from
21 the examiners. They would have to be able to rely
22 on the work done by the counterpoint office. I

1 could see where PPAC could say, well, our
2 examiners actually need more time to examine now
3 because there's more information to review. So, is
4 there really an efficiency gain, do you think,
5 through these collaborative efforts?

6 MR. NEAS: That's a very good question,
7 Bernie. I guess that's really to be seen. The
8 examination in the national phase is but one part
9 of the whole cycle right from the filing of the
10 international application all the way to the grant
11 in the national offices. Again, you know, as far
12 as should it become a permanent implementation, we
13 would obviously work with POPO to figure out the
14 best way to resolve a question such as that.
15 Ideally, we would like for examiners both here and
16 abroad to not give full credit. We really can't do
17 that, you know. Trust and rely on some degree,
18 you know, consider, if you will, the work of other
19 examiners and other officers and you know, balance
20 that out with the examiners' responsibilities
21 here. We try to look at a thing like this, the
22 whole thing, not just the examination piece of it.

1 MS. JENKINS: I want to counter, Bernie.
2 I'm using commend a lot, so being positive. Yes. I
3 commend the office for looking for a variety of
4 different ways to address searching in general and
5 working with our IP-5 partners to try to be
6 creative about finding different alternatives and
7 dealing with patent prosecution. But for my mind,
8 I mean, I see this as if it works and it makes
9 sense, and obviously it needs to be reviewed, and
10 I pointed to Valencia. Her group is already on
11 it. I think that's great. Obviously, you need
12 more data, but cost. When you're trying to,
13 particularly if you have a small business and more
14 and more companies are looking internationally to
15 grow their IP portfolio, which when I started many
16 moons ago, that wasn't a possibility. The fact
17 that you can do things like this, this actually
18 gives them the possibility of getting into that
19 market. It should, in theory, save them a lot of
20 money, and to be fair, off of prosecution costs
21 from U.S. council, Japanese counsel, all of that,
22 I only see that as a win-win for stake holders.

1 Obviously, it is also viewed in a perfect world.
2 Really, I commend the office working with others
3 to try to think of new ways to do patent
4 protection. I think that's fabulous.

5 SPEAKER: If I can add one thing, I
6 think Bernie's question is a really good one and
7 it's one that we need to dive into. As Mark said,
8 that's exactly part of the pilot programs, is to
9 get an understanding of whether there are
10 efficiency gains and if so, where. I can start
11 with the premise and I will say Andy and I just
12 said the same things. I think I'm speaking for
13 both on this topic, that having the better art up
14 front is going to be an efficiency gain throughout
15 prosecution.

16 Obviously, the worst situation is for
17 art to be uncovered during the prosecution. I
18 think there's the potential. Again, we don't know
19 what will happen and that's part of what we need
20 to evaluate, but I think there's a big gain
21 potentially with making sure that the right art is
22 up front early in the file. I also think that

1 should we result in the situation and this is
2 almost in the premise of your question, Bernie,
3 that there is not an efficiency gain. Again, I
4 don't know if there is or isn't, but there is a
5 quality gain. To me, that is an efficiency gain
6 because you're getting higher quality in the same
7 amount of time. So, there's multiple ways to look
8 at this. The bigger point is really we're trying
9 it, we're testing it and we'll evaluate exactly
10 those issues.

11 MR. NEAS: I just wanted to add one
12 other thing to the thing that Mary Lee said. That
13 is if we can save some of these costs, both in
14 terms of legal services, but also administrative
15 things, as you know, that will enable hopefully
16 that small business to get more IP into the
17 pipeline and more jobs created. I wanted to say
18 that.

19 MS. JENKINS: Jeff, thank you for your
20 patience.

21 MR. SEARS: Two simple questions. If I
22 wanted to get into CS&E, is there a petition I

1 file? Is there a form?

2 MR. NEAS: There is a form. You have to
3 file it with the international application. The
4 form is available on our web site or WIPO's web
5 site.

6 MR. SEARS: Great. One other question.
7 Really great looking program, great number of
8 searches. I'm curious why this is not immediately
9 subscribed as soon as the window is open. Like
10 why are we in January and it's still possible to
11 file. Is it lack of publicity or is there some
12 other --

13 MR. NEAS: Well, I will admit that I was
14 afraid that we would be flooded on July 1st of
15 last year. So, we dragged our feet a little bit
16 with publicity. That's probably my doing. I think
17 in the end this has worked out better for us from
18 an administrative standpoint. If we had had the
19 first 50 applications filed with us in July
20 requesting to be part of this program, we would
21 have had a very difficult time meeting the time
22 limits. Now, I guess JPO maybe has some different

1 thoughts on that because they haven't been used as
2 often, but that's likely due to the requirement
3 that the applications, at least for the first 6
4 months of the pilot be filed in English. I don't
5 think Japan has expanded from their side to allow
6 applicants to file in Japanese, quite yet.

7 MR. SEARS: Okay. Thanks.

8 MR. POWELL: I think we can get great
9 information from all of the public and the PPAC
10 members of why it might not be taking up as much
11 as we would like. I think we ought to evaluate
12 ourselves all the way around because certainly we
13 need to look at PTO and what we could have done
14 differently to get more uptake, but as a general
15 premise, and I'm sorry for generalizing, but we
16 almost find that every pilot that we have, there's
17 relatively slow uptake, even the prioritized exam
18 which was a straight forward pay and have some
19 small limitations and move forward. So, it's
20 probably a combination of advertising and just
21 change in general, would be my --

22 MR. NEAS: Drew is absolutely correct,

1 and another factor -- we sort of encountered this
2 when we started the PPH pilot many, many years
3 ago. That was the IP community can also be a very
4 conservative one. When I see someone else go
5 first, that is just a pitfall that nobody thought
6 of. Yes, indeed.

7 (Recess)

8 MR. CHILES: All right. Thank you all
9 very much for having us in to talk to you this
10 morning. I am David Chiles. I am the acting CIO.
11 I have with me Tom Beach, who is our Portfolio
12 Manager, and from our Business Unit, Bill
13 Stryjewski. I am going to hand it all to Tom who
14 will go through a presentation. The 3 of us are
15 available for questions. We just need to get the
16 clicker. Does anyone have it?

17 MR. BEACH: Is someone driving?

18 MR. CHILES: All right. Thank you, Tom.
19 You can go ahead.

20 MR. BEACH: Thank you. Thank you,
21 everyone. Thank you, David. So, we'll go through
22 these slides. We are happy to answer any

1 questions as you have seen them. We won't read
2 them to you. We will kind of highlight some
3 aspects and then we're happy to, like I said, take
4 any deeper dives on any questions that are
5 regarding the PE2E portfolio and the efforts that
6 are behind it.

7 So, starting with the examination
8 products and products and key milestones, I know
9 there's a lot of information on here. I don't know
10 if I dare do the laser. I'm not going to do it.
11 On DAV, which is the first one, Docket Application
12 Viewer, I bring your attention to the last bullet
13 which is looking at the next steps on the relevant
14 prior art. That is what RPA stands for in this
15 instance to eliminate audience and for those that
16 do not know, that is the ability to look at parent
17 cases and child cases. The art that's been cited
18 in a parent to child readily available for
19 consideration by the examiner from an aspect
20 within a tool, the Docket Application Viewer. So
21 ready access to ensure that we have a consistency
22 in terms of looking at the art of record for the

1 parent to child. The pilot, I believe, is domestic
2 U.S. Then the long term, of course, would be
3 looking at things like foreign and NPL, and as one
4 can imagine, the understanding and being able to
5 locate non-patent literature, NPL, vis a vis, the
6 way it's annotated in an IDS or 1449, can be
7 somewhat complicated on the face of the patent,
8 just because of the inconsistency on how
9 non-patent literature is documented. So, that's
10 the longer tent in the pole, but we have some
11 efforts underway to really sort of leverage some
12 emerging technology and interesting algorithms to
13 figure that piece out. So I wanted to give you
14 sort of today we're looking at this; tomorrow
15 that's where we want to be. Again, the value add
16 is that the examiner has ready access to this
17 information at the time they pick up the case
18 they're looking at.

19 Official Correspondence, the next one.
20 The highlight would be the last bullet again.
21 January and maybe bleeds over a little bit into
22 February, but we're looking at having the last

1 folks on Oaks, which is the legacy system,
2 completely off and those all examination corps
3 working on official correspondence, which I think
4 is a great achievement. This is the second of the
5 third leg of this stool in terms of examination
6 tools, if you are going to sort of couch, search
7 official correspondence and docket application
8 viewer as the key tools for examination. So, a
9 big and important fact of where we are today in
10 terms of moving into a next generation platform,
11 which opens a lot of doors for projects that I
12 think you've heard earlier, that this is the
13 platform that lays out the ability to do work
14 share. A lot of these other initiatives that are
15 coming into play have a backbone based on the fact
16 that once we achieve this level of a platform, we
17 can actually innovate and adapt rather quickly as
18 opposed to the previous legacy systems that are
19 very disparate.

20 All right. And then Classification, CPC.
21 The next steps is the last part on this one, which
22 is a little bit on the sort of weedy side of

1 migrating CPC data base and to CPC international
2 and some prototype milestones. I think the big
3 takeaway on this is to remember that CPC, both
4 data base and collaboration tools, are going to
5 play a critical role in some of the upcoming
6 projects. So, if you are not aware or may not be,
7 we talked in different meetings about Peace Star
8 or examiner time allocation. I think that's what
9 it stands for. Anyway, the point is that this
10 plays a role because we need to be able to
11 re-classify in real time pretty much, in order to
12 execute on other value admissions and programs
13 within the organization. This has been an area
14 that sort of, yeah, it's good and it's great that
15 we're able to work with the EPO, get
16 classification right. We all know the value and
17 the importance of finding the book in the library
18 in the right location. Right? What we're looking
19 at is a future state of understanding
20 classification to the level of which it may have
21 to be reclassified almost in real time, depending
22 on certain circumstances, claim changes, et

1 cetera, and we have not historically been in that
2 situation under the U.S. patent classification
3 system. You get it. It can be transferred. It's
4 a process. We're now looking at something that
5 would be practically real time in terms of
6 examiner picks up a case and if it for some reason
7 or another due to circumstances, has to be
8 reclassified, and it's not held up in terms of
9 counting. The lesson here is that we're building
10 foundational technologies within this to help
11 other programs that are happening.

12 On OC, I think I covered that. I'm
13 probably going to repeat myself a little bit here.
14 But we're retiring OAKS and preparing for the
15 decommissioning. So, there's these 2 terms we
16 use, retire and decommission. We retire a system
17 and that means that we no longer using it.
18 Decommission means that we're ripping it out of
19 the servers and you cannot touch it. So, that's
20 how we define it. The reason we do that, of
21 course, is that we don't just go in and say yep,
22 it's done and pull it out and go away We need to

1 fall back on it. So, it's sort of our way to do a
2 soft landing or transition from one to another.
3 That's what we've done and the lessons learned on
4 DAV, now OC. So, that's what we're looking at
5 with the next step. So, if there's not any
6 questions there, we'll go to search, which is the
7 next slide.

8 We had a January deployment on the
9 search tool. We've reached what we call a Phase
10 Zero. I kind of use this analogy and, correct me
11 if I'm wrong, about how do we understand if a tool
12 is good enough to do your job. We kind of look at
13 it as if you're a race car driver and we've got
14 you a prototype car, but, is this car good enough
15 to race in a real race? And, so, Phase Zero is
16 the opportunity for examiners to start staircasing
17 their way into taking a test drive as though it
18 was a real race and they're doing their real job
19 with this tool. And is it effective, is it
20 scalable, is it quality and is the performance
21 necessary to do their job and to succeed. So, as
22 we staircase our way to this goal of 2000

1 examiners at the end of the year in an
2 uncompensated world, which means they now can race
3 this car in real races and not need other time.
4 So, here we are today and that's where we want to
5 be at the end of the year. How do we get there?
6 We have the work being done with OPIN. I think
7 Rick's team is spending a lot of time figuring out
8 an adoption plan and an agreement in collaboration
9 with the union; right. What we're trying to do is
10 get us there by not just saying here's the tool,
11 figure it out. It's a planned approach for which
12 we have an adoption goal to reach. As we do this
13 from an OCIO prospective, it allows us to
14 incrementally understand scaling and performance
15 and any deprecation to the system, so it allows us
16 sort of a safe migration from one to another. If
17 some unforeseen circumstance comes up, we can
18 pause and take a break and keep moving. The
19 purpose here is to provide a tool that's ready
20 enough to understandably do your job and not leave
21 a bad first impression in terms of we set it out
22 and it doesn't do enough of what it is to even

1 complete a race, to complete the analogy.

2 And moving on to patent center. So,
3 we're still expanding the Dock X processing.
4 That's the ability to taking incoming applications
5 as text format, which is also a value ad for the
6 resources here at the USPTO by the fact that we
7 have OCR, optical character recognition, a lot of
8 information as we get it in a digital format, in
9 an image. So, as we look at a work flow, from a
10 data perspective, we have a lot of systems that
11 have to do a lot of conversions. Then we have
12 pretty much a zero tolerance for error. So, it can
13 be quite burdensome on that process. We look
14 forward to continuing to expand this pilot
15 program. Then the other key aspect in the EFS web
16 world, while we house this under patent center,
17 patent center is sort of the end state. I'm going
18 to refer to the current state which is EFS web in
19 public and private pair that will eventually
20 become what we call patent center, just to be
21 clear. We are continuing to migrate the PKI
22 certificates and the replacements of the intra

1 certificates and decommissioning the migration
2 tool.

3 I'm actually going to jump to the next
4 slide because that is the information I want to
5 get to, some of where we are in terms of numbers.
6 As of 1/17, it looks like the certificates were
7 around 18, probably maybe closer to 19,000 now
8 that have been converted. This goes back to the
9 fact that certificate were shared; right, among
10 staff, other attorneys, and the new world order
11 and this is that we wanted to provide a safer and
12 more compliant environment, where each individual
13 has their own account and their own certificate.
14 So that's what the definition of sponsorship
15 means. So we have reached up to 200,000 of those.
16 That's been a pretty exceptional uptick. Again, I
17 applaud the OP team with the patents for their
18 excellent communication team. We talked about this
19 in the subcommittee a little bit. I certainly
20 appreciate any feedback of any concerns, but it
21 sounds like that was a rather successful roll-out
22 explanation, information sharing, a process. I

1 will say that with all good things, they do come
2 to an end. I do want to point out here that in
3 the far right, as we've been talking about this in
4 the prior PPAC meeting, February 15th, I believe,
5 is quickly approaching. So I want to underscore a
6 little bit of sense of urgency here. February 15th
7 is coming. We need to understand this last attempt
8 for those folks that haven't gotten to it, we need
9 you to get to it. Please spread the word. Please
10 let folks know, if nothing else, for this section,
11 there's a looming deadline and they really need to
12 get active and make the migration. Okay? That's
13 probably the most important message on this slide.

14 MS. JENKINS: Say, Thomas, can I
15 interrupt you there for a second?

16 MR. BEACH: Absolutely.

17 MS. JENKINS: So, from the user side,
18 are there any system requirements, changes,
19 upgrades, or anything that they have to do in
20 order for this to be seamless for their room?

21 MR. BEACH: I'll let Bill take it.

22 MR. STRYJEWSKI: We have recommended

1 browsers to maintain security compliance, but
2 there's no, you need to get this software, you
3 need to get that software, no.

4 MS. JENKINS: Operating systems,
5 versions. So, what are the recommended browsers,
6 please?

7 MR. STRYJEWSKI: I'm sorry. I don't
8 know them off the top of my head. I'd have to get
9 them on the web page. That would be there.

10 MR. BEACH: The information is actually
11 on the web site there to help you along. So,
12 there is a fair amount there. If there are any
13 questions, we can take them. It is explained
14 there. Sorry.

15 MS. JENKINS: Okay. You didn't know my
16 question was coming, but I do know that in the
17 past when trying to access the web site, sometimes
18 I can and sometimes I can't. It's always the last
19 thing in my head to think about is am I using the
20 right browser.

21 MR. STRYJEWSKI: Correct. Fair enough.

22 MS. JENKINS: It would be good to the

1 extent that there's a notification to make it easy
2 for the users to get all that information in one
3 place. Maybe an alert or your caution or warning
4 that February 15th is coming up and for them to
5 only use a particular browser.

6 MR. STRYJEWSKI: The older solution has
7 actually more implications to the work station,
8 whereas the newer solution is more like your bank,
9 where it is a 2 factor solution with a different
10 channel, either a phone call or a text message or
11 an email. So, where the other solution you needed
12 a file and you needed to pull a Java applet up and
13 stuff like that. So, we are reducing the need for
14 specialized or more stringent software
15 requirements on your computer.

16 MS. JENKINS: And at the same time,
17 maintaining high security?

18 MR. STRYJEWSKI: Right. This is a more
19 secure solution because you're not sharing your
20 password with individuals and it's more compliant
21 with the Federal cyber security standards and
22 FIZMA.

1 MS. JENKINS: Great. Will a notice or
2 an alert or a reminder go out about February 15th?

3 MR. STRYJEWSKI: Actually, we've been
4 noticing through 20 different channels of
5 communication. We have blogs and emails and
6 various things. We've done about 250 different
7 notifications. We're at a point where we're
8 sending individual notifications for certificates
9 that haven't migrated today. So, we have really
10 kind of -- we're continuing to communicate
11 aggressively to the user committee.

12 MR. BEACH: I think a patent alert went
13 out an hour ago about this as well. This is a
14 great chance to plug patent alerts because if
15 people haven't signed up for patent alerts, this
16 is a great way to get all the information, but I'm
17 literally looking at one on my phone that went out
18 at 10:50.

19 MS. JENKINS: Okay. That's great.
20 Thanks. Continue hammering away.

21 MS. PETER: I think though one thing the
22 office does. I think I've gotten several alerts

1 just this morning on a variety of different
2 topics. I will say that maybe sometimes they are
3 not -- it's a big task to reach out to
4 practitioners to do this. When you said this, I
5 said wow. But sometimes maybe the alerts need to
6 be a little less specific and a little bit more
7 like, you are not going to be able to log in. You
8 know what I'm saying? Sometimes you just have to
9 be more to the point, rather than your certificate
10 is not going to work.

11 MR. STRYJEWSKI: Thank you for the
12 feedback.

13 MR. BEACH: This slide just continues to
14 reiterate the benefits, the modern security
15 process and the granting access to multiple
16 systems in a single sign-up. That's what you get
17 by using the U.S. PTO process. Again, here is any
18 information at the call center, as well, if you
19 have any questions on concerns.

20 We're on collaboration tools of the CCP.
21 Again, as I alluded to earlier, looking at the
22 recent milestones are a lot of things that are

1 internal in terms of editing and being able to
2 have quality classification. I can't underscore
3 that enough. I'm sure the businesses imparted that
4 importance that CCP being done correctly is very
5 critical. In order to do that, we need the right
6 collaboration and IT tools to do that. So, we are
7 there to meet the need, to certainly serve as many
8 ways as possible, a flexible way to ensure that
9 the business is able to get to the quality goals
10 that they want to achieve, certainly in a fast
11 changing world of understanding how CPC
12 classification really plays out in terms of
13 dockets for a particular examiner on the many
14 other projects that you hear about. Again, to
15 reiterate, Shemic Navigation and understanding the
16 subject matter indexing. It sounds a bit weedy,
17 but somehow you have to come up with these CPC
18 symbols correctly for an application. Right? So,
19 we trust them when we see them, but we need to be
20 able to trust and verify and have measurable
21 meaningful metrics behind them to ensure that they
22 are properly classified. Again, this work is very

1 important. I would say it is very important in its
2 foundation because if the system isn't properly
3 classified, there is a downstream effect of a lot
4 of issues. So, we want to provide the best
5 possible tools for the organization to achieve
6 this.

7 Again, with the management side, this is
8 more or less the data base side. It may not be
9 the most exciting side to the world, but for us
10 it's ensuring that the data base and the work that
11 collaborates with EPO is being done and
12 synchronized and being updated properly. Any
13 questions about the CPC?

14 SPEAKER: Yes, sir. It's kind of hard
15 to delineate or maybe I just missed it. You're
16 showing where you're going but you're also getting
17 rid of IFW. That is going to be a big deal, as I
18 understand it, in terms of through put. Am I wrong
19 or am I right?

20 MR. BEACH: There's a slide at the end
21 about Legacy and the next chapter.

22 SPEAKER: I'll wait until then.

1 MR. BEACH: Sure, but if you had a
2 question of vis a vis or CPC and IFW or were the
3 two related?

4 SPEAKER: Okay. No. you were talking
5 about data bases and that's what brought up the
6 IFW.

7 MR. BEACH: Data base to data base. Got
8 it. Sure. We'll cover that. So, a fair point.

9 Moving to the next slide, if folks are
10 comfortable. Global dossier. Excited that they
11 have a project this year. Mark is very excited
12 over there. Hurray. So we can actually give you
13 updates. An important piece. It seems kind of
14 rudimentary in some ways but allowing an alert and
15 a notification of actions being taken from other
16 offices on other applications that are being
17 examined. I presume that has some implication and
18 support for some of the projects that you want to
19 work on and ensuring the success of them by having
20 a simple notification that something has occurred.

21 SPEAKER: Yeah, this is a service that
22 we were working with the stake holders on. It's

1 something they would really like to have. So, as
2 you said, if there is an office action issued and
3 any family members would get an alert, they would
4 essentially subscribe to a family of cases.

5 MR. BEACH: I don't know if it fits in
6 that efficiency question, but it certainly allows
7 for some of the awareness of what is going on in
8 terms of applications. So, legacy system
9 requirements --

10 MS. JENKINS: We have questions.

11 SPEAKER: This is going back quite a few
12 slides perhaps to the search capability. Earlier
13 this morning we heard from Deputy Director Peter
14 about a fascinating vision of using AI and having
15 a unified search tool. The search capability
16 that's coming on line now, what percentage of the
17 way would you say? You don't have to quantify it.
18 How far are we moving towards where we need to be?

19 MR. BEACH: Sure. So, I'm going to try
20 not to put a number on it, but I think you're
21 asking me for a number.

22 SPEAKER: I'm not asking. I said

1 percentage. Don't quantify it.

2 MR. CHILES: So I think Tom was kind of
3 talking about a theme of foundation. Right?
4 Trying to put a foundation together from a
5 technology perspective, from a data collection
6 perspective, from a feature and function
7 perspective, to allow for us to leverage modern AI
8 in our search system. There's going to be both
9 the need for the examiner to directly find all the
10 references that have cat and dog in it and then
11 also to be able to that all important
12 patentability decision. Searches, the search tool
13 that we're doing now is going to be substantially
14 better than our current system, both from a
15 feature and data perspective, but more importantly
16 it's going to allow us to plug in to those AI
17 solutions. For example, the 2 projects. There's a
18 project in 2020 that we're planning to do,
19 synonyms, or to generate synonym lists from
20 repetitive activities of mining knowledge in the
21 core and using the algorithms and then also to use
22 visualization components that are offering further

1 suggestions to the examiner to find that all
2 important reference. So, not going to put a number
3 on it, but this tool is going to lead to future
4 features that are going to help us hopefully move
5 the needle in efficiency for getting the examiner
6 the right information earlier.

7 MR. BEACH: I would add to that that
8 from a platform perspective we have had a third
9 party come in and take a look at our architecture
10 on search which is sole on the scene for those who
11 are very excited about that and its adaptability
12 to AI and emerging technologies. It might help
13 towards your point which is we needed to
14 understand the current state, the architecture
15 planned and what does it afford us in terms of
16 opportunities in the future. So, we've looked at
17 it. It's been assessed. We're of the
18 understanding it is open and available for these
19 types of add-ons. That's sort of the strategy;
20 right? You want to build something that we can
21 now continuously add to versus building something
22 that goes, oh, we have to completely change course

1 and direction. So, I hope instead of a number that
2 you feel more comfortable with, oh, we've got a
3 really strong platform that allows us to go in
4 multiple directions, if that helps.

5 SPEAKER: I have a question for you
6 about global dossier. It's a tool I use many
7 times a day, every day. It is fantastic,
8 particularly in providing access to other
9 jurisdictions, art in the file wrapper,
10 correspondence in the file wrapper. Even the
11 translations are really quite usable for my
12 purposes, but I do notice there is a significant
13 stability issue and that at least once a day, if
14 not more, when I log in, I will get a random error
15 code, usually error status code minus one or
16 something else. Typically I can make it go away
17 if I close my browser out and log in again. I
18 don't think my experience is unique. So I'm just
19 curious. Is the office aware of it and are steps
20 being taken to eliminate this type of error?

21 MR. CHILES: I wasn't aware of that.
22 However, I'm looking at Tom and imploring him to

1 please fix it, whatever it is.

2 MR. BEACH: We are aware of it. We
3 certainly have looked at sort of different
4 applications, widgets that actually leverage
5 global dossier in a way that is faster than you
6 may actually use it. We harken back to the
7 original agreement and policies around global
8 dossier which was no one office was allowed to
9 data mine each other. So, one of the things that
10 we struggle with, and I think this conversation
11 comes up with public pair and it comes up
12 elsewhere. The intent of the end user, whether
13 you appear as a data miner or not, becomes an
14 issue. We have things in place such as throttling
15 and the unintended consequence while we try not to
16 stop the folks that are creating a denial of
17 service to us. We're also kind of striking the
18 right balance, if you will, to say you're in this
19 pocket that isn't a data miner, but the system
20 doesn't really know that, depending on how you use
21 it.

22 So, we definitely are aware of it. We're

1 looking at ways to sort of mitigate that and allow
2 the opportunities for those who want to use the
3 tool to continuously use the tool, but yet remain
4 in those original policies, which, you know, as
5 far as I understand, that those were the original
6 agreements that we were not to consider data
7 mining. You can imagine if we open the flood
8 gates that the system is just pounding on it all
9 day long with larger hammers.

10 MS. JENKINS: He's got a question.

11 SPEAKER: Oh, I've got several. At the
12 end of the day, you've got a certain amount of
13 limited band width. Is the band width segregated
14 so that data mining and things like that do not
15 slow down the work of the examiners?

16 MR. BEACH: Yeah, they are definitely
17 separated. There is a complete separation on
18 that.

19 SPEAKER: Okay. Number 2, are we almost
20 at the point hopefully that spare parts issues
21 with our legacy systems no longer -- that's going
22 to be a thing of the past?

1 MR. STRYJEWSKI: That's always a
2 challenge. I think we have prioritized and
3 identified one piece of hardware in particular
4 where we felt that it is at most at risk. We have
5 engaged a contractor that is actively working on a
6 project to actually remedy that. That's a big
7 deal. We did a prototype, proved out the concept,
8 and for that piece of hardware, we are on a path
9 to actually be able to remove our dependency on
10 that hardware. It doesn't mean that everything is
11 still current from a legacy prospective, but I
12 will say for some of our legacy concerns, we can
13 still get maintenance done on that hardware and we
14 are relying on the bigger next gen projects to
15 actually permanently remedy those situations, but
16 we had one system in particular that we felt the
17 next gen remedy was too far out. We took it upon
18 ourselves with, of course, support from the front
19 office to remedy that in the short term.

20 MR. CHILES: Okay. We are up in the
21 10's, close to what 100 petabytes of storage, or
22 is it more?

1 MR. BEACH: For the total office?

2 MR. CHILES: Yes.

3 MR. BEACH: The most recent I heard was
4 9.

5 MR. CHILES: Was what?

6 MR. BEACH: 9, 9 petabytes.

7 MR. CHILES: Okay. Without telling me
8 where, we have multiple storage locations.

9 MR. BEACH: Yes. Multiple storage
10 sites.

11 MR. CHILES: Sites is fine. In terms of
12 doc x, I know there is a fee associated with it,
13 some encouragement to use doc x, when do you see
14 that as being virtually totally accepted, because
15 that is a big choking point right now.

16 MR. BEACH: Accepted being --

17 MR. CHILES: User community using it.

18 MR. BEACH: Oh, on using it. Well, I
19 mean --

20 MR. STRYJEWSKI: When the fee markets
21 gets approved, it will be the whole community. It
22 will be the majority of the community, just like

1 we have 97 percent filing electronically today. I
2 think it's the fee-

3 MR. CHILES: So, it's based on that \$400
4 fee. When that goes into effect --

5 MR. STRYJEWSKI: I think that's a
6 motivating item that's going to drive it. Right.

7 MR. BEACH: Like many of these, the
8 success would be that everybody wants to use it.
9 The reality is that we want to ramp up gradually
10 to it.

11 MR. CHILES: Sure.

12 MR. BEACH: We don't want to have a
13 tsunami effect to our systems. We want to make
14 sure we can move in the trajectory for which the
15 adoption rates are going. So, I think it's
16 something we've learned over the years to sort of
17 balance the marketing of things that are taking
18 hold and sort of growing them out so we don't get
19 to these cliffs where we've built up all this
20 expectation and we suddenly find out there's an
21 issue and then we've got to deal with that. So,
22 we've been trying to do it in that kind of a

1 strategy, if that makes sense.

2 SPEAKER: It does, and lastly, it goes
3 back to an earlier question. IFW, when is it
4 gone?

5 MR. BEACH: June of 2019.

6 SPEAKER: Very good. Thank you, sir.

7 MR. BEACH: You're welcome. So that's
8 actually a nice segue. Thank you, Mark. In the
9 middle somewhere, first bullet, dossier retirement
10 this year as well, and then CMS will retire as
11 well in 2019, we're looking at June. I covered
12 earlier the oaks to OC retirement, CVS which is a
13 part of the CPC efforts, that system will be
14 retired in FY-20 and FY-20 is what we're looking
15 at for east in terms of search, but of course,
16 these are dependent on sort of the parallel worlds
17 that we want to ensure that do no harm, allow for
18 success, allow for the examiner to adopt to the
19 new tool, succeed at the tool before we turn
20 anything off. We try not to live in a world where
21 we just say here it is, now we've shut the other
22 one off, and not have any sort of back-up in the

1 sense that the examiner has the opportunity to do
2 that. I think that has directly been an effort
3 for which the engagement for OCIO and the business
4 requires a lot of collaboration, along with the
5 union, sort of setting out how we do this moving
6 forward in a way that is both comfortable for the
7 examining corps and, I think true particularly for
8 the last year or so, being able to sort of put
9 this message of, "Do It Right" before you put it
10 out there. I think for our organization that's
11 been very, very effective and helpful to allow us
12 to grow and scale to these levels and then ensure
13 that it is well received by the examining corps.
14 Again, this is a collaborative effort, again for
15 which I think the leadership has shown a lot of
16 maturity around something that has historically
17 may have taken a period of time, but doing it
18 right is the right way to do it. With that, I
19 believe that is the last slide.

20 MS. JENKINS: Great. Thank you so much.
21 It is 12:01 and we are going to take a break. If
22 the committee will grab lunch, bring it back

1 because then we have an ethics presentation.

2 (Recess)

3 MS. JENKINS: Who's -- Hi. It's me.
4 Who's present, you or Scott, that can start?

5 MS. BONILLA: Scott can start.

6 MS. JENKINS: He's gonna start? Okay.
7 Okay, welcome back -- sorry, everyone, and we are
8 gonna start the afternoon session, with PTAB. I
9 think we have -- Scott is in house and Jackie is
10 too, so -- and Julie is here. So, all yours. Who
11 wants to start? Do you want to do, or you want
12 Scott to start? How do you want to do it, Julie?

13 MS. MAR-SPINOLA: Um, let me just say,
14 good afternoon and thank you. We wanted to change
15 up a little bit on the presentation. We always
16 have the valuable data, that's statistics from the
17 PTAB, which is always important, but we've flipped
18 the order so that Scott and Jackie can get into
19 things -- two -- two or three topics that are
20 somewhat new and exciting, I think, for
21 stakeholders. So, we'll -- we'll talk about those
22 things first, and for those who are listening

1 in -- your questions and comments are welcomed.

2 MR. BOALICK: All right. So, as --as
3 Julie said, we're just gonna take the slides a
4 little out of order. We're going to skip ahead,
5 and then if time allows, we'll come back to talk
6 about the statistics, but -- by the way, I assume
7 the microphone, okay. So, here we go.

8 MS. MAR-SPINOLA: You might want to
9 bring it up a little bit to you, Scott.

10 MR. BOALICK: Okay.

11 MS. MAR-SPINOLA: Thanks.

12 MR. BOALICK: Okay, I'll bring it a
13 little closer. That seems better. All right.
14 So, we're gonna fly through the statistics.
15 You'll see all theses again. So, now we're going
16 to talk about a few special topics, that's right,
17 and I'm sure everybody absorbed all of that.
18 (laughter) So, what -- what we have for you is a
19 couple of current topics, things that are
20 happening at the PTAB. Actually, before we go
21 into both of these, one thing I thought I would
22 mention, just because it follows up on, you know,

1 the presentation this morning on the 101
2 Guidelines, and I know you heard Bob Bahr mention
3 that the PTAB, you know, was part of the
4 formulation, and so it was an effort that the PTAB
5 also participated in.

6 PTAB has held training on the 101
7 Guidelines. We've had our own internal training,
8 we also have had -- the patents trainers come and
9 conduct training at The Board as well, so, you
10 know, it's something that The Board is following
11 the new 101 Guidance. We had, since it came out,
12 about 125 ex parte decisions involving 101, have
13 been decided, and we've had two PGR's, although
14 both of those ended up being decided on --
15 Berkheimer type grounds, but -- so, it is
16 something that it tends to impact appeals more
17 than trials, and trials you'll see it in PGR and
18 CBM decisions, but we have plenty of ex parte
19 decisions that -- that involve the guidance.

20 But, the first topic on our slides is
21 the presidential opinion panel, something that is
22 relatively new, came out in September of this

1 year, in an update to our standard operating
2 procedure number two, and it's a new way that we
3 make opinions presidential. In other words,
4 binding on The Board, and a couple features,
5 there's really two paths to making opinions
6 presidential. The -- there's the one that -- that
7 is through the actual presidential opinion panel,
8 you know writing a decision, and before that
9 decision gets written, we'll provide notice to the
10 parties that a case has been excepted by The
11 Presidential Opinion Panel. They'll get notice
12 and an opportunity to brief the issue that's been
13 excepted for the Presidential Opinion Panel.

14 There will be often an amicus
15 participation opportunity, the opportunity for an
16 oral hearing, and then ultimately an opinion will
17 issue. In fact, we have accepted one such case,
18 already in that vein, so this was back in -- there
19 was briefing that happened, back a month or so
20 ago, in December, and then in early January a
21 briefing happened, and we had Amicus
22 participation. There was an oral hearing and the

1 case is now, you know, in -- in due course. You
2 should expect to see a case issue from the
3 Presidential Opinion Panel, to be the very first
4 one. There's a second path through what we call
5 ratification, at least at The Board, which
6 basically is a path were a decision that's already
7 been write, is nominated to be presidential.

8 It goes through a screening process, a
9 vetting process, recommendation is made to the
10 director, and the director makes a decision as to
11 whether that case will become presidential or not,
12 and we've received nominations -- you know all
13 together we've received about 17 requests for
14 Presidential Opinion Panel, and as I say, we've
15 accepted one, but there are several that are in
16 the process of being vetted. The criteria for
17 excepting it, and that's what we're looking for is
18 basically -- well, I'll tell you what we're not
19 looking for. This is not the time to reargue the
20 case that -- you know whoever did not prevail, to
21 just reargue the facts and say well the -- the
22 panel didn't get it, I want a new panel to rehear

1 my case. This is more for important issues such
2 as, and you see then on the screen, constitutional
3 questions, questions regarding, statutes, rules,
4 regulations.

5 In fact, the one that's before us now is
6 a interpretation of the joinder statute in the AIA.
7 So, that's the one that's currently been excepted.
8 Other important issues regarding presidential case
9 law, issues where the Board is split, so if you
10 see differing approaches at the Board on an issue,
11 the Presidential Opinion Panel, is a chance to
12 bring uniformity to that, and the whole idea is
13 just to promote consistency and certainty,
14 predictability in the Board decision making. The
15 default composition, you see there at the bottom
16 of the screen, is the Director, the Commissioner
17 for patents, and the PTAB Chief Judge. I will say
18 that we are working on a website, webpage on the
19 PTAB's webpage. It's not ready yet, but I just
20 want to flag that coming soon you will see a
21 webpage dedicated to the Presidential Opinion
22 Panel.

1 I also want to remind everybody that we
2 do have on the PTAB webpage a section that tells
3 you all of the presidential opinions that we
4 currently have, and it's organized in multiple
5 ways. It's organized by most recent, it's
6 organized by trials and appeals, it's also under
7 each trials and appeals, we've got them broken out
8 by topic so you can easily find the -- the
9 Presidential Opinions.

10 MS. MAR-SPINOLA: Scott, if I can --
11 interrupt just a second here.

12 MR. BOALICK: Um-hum.

13 MS. MAR-SPINOLA: Would you remind us as
14 to who can make the request for POP Panel?

15 MR. BOALICK: Anybody. So, we accept-

16 MS. MAR-SPINOLA: Anybody, so-

17 MR. BOALICK: So, we except -- we accept
18 nominations-

19 MS. MAR-SPINOLA: From-

20 MR. BOALICK: --from-

21 MS. MAR-SPINOLA: -- petitioners, patent
22 owner-

1 MR. BOALICK: -- from petitioners, from
2 patent owners. We've had nominations from within
3 The Board when Judges see a case, that they think
4 is an important issue, you know, such as the --
5 the issue of joinder is one that The Board has
6 recognized. There were at least one or two cases
7 that had come out differently from the main, and
8 that was a way that that got flagged, so. Other
9 personal, a PTO can flag it. We have a -- and
10 it's in the SOP itself, there is an email box, if
11 someone sees a case that they want to be
12 considered for the Presidential Opinion Panel.
13 This just -- check out -- in fact, my next slide
14 tells you where to find this. This is the PTAB
15 Webpage, and you can see highlighted in the red
16 box, is a quick link to the SOP2. However,
17 sometimes those quick links change, but you'll
18 always be able to find it under our Resource and
19 Guidance page, and the SOP itself is linked. It
20 has the -- the email box is there in the SOP, and
21 so what you do is you send an email to that box.
22 The box is monitored and we're continually

1 checking it for new nominations.

2 MS. MAR-SPINOLA: Is there a time --
3 time period by which you have to make this
4 request?

5 MR. BOALICK: So, for -- for
6 ratification, there's no time period, because you
7 know, any time that you know of an opinion, you
8 can -- you can nominate an already written opinion
9 for-

10 MS. MAR-SPINOLA: Are you talking about
11 informational opinions, or --

12 MR. BOALICK: Well we're talking
13 informative or for presidential but-

14 MS. MAR-SPINOLA: Informative, right.

15 MR. BOALICK: -- in -- in order for the
16 Presidential Opinion Panel to take a case. The
17 way that it does it, the mechanism it uses is
18 rehearing. So, you'll -- you'll want to -- flag
19 something. If you want the Presidential Opinion
20 Panel to be writing a original decision, the way
21 to do that is to send in the nomination during a
22 period for -- for rehearing, and that's where the,

1 you know, because either the parties can ask for
2 rehearing, or The Board itself can, on its own
3 accord, initiate rehearing on its own. So, if the
4 parties don't ask, The Board can still recognize
5 there's an important issue, and sua sponte during
6 the period that -- a rehearing or request can be
7 made -- can -- can go ahead and ask for that.

8 MS. MAR-SPINOLA: Okay. And then on the
9 panel makeup, the default -- there can be
10 modifications I assume-

11 MR. BOALICK: That's -- that's right. In
12 fact, the SOP itself, has a default order of --

13 MS. MAR-SPINOLA: That's right.

14 MR. BOALICK: -- replacement, so you
15 know, and it goes for -- as you would expect, so
16 the Deputy Director, would be the first person in
17 line to -- to replace the -- the other statutory
18 members of The Panel, and also the -- the other
19 executive members of the PTAB. So, there are, you
20 know, there's the Deputy Chief Judge, or Vice
21 Chief Judges can replace, and -- and in --
22 generally the idea is, we're going to be very

1 predictable about who is on your panels. So, that
2 replacement will be made, you know, in the order
3 laid out in the SOP.

4 MS. MAR-SPINOLA: And so that is not
5 part of what you can request?

6 MR. BOALICK: You can't request your
7 panel members; however, I mean-

8 MS. MAR-SPINOLA: (laughing) I don't
9 know.

10 MR. BOALICK: -- so -- so of course-

11 MS. MAR-SPINOLA: Yeah.

12 MR. BOALICK: -- as in any case, you
13 know the Judges always check to make sure they
14 have no conflicts with -- you know the party or --
15 or the matter. So, if it turned out, for example,
16 that one of the three -- or more than one of the
17 three POP Members had a conflict, they would
18 recuse themselves, as would happen with any case,
19 where a Judge had a conflict, and then we would go
20 into the -- the replacement of a Panel Member.
21 So, we would -- we would go ahead and, you know,
22 make it known who was on -- who's on your panel.

1 So, so-

2 MS. MAR-SPINOLA: Thank you.

3 MR. BOALICK: Yes.

4 MS. MAR-SPINOLA: I'm -- I'll allow
5 other members to ask questions too, but I didn't
6 -- thank you for that.

7 MR. BOALICK: Sure. But -- but you know
8 that's all set out in the SOP itself. It sets out
9 the order for placement, so. So, you know the
10 idea is that you will know who's on the panel, and
11 if it's not one of three original members, then
12 you'll know who's going to be coming next. It is
13 subject to, as always, their conflicts or their
14 availability because, you know, if they're --
15 either, you know, have -- have some, you know
16 reason, that they can't be available. It could be
17 -- you know travel, it could be medical, it could
18 be other things, then we'll go down the list and
19 -- and go through the replacements. Ahh, yes,
20 Bernie?

21 MR. KNIGHT: Scott, when you make the
22 request, in the request, do you tell The Board

1 what decision your hoping them to reach or --

2 MR. BOALICK: Well-

3 MR. KNIGHT: (Laughing)

4 MR. BOALICK: -- I mean, yeah, so what
5 -- so what -- what you do in -- in the request is
6 -- I mean, of course, it will be obvious if your
7 one of the parties what -- what decision you think
8 is -- is the correct one -- and -- and -- so you
9 send -- so, yeah, in essence, yes, because what
10 you do, is you send an -- an email to, and it's
11 The Presidential Opinion Panel request email box
12 -- it's at USPTO.gov. You identify the reasons
13 why you're recommending it, so I would suppose you
14 would say: Hey, I see it split The Board and I
15 think, you know this is the correct way to come
16 out, and I -- but you have to do it, you know with
17 in the period for a rehearing. You also have to
18 certify much as a -- petition for on bonk review
19 that the Federal Circuit requires. You have to
20 make a certification that you believe -- that it
21 is a case that's right for Presidential Opinion
22 Panel review, based on your professional

1 judgement, that it meets the criteria, and then
2 that kicks it off. Usually, the -- the -- the
3 party nominating does suggests what they think the
4 right outcome is. If the, you know, Opinion
5 Panel agrees, and again there is a screening
6 process that happens.

7 We have a screening committee made up of
8 representatives of the undersecretary's office
9 from patents and The Board. So, the screening
10 committee looks at it and says, we think this
11 meets the criteria, they recommend it to The
12 Panel. If The Panel accepts review, we'll then
13 ask for briefing from the parties and ask for
14 amicus briefing. So, you know, there will be an
15 opportunity views to come in, and an opportunity
16 to ask for a hearing afterwards, too.

17 MR. KNIGHT: So, just based on the
18 standard then, if your one of the parties to the
19 case that you want to submit, you know, a POP
20 request for, then you really can not say that you
21 want the decision overturned, unless you can fall
22 under the one criteria where it is there's two

1 Board decisions that are inconsistent?

2 MR. BOALICK: Right. Or you think it's
3 an important issue that implicates, you know say,
4 constitutional principles. For example, in the
5 Sovereign Immunity Cases didn't come up while we
6 had this process, but if they were to have come up
7 while we that process, then, you know, you could
8 agree that's it's an important constitutional
9 issue as -- as well. But of course -- we're not
10 -- when we're deciding to take review, we're not
11 taking it with, you know, what the outcome is,
12 we're -- we're looking to see, does this meet the
13 criteria for review. Is it an important issue
14 that needs to be decided and there's a need for
15 uniformity, you know, among The Board? So, a
16 split is a very common way to be seeking review.

17 As I mentioned, if it's just -- I think
18 the panel didn't properly weigh the evidence of my
19 expert, and they really ought to give that more
20 weight. That's not the right case for -- for
21 review.

22 MR. CASSIDY: Is there a mechanism by

1 which The Panel itself can suggest a case is right
2 for Presidential Review? It's in -- in other
3 courts, The Panel itself decides whether or not
4 this is an opinion that can be relied upon or
5 should be published.

6 MR. BOALICK: Right. So, similar to
7 that, yes. Any, you know, any member of The Board
8 or any USPTO employee can nominate a case, so it
9 -- and it has happened where Panel Members have,
10 you know, noted that is an important issue and
11 have -- have flagged that -- in a request for the
12 -- the Presidential Opinion Panel Review. The
13 slight difference here is that unlike, say an
14 article three appellate court, where The Panel
15 itself flags it and then decides to make the case
16 Presidential. Here, it's being, you know, the
17 decision to become presidential is actually made
18 by the -- the POP Panel itself. So, it's the
19 Director, the Commissioner for Patents and the
20 Chief Judge, together, decide okay, this case is
21 going to made, you know, it's going to be accepted
22 for POP Review, and then of course it's, you know,

1 The Director who decides ultimately, will this one
2 be listed as a presidential case that binds the
3 Agency. It's slightly different, just because of
4 the nature of being, you know, in the -- in an
5 administrative agency.

6 MR. GOODSON: Going back several slides,
7 you mentioned constitutional issues.

8 MR. BOALICK: Yes.

9 MR. GOODSON: It seems to me -- the
10 Supreme Court said that there is still an open
11 question about what to do with the cases that were
12 Pre-AIA. Is that something that something that
13 you all would look into, or-

14 MR. BOALICK: I -- I -- now I believe I
15 -- and I we don't have anyone from the Solicitor's
16 Office here. I do believe that that is actually a
17 live issue in The Federal Courts. So, I mean, of
18 course, someone would be free to nominate that,
19 but I think really, that's issues already live in
20 The Federal Courts. My personal opinion is, I
21 think that would be better resolved in The Federal
22 Courts, because it's already being briefed and

1 argued, and underway there, so-

2 MR. GOODSON: Okay.

3 MR. BOALICK: -- but we would of course
4 be bound by those decisions.

5 MS. MAR-SPINOLA: Okay, anymore on -- on
6 POP, or can we move on? Thank you.

7 MR. MR. BOALICK: All right. So, I
8 think our next topic is the amendment practice.
9 I'm going to pass the microphone over to Jackie.

10 MS. BONILLA: So, last time we were
11 here, we talked about a new proposed pilot for a
12 motion to amend practice. It was intended to be
13 responsive to comments that we had received from
14 the public, relating to concerns about our motion
15 to amend practice in an AIA Trial, and we went out
16 with a proposal, a request for comments at the end
17 of October, last year, and it sought input on two
18 major things: a new process that would involve a
19 preliminary non-binding decision addressing the
20 motion amend, after receiving the motion amend in
21 the opposition to the motion amend, and also for
22 an opportunity for the patent owner to file what

1 we were calling a revised motion amend thereafter,
2 in a subsequent briefing.

3 We also asked for feedback, post Aqua
4 Products, about how exactly we should place the
5 burden of persuasion, in relation to the patent
6 ability of a substitute claims, and we asked in
7 particular whether we should do the way that we're
8 doing it in an informative decision, one of our
9 orders in western digital. The request for
10 comment had 17 questions. We made it clear that
11 people weren't limited to those questions. Those
12 were just questions where we had particular
13 interests, but people could comment in any way
14 they wanted on the motion to amend.

15 And then the comment period, we did
16 extend it a little bit, and it closed on December
17 21st. And this is just a slide, just to remind
18 you generally what it looked like. You can see
19 again, there was a motion to amend, an opposition
20 to a motion to amend. There was a preliminary
21 decision in every case by The Board on the motion
22 to amend, and then there was subsequent briefing.

1 As of December 21st, we received 49
2 comments. We got them basically from the usual
3 suspects that you would expect. We got it from 11
4 companies, they were from all technologies. We
5 got it from 8 -- 9 different IP Bar Associations,
6 including AIPLA, ABA, the New York Bar, IPLA, and
7 so on, from trade organizations from all over,
8 including IPO, FhRMA, BIO, and the like, an
9 organization, and also from 12 individuals.

10 And what we're doing right now, and
11 there is not a whole lot to say yet because what
12 we're doing is we're digesting all the comments,
13 and we're figuring out next steps. But I did just
14 want to share to you, on a very general level,
15 that with regard to the proposed pilot, we got
16 mixed -- we got mixed comments. As you might
17 expect, it frankly was a little bit all over the
18 map, but we did get a lot of support for the
19 proposal as a general matter. One thing where
20 there was consensus from the stakeholders was the
21 fact that this timeline, that you see here, was a
22 little to tight in terms of the deadlines, that

1 that one -- one and a half month or one month was
2 too -- was too tight to be as responsive as people
3 would like. So, that is definitely something that
4 we are taking into account.

5 Many people favor the idea that we do
6 substantive rulemaking in relation to the burden,
7 so there was consensus there. How we should do
8 that exactly, again it was all over the map. It
9 ranged from we should actually place the burden
10 patent owners, as we did prior to Aqua Products,
11 and ranging from what we did to Western Digital,
12 and also placing the burden exclusively on
13 Petitioner. So, that's where we are today. We
14 are taking all that into account. There was lots
15 of good feedback. We greatly appreciated all the
16 feedback that people put together. That was
17 really helpful for us, and we're actively involved
18 in next steps, and in case you want to take a look
19 at the comments, they're all -- all 49 of them are
20 posted on our website. You can see it the red box
21 there, if you want to take a look. There we go.

22 MR. BOALICK: One other thing we might

1 mention is that -- it's not on our slide set, but
2 we do have a suggestion box for trials, also for
3 appeals, and our PTAB end to end electronic filing
4 system. So, we accept comments, you know from the
5 public, you know -- you know all the time on -- on
6 things such as motions to amend and other things.
7 So, in addition to the RFC, we have these open
8 suggestion boxes. Just wanted to let everybody
9 know, in case you weren't aware of that.

10 MS. JENKINS: And to be fair, you -- you
11 do read them, so I think -- I think a lot of the
12 public thinks sometimes that it just gets filed or
13 submitted and no one is actually reading them, and
14 they do, yes, they do.

15 MS. BONILLA: Yeah, I want to be clear
16 that we are reading them. We have somebody taking
17 a look at it every day.

18 MS. MAR-SPINOLA: Interesting, I noticed
19 on your -- the slide before that you got comments
20 from Association's from Japan. I don't generally
21 recall with other comment periods for other
22 topics, except international, that -- that seemly

1 kind of unique, but maybe I just haven't been
2 noticing. So, can you comment about that at all
3 or --

4 MS. BONILLA: I will notice there -- it
5 was interestingly a number of comments from Japan,
6 both from Japanize companies and from their IP
7 Organizations that they have there. So, they
8 obviously rallied and take a -- took a good look
9 at it and provided comments, which is very
10 interesting to get that perspective, the
11 international perspective.

12 MS. MAR-SPINOLA: Will you be posting --

13 MR. POWELL: But also add that --

14 MS. MAR-SPINOLA: -- oh sorry.

15 MR. POWELL: -- Japan -- at one point
16 not that long ago, was one fifth of our customer
17 base, right. Nearly around 20% of our filings
18 were from Japan. So that -- there certainly would
19 like to participate in such matters.

20 MS. MAR-SPINOLA: Well, are the
21 respondents posted, or no?

22 MS. BONILLA: Yes, all the comments that

1 we have received as of December 21st are up on our
2 website. So, you can go take a look --

3 MS. MAR-SPINOLA: Okay.

4 MS. BONILLA: -- it tells you the list
5 of who it is, and then you can click on it and you
6 can actually access the comments that they
7 submitted.

8 MS. MAR-SPINOLA: Perfect. Thank you.

9 MR. CASSIDY: So, I have a general
10 question about the PTAB and the Administration.
11 Of the PTAB by the Chief -- Office of The Chief
12 Judge. So, I believe there are 35, 36 Federal
13 Agency's that employee Article One Judges. How do
14 we stack up against those Judges in terms of those
15 agencies, in terms of education for Judges ongoing
16 support? What is the goal with respect to ongoing
17 education with the Judges?

18 MR. BOALICK: So, I'm not sure what
19 other, you know, education requirements are -- are
20 required in the other Agencies, and of course
21 there are all sorts of Administrative Judges or
22 Administrative Law Judges. They have their own

1 requirements and Title 5, you know, there -- there
2 are, you know, Administrative Judges in the MSPB,
3 and other Agencies. Our -- our Administrative
4 Patent Judges, are governed by 35 USC and in
5 section six, it says that they need to be persons
6 of competent legal, and -- and technical ability.
7 So, the requirements, you know to become an APJ.
8 Are basically you have to have the legal ability,
9 in other words being an attorney, but also you
10 need a technical background as well.

11 We require our Judges to be members of a
12 state bar, or -- and including the territories
13 like you know, DC, so whatever CLE are required
14 professionally with their state bar. They
15 satisfy, but to be an NAPJ, the statute doesn't
16 require continuing education. However at The
17 Board, we have a series of training events. So,
18 when a new Judge is hired, we have a week-long
19 orientation program that takes them through every
20 step of handling a case. So, we -- we -- we, you
21 know, take them through the docketing of a case
22 through, you know, looking at the briefing,

1 conferencing, drafting, circulating, mailing of
2 the cases, and how that happens, and after that
3 initial training, and the onboarding, we pair
4 Judges with mentors. We have of course, very
5 Senior Judges who are always available.

6 The resources, but beyond that we've
7 started a training series. We've -- we've had
8 training, and we've had a training committee for
9 -- for many years, but within the last year or so,
10 we've gone to every week, we call it training
11 Tuesdays. So, every Tuesday at The Board, we have
12 differing -- there not credited CLE events, but
13 they are continuing education. We review the
14 latest Federal Circuit decisions. The training we
15 had on 101, we did at our training Tuesdays. We
16 also, you know discuss any other, you know
17 relevant happenings, so we -- we -- we actually,
18 and we've had some people complain it's a little
19 bit too much, but we -- we do it every -- every
20 Tuesday. We're doing some kind of training. We
21 occasionally have other brown bags on topics.

22 We have a training committee that, as

1 part of these training Tuesday, runs topics that
2 go from substantive law on say the requirements
3 one of three, and the different approaches, say
4 the Federal Circuit been taking, to secondary
5 considerations to procedural training for Judges
6 in AIA trials, such as, you know, motions practice
7 or you know, evidentiary requirements. What to do
8 with calls that you might get from people in a
9 deposition, say if they want to talk to their
10 attorney during a break, what you know, what do
11 you do. So we have a whole gamut of training, and
12 the training committees, you know have about a
13 year long life cycle of training they sort of run
14 through before they return to the -- before they
15 return to their topic, and then we also sometimes
16 have special guests that come to talk about legal
17 writing, the law of evidence, or things like that.

18 So, we've had special guests that come.
19 Often times, especially on those kinds of
20 trainings, for legal writing, evidentiary, we --
21 jointly have the training with TTAB and The Office
22 General Law Solicitors. So, if it's sort of

1 general legal training, a lot of times we'll --
2 we'll team up with other parts of the Agency and,
3 you know, have that training lead by somebody from
4 the outside.

5 MR. CASSIDY: Are you satisfied with the
6 level of training? Is it to much, is it to
7 little? What -- what is your sense of it, and
8 beyond that what -- what criteria do you look to,
9 to decide whether or not your doing enough or too
10 much or so forth. What do you look to as a guide
11 start?

12 MR. BOALICK: Well, so I tend to think
13 we're doing, you know, pretty much a good amount
14 training. I think that, you know the -- the
15 Judges do need time to write their cases too, but
16 I tend to think that -- you know, what we look to
17 is sort of what -- sometimes what's topical for
18 example: when we get feed back -- I would say a
19 guide star is the Federal Circuits, so we keep an
20 eye on what's coming down from the Federal
21 Circuit, and we start seeing trends from the
22 Federal Circuit. I mean, for example, you know,

1 not too long ago, we started seeing decisions from
2 the Federal Circuit, on administrative procedure
3 act type issues. So, we started some more
4 training just for awareness of things such as, you
5 know, how much explanation is needed to satisfy
6 the APA, you know, so there -- there are things we
7 we've seen where the Federal Circuit found for
8 example, that there had been a due process
9 problem. So, if we see that we -- you know, we'll
10 have training to make sure that everybody is aware
11 of what the Federal Circuit found, so we can at
12 least correct that, going forward.

13 Now, you know, keep in mind that -- that
14 -- that the Judges that we have come to us with a
15 great deal of legal and technical education. We
16 have people with, you know, PhD's in pretty much
17 any, you know, engineering or scientific
18 discipline you would want. We have medical
19 doctors, MBA's and then you know, within the legal
20 experience, we have people who are retired
21 managing partners of major law firms, people who
22 came up through the Examining Corp, and where

1 senior leaders in the Examining Corp. We have
2 people who were, you know, Chief Patent Counsels
3 in house, were partners at law firms. So, we --
4 we have a great deal of experience within The
5 Board, too, and I think that's one of the
6 strengths. Is on any panel you -- you have people
7 who are -- are fairly experienced, in general, but
8 I would say they, you know they take their jobs
9 very seriously, and if there is something that,
10 you know, is emerging that we think we need some
11 training in, we make our efforts to get that
12 training.

13 But I would say, you know, the -- as a
14 general background level of knowledge, the level
15 of experience is -- is pretty high within --
16 within The Board. I don't know Jackie, do you
17 have other, you know, thoughts on that?

18 MS. BONILLA: I was just going to say
19 that one thing you asked about whether it was too
20 much or too little, we have to be pretty nimble.
21 It depends on what happens. I mean, if we get
22 cases from the Supreme Court that changes what

1 we're doing of the Federal Circuit, we have to be
2 ready. So, how much or how little we're doing at
3 a given time may depend on what's actually
4 happening. But generally, you know, we try to
5 keep a cadence, there's always a good amount of
6 case law coming down, even among our own cases
7 that come out, we want to make sure that the
8 Judges know about them. So, we have a nice
9 cadence going on, and I think having that weekly
10 meeting makes sure that we touch base, at least a
11 little bit on what's going on, but then if
12 somethings really heavy coming on, then we sort of
13 drop and roll and we're ready to -- to get
14 everybody on board as it -- as need be.

15 MR. CASSIDY: Very helpful, thank you
16 very -- thank you very much.

17 MS. JENKINS: Scott, a segue maybe to --
18 because it talking about your training, and what's
19 done on The Board. I think it might be helpful to
20 talk about the productivity. I know you don't have
21 a slide on that-

22 MR. BOALICK: Sure.

1 MS. JENKINS: -- but I think that would
2 be helpful for folks-

3 MR. BOALICK: Sure-

4 MS. JENKINS: -- to know about as well.

5 MR. BOALICK: -- yeah, we don't -- we
6 don't have a slide, but sure. So, something that
7 -- I know has -- has come up, you know, from time
8 to time, is -- so, you know, The Judges at The
9 Board, you know, we are Federal Employees, and
10 like any Federal Employees we have -- you know,
11 performance plans. You know, the lay out, the job
12 criteria against which everybody is evaluated.
13 So, in that sense, we are -- we are like other
14 Federal Employees, and one of the criteria is --
15 is there is a productivity expectation. In other
16 words, you know we -- we do expect that each Judge
17 is gonna draft a certain number of decisions every
18 year, and I might add, that's nothing new. I
19 mean, I've been at The Board since 2007, and it
20 was that way for decades before I got here. I
21 think that it -- it, you know, The Board has had
22 in place, productivity expectations really as long

1 as anybody currently at The Board can remember.
2 But it's done in a way that -- well, let me just
3 tell you.

4 So, if you're doing pure ex parte cases,
5 it's kind of, you know based on a, you know, an ex
6 parte docket. We expect every Judge to draft
7 about 84 original decisions, so. That's kind of
8 the set point is what we're -- we're looking at.
9 Now, decisions aren't always -- every case isn't
10 you know, equal, so there are adjustment that can
11 be made. If a Judge has a particularly difficult
12 case, then we don't expect, you know -- it's not a
13 hardened fast that you have to turn in that number
14 no matter what. It's done based on what the cases
15 involve, and so when you have a case that has a
16 lot of very difficult issues in it, it -- you
17 might not have you know, precisely 84.

18 Also, some Judges have, you know,
19 additional leadership responsibility. For
20 example, when we're drafting rules, we take
21 volunteers, and so anybody who's been working on
22 Jackie's motion to amend -- rule committee --

1 let's not -- you know -- motion -- or the RFC
2 Committee, has been spending a lot of hours both
3 drafting that up and then sifting through the
4 comments, and carefully considering that. So, we
5 take those things into account. So, it's not a
6 wouldn't expectation, you know, it's balanced
7 among other things that are happening. I'd also
8 say that, for AIA Trials, it's a little different
9 because what really drives work load in AIA Trials
10 is the deadline. So, in some sense it -- the
11 number of, you know, the decisions you draft is
12 really not as much the measure as hitting that
13 three-month deadline for institution and absent
14 good cause, hitting the 12-month deadline for
15 final written decisions.

16 I'll also add that the credit is outcome
17 neutral, so there's really not incentive to find
18 one way or another way, it just -- you know is --
19 is for a written work product that's -- that's
20 turned in, and we've just, you know, found that
21 that helps keep things, you know moving along
22 because we have a lot of work to be done, when we

1 get to the statistics part, you'll see that we had
2 a lot of decisions coming in the door. So, in
3 that aspect -- you know it just kind of keeps
4 everybody, you know grounded to what the
5 expectations are, but I would say that with the
6 caliber of -- of people, and I know I'm bragging a
7 little bit about, you know, the people we have at
8 -- at The Board. Usually, we don't find many
9 people have difficulty meeting the expectations,
10 and if they do, we have you know many ways of
11 trying to get them help.

12 We have mentoring opportunities, we have
13 other Judges who will try to work with them to
14 find ways to, you know, perhaps become either more
15 efficient, or figure out how to focus on, you
16 know, aspects of -- of -- of the decision. So, we
17 have, you know, resources that we really want
18 everybody to be successful, and in by and large
19 they are. We have very few people who aren't able
20 to meet the productivity expectations.

21 MS. MAR-SPINOLA: That was helpful.

22 MR. BOALICK: So, does that help?

1 MS. BONILLA: Very helpful.

2 MS. MAR-SPINOLA: Yup, very helpful,
3 very informative, thank you. I have -- we have
4 about 20 minutes left. No, how much time?

5 MS. BONILLA: 15, about 15.

6 MS. MAR-SPINOLA: 15 minutes left.

7 MS. BONILLA: Okay.

8 MS. MAR-SPINOLA: And which I think is
9 good time. Very quickly, so I think there is two
10 things that would be good to hear about,
11 obviously, you know, your statistics, we can run
12 through that. One more thing is about the
13 collaboration with Patent Office on -- in for --
14 the advancement of quality, to the extent you can
15 speak to that. What kind of initiatives, programs
16 or studies that you working with the Patent Office
17 on, and in -- it touches a little, too, on
18 training, and -- and more or less in grading the
19 examiners so they have a broader prospective of
20 the whole process, maybe possibly following their
21 work product if it goes to post grant proceeding.

22 MR. BOALICK: Sure. So, and we -- we do

1 have, you know many interactions with -- you know,
2 both with the Patent Examining Corp, you know and
3 other, you know, parts of the office too, but I'll
4 -- I'll speak -- I sense your questions really
5 directed more to our interaction with Patent. So,
6 we -- we work well with -- with actually, with
7 each of -- pretty much each of the Deputy
8 Commissioners. We -- we have some interaction
9 with -- with -- with Patent Quality. We have some
10 studies that we are undertaking jointly. Some
11 have been going for a while. In fact we hope that
12 we will be able to have something to present
13 fairly soon, on some of the studies.

14 One -- one of the studies has to do with
15 parallel proceedings at the office, so along with
16 an IPR, there's sometimes re-issues or re-exams
17 that are running along the same -- along the same
18 time. So, we've been looking at, you know how
19 often this occurs, and your looking into -- you
20 know, interactions between IPRs and Parallel
21 re-exam, re-iusses. We have a study, basically
22 under the 325D, Rubrick of art that it had already

1 been before The Office. If art had been, you
2 know, before an examiner, does it come up into an
3 IPR, and if so, can we figure out why that art is
4 still coming up, if the examiner had already
5 looked at it. So, we have this study that's
6 underway. There's a brand-new study that is just
7 launching on the outcomes of the pre-appeal
8 conferences trying to look at the effectiveness of
9 -- of the pre-appeal conferences in patents.

10 But we also have some interaction with
11 the Patent Training Academy, we have modules that
12 the Judges have put together on writing and
13 examiners answers, when there's appeal, and we
14 have a TC Liaison Meeting, where Judges come and
15 talk to examiners in the various TCs. It's sort
16 of an open exchange of questions and answers, so
17 we have -- we have that going on. As I mentioned
18 earlier, when there are matters of policy, we
19 interface with -- you know Bob Barr and his folks,
20 on policy matters. You know sometimes we have
21 interactions with Mark and international affairs.
22 Even -- even with Rick sometimes there are

1 administrative issues that are Board Executive can
2 kind of get together and look to see, you know
3 commonality, of issues and, of course there is
4 also the POP, The Presential Opinion Panel, where
5 we can look at matters of perhaps Agency
6 President, and try and make sure the approach that
7 The Examiners and The Board are taking are -- are
8 the same.

9 So, there's quite a few different areas
10 and we always looking for new opportunities. Of
11 course, we have our former Chief Judge is now
12 serving as Liaison between the Patents and the
13 Board, and so his knowledge of both has been, you
14 know, helpful in coordinating some of those
15 efforts, so. I'd say we have a lot going on.
16 We've always had some, but we've really kind of
17 ramped it up recently, and we continue to, you
18 know intend to do that.

19 MS. MAR-SPINOLA: Thank you. So,
20 statistics.

21 MR. BOALICK: Everybody's favorite. We
22 save the best for last. (laughing) So this is just

1 our high-level organization as you've -- you've
2 seen before. Not really statistical, but -- I
3 have Jackie and I acting as Chief and Deputy
4 Chief. We have four Vice Chiefs for Operations and
5 we have Janet Gongola, our Vice Chief for
6 Strategy. This is the number of Judges, and you
7 can see that we had a ramp-up right before the
8 AIA, and we've been pretty steady ever since 2016.
9 We've been right around 270 Judges, so that's
10 about where we are now. We think that's about the
11 right size for the current work load that we have.
12 Although, we always have attrition, retirements
13 or, you know, sometimes people move on for various
14 reasons. We do have a very low attrition rate,
15 but we still do have a need to periodically
16 replenish the ranks of the Judge Corp. Located as
17 you know, in each of the Regional Offices, most of
18 the Judges being here in Alexandria. We do have a
19 significant component on full time tele-work, as
20 well.

21 So, now to the statistics.

22 MS. MAR-SPINOLA: One question? Scott.

1 MR. BOALICK: Yes.

2 MS. MAR-SPINOLA: With respect to the
3 Judges in the regional offices --

4 MR. BOALICK: Um-hmm.

5 MS. MAR-SPINOLA: -- is it -- is my
6 understanding correct, that you can hold -- an IPR
7 Hearing or Trial in The Regional office, so long
8 as you have one Judge present?

9 MR. BOALICK: Yes.

10 MS. MAR-SPINOLA: Is that right?

11 MR. BOALICK: That's -- that's right,
12 and in fact, so each of The Regional Offices has a
13 hearing room.

14 MS. MAR-SPINOLA: Yeah.

15 MR. BOALICK: The one in Denver is under
16 renovation. So, for those of you familiar with
17 it, that The Pillar of Justices has been called
18 is-- is about to go away. So, you will have
19 unobstructed views of the -- the other party, and
20 of the Bench. But, yeah, each Regional Office has
21 a hearing room, in addition to the three that we
22 have here in Alexandria, and so long as there is

1 one Judge in the Regional office, we can hold a
2 hearing in that Regional Office. It's quite
3 common to have one or two Judges remote in any of
4 our hearings these days, you know once-

5 MS. JENKINS: Right, right.

6 MR. BOALICK: -- many years ago, it was
7 very uncommon, but actually it's uncommon now to
8 have all three Judges sitting at the Bench in
9 front of you.

10 MS. JENKINS: Yeah. Yeah. That's been
11 my experience as well. But -- so, like, for
12 example where -- where I'm -- I'm local of the --
13 of the Silicone Valley Regional Office, and so, our
14 panels usually don't come from or reside at
15 Silicone Valley. So, is there a mechanism by
16 which we can, in advance, request a hearing, a
17 remote hearing in the Regional Office, and then
18 arrange for a Judge that's already been assigned
19 to the panel to be there?

20 MR. BOALICK: So, I would say it's --
21 this is easiest to do-

22 MS. MAR-SPINOLA: I can see that budget

1 issue-

2 MR. BOALICK: Right.

3 MS. MAR-SPINOLA: -- but yeah.

4 MR. BOALICK: So -- so, there are
5 obvious you know, logistics issues. However,
6 I'll say, for trials, that is much easier right
7 now. We're working on, and our hearings team is
8 -- is hard at work, trying to find a way to allow
9 parties to request a preference of a Regional
10 Office for a hearing, but we're not quite there
11 yet.

12 MS. MAR-SPINOLA: Okay.

13 MR. BOALICK: But -- but we're looking
14 into that. We just, you know aren't quite ready
15 to unveil that yet. There-

16 MS. MAR-SPINOLA: Okay.

17 MR. BOALICK: -- a lot of logist -- but,
18 in trials it's easier once you know your, you
19 know, once you get your initial scheduling order.
20 You can always request a call with The Panel, and
21 you know put that request forward. It's easiest
22 of course, if that's a joint request. If it's

1 opposed-

2 MS. MAR-SPINOLA: Sure.

3 MR. BOALICK: -- it's going to be
4 tricky, you know if you want your-

5 MS. MAR-SPINOLA: Yeah.

6 MR. BOALICK: --hearing in San Jose and
7 someone else wants it in Dallas, then we're gonna
8 -- not sure what we're going to do about that.

9 MS. MAR-SPINOLA: Yeah.

10 MR. BOALICK: You might be in
11 Alexandria, but-

12 (Laughing)

13 MS. MAR-SPINOLA: Okay.

14 MR. BOALICK: -- but I would say for
15 trials, please do request a conference call with
16 your Panel, and if -- especially if both sides
17 are, you know, are requesting a certain location,
18 it would be easier for the Board to accommodate
19 that. I won't guarantee that we -- we can-

20 MS. MAR-SPINOLA: Sure.

21 MR. BOALICK: -- but it would be much
22 more persuasive to us if both parties are asking

1 for that.

2 MS. MAR-SPINOLA: Okay, great, thank
3 you.

4 MR. KNIGHT: What is, Scott, what is the
5 rational, why you need to have one of the Judges
6 present in the Regional Office, where the hearing
7 takes place?

8 MR. BOALICK: Well, physically present,
9 it doesn't necessarily -- and here is where it
10 gets a little tricky. Is so the Judge doesn't
11 necessarily have to be resident in that Jud -- in
12 that -- in that office, but they have to be
13 willing to travel there, or able to travel there,
14 and because of various personal circumstances, we
15 aren't always able to find a Judge on the panel
16 who's able to be in that location. So, that's why
17 it's, I can't say definitively, but we have had
18 instances -- and this of course happens when we do
19 -- twice a year, we have what we've dubbed our
20 Stadium Tours, were we go to -- you know Law
21 Schools in different areas of the country, and
22 jointly with the TTAB we have, TTAB and PTAB

1 Hearings. Of course, there, we fly all the Judges
2 to that location, because it's not in a Regional
3 Office. So, we have on occasion flown Judges to
4 hearing, but of course we have to be mindful of
5 our travel budget, and other you know,
6 requirements. So, that's -- it's all part of a --
7 I would say a multi-factored analysis to figure
8 out if this makes sense, or if we're even able to
9 do it.

10 MR. KNIGHT: But why couldn't all three
11 Judges appear remotely, and then the person could
12 still argue the case at a Regional Office. Why --

13 MR. BOALICK: That could possibly-

14 MR. KNIGHT: -- why do you need one-

15 MR. BOALICK: -- that could possible be
16 arranged. We all -- we all -- we've always I
17 guess thought it would be weird arguing to an
18 empty Bench, but if -- if someone's truly not able
19 to -- to, you know, to travel and could only
20 appear in a Regional Office, what I would say is,
21 you know make that known, you know do request
22 that, that conference call, because are able to

1 accommodate certain requests. I mean
2 technologically we could do that, but it would be
3 a matter of needing to have someone present in the
4 room, in case something goes wrong. I know our IT
5 is pretty reliable, the video tele- conferencing
6 System is pretty reliable, but every now and then,
7 glitches do happen, where you lose video or you
8 lose audio. So, we'd need to make sure we had a
9 technician, you know, available in the room to
10 trouble shoot anything that -- that went wrong.
11 So, I mean from a technology point of view, we
12 could do it.

13 MS. MAR-SPINOLA: Okay, so -- so, we'll
14 pick that up in -- in our next meeting, too,
15 because I think there are a lot of stake holders
16 who would probably be more interested in knowing
17 about the option. We have a little less than five
18 minutes to finish up your stats, if you care to.

19 MR. BOALICK: Uh-huh. I can do stats in
20 five minutes. (laughing)

21 MS. MAR-SPINOLA: What's your most-

22 MR. BOALICK: Or less.

1 MS. MAR-SPINOLA: -- your favorite
2 slide?

3 MR. BOALICK: I like this one. I mean
4 this --

5 (laughing) this is a good one,
6 because -- if you recall a couple
7 of years ago, we had a really large
8 back log of ex parte appeals, and
9 so were now down to about ten
10 thousand ex parte appeals. Which
11 is roughly the number of appeals
12 that our Judges turn out in a year.
13 Now you'll see our pendency isn't
14 exactly twelve months, but we've
15 got about a years' worth of
16 inventory that we have, which is a
17 lot better than where we were
18 before, so I -- I really like this
19 one. The other thing that I like
20 is that it hasn't nose dived to
21 zero, because tht would become
22 problematic. We do need to have

1 work for all the Judges to do. So,
2 it's come out pretty nicely, and
3 that's why I said we're kind of
4 right size to the current amount of
5 work that we have.

6 The pendency, I do like if you just look
7 at the far right. This is quarter one of this
8 year, to quart -- compared to quarter one of last
9 year, and you can see in most areas, the pendency
10 has come down. It's the grey box in the
11 background, and to the far right is the overall
12 pendency, we've come down to you know 15.1 months
13 to 15.6 over-all. We do have an active program at
14 The Board, trying to do balancing of the different
15 technologies, to try to get this pendency to
16 level. It's quite a challenge, and this will show
17 you why, because you can see we intake different
18 numbers of appeals in -- from the different TC's.
19 So, we've gotten quite a spike from mechanical
20 business methods, here recently. So, we've been
21 doing some rebalancing to try to keep mechanical
22 business method dependencies on par with -- with

1 the others.

2 MR. SEARS: Before you go on, I have
3 question for you. Can you go back to the pendency
4 slide?

5 MR. BOALICK: Okay.

6 MR. SEARS: Is pendency is 1600 going up
7 or is it going down?

8 MR. BOALICK: So, it went -- it went up
9 from -- from last year, and so there's a couple of
10 things that have happened. Is, we had diverted
11 some of those Judges to work on mechanical and --
12 and business method type, you know also medical
13 devise -- type appeals. We also took some of them
14 and moved them into AIA Trials, so luckily some of
15 our Judges we've recently hired are going to be
16 able to help working on that gap and we re --
17 we've recalled some of the Judges who working in
18 mechanical areas, medical devised, back in to you
19 know -- the -- the TC1600's. So, it's a constant
20 balance that -- that -- that we're doing with --
21 you know, trying to keep all of these relatively
22 level. The affirmance rates, pretty -- pretty

1 close to what it's been, if you seen -- you seen
2 these before. Interferences, we have twelve, the
3 trial types, this -- this is been the same. About
4 90% of our IPR's, if you look for all time, or 90%
5 of our trials are IPR's, 92 to be precise. The
6 technology breakdown is pretty close to what we've
7 seen before. This is the first quarter of 2019,
8 and this compares to pretty much what we've seen,
9 largely electrical computer TC's. But still a
10 healthy slice of the bio pharma, the 1600.
11 Petitions filed by month, you can see that -- the
12 -- the IPR's are in blue at the top, and you can
13 see a little spike up there. It went from a 115
14 in October to 212 in November, and then a 114 in
15 December, and of course what happened in November?
16 Well you'll recall, that's when we had our rule
17 change for claim construction standard, we had a
18 little spike in the filings right before, in fact
19 there were 80 filed on the last possible day to be
20 under BRI, and then the filings kind of returned
21 to normal, so you know that -- so that's where we
22 are on our filings. Institution rate is, in the

1 first quarter is about 64%. Which is on par with
2 where it's been the last-

3 MS. MAR-SPINOLA: Yes.

4 MR. BOALICK: -- two years. I'll just
5 skip that one. Pre-institution settlements, we
6 had a little bit -- it looks more dramatic than it
7 is. It went from -- in a FY18 from 12% to 21%, I
8 don't know why, it just did. But post institution
9 settlement, as you can see is a straight 24%, it
10 right on what it was before. And there's not a
11 whole new in the waterfall slides, so I'll just
12 save that for any -- any questions that you might
13 have. So, we'll skip ahead to any -- oops -- it's
14 on there-

15 MS. MAR-SPINOLA: And -- and where can
16 we access these slides?

17 MR. BOALICK: So, these will be posted
18 on the PPAC's website for the quarterly meeting.
19 So, as -- and you can go back to our prior
20 meetings, every quarterly meeting, the slides are
21 posted, but you can find these on the PPAC's web
22 page of USPTO.gov.

1 MS. MAR-SPINOLA: Perfect. Thank you so
2 much. That was very helpful.

3 MR. BOALICK: All right.

4 MS. MAR-SPINOLA: Appreciate it.

5 MS. JENKINS: Thank you. Thank you.
6 Thank you.

7 MR. BOALICK: All right.

8 MS. JENKINS: Great presentation.

9 MR. BOALICK: Thanks.

10 MS. JENKINS: Thanks. Okay, moving
11 right along. I saw Dana, yes? Dana's right
12 there, Trish, (laughing). Welcome Dana.

13 MR. COLARULLI: I heard you tried to
14 keep things on track Mary.

15 MS. JENKINS: I am, thank you.

16 MR. COLARULLI: So, I -- I'm here ready,
17 on time, and we'll try to move forward quickly.
18 Good afternoon everyone. So, I'll give you the
19 basic legislative update. This is the first time
20 in this new congress where we've gathered. So,
21 there's a couple changes both on the committees
22 that we pay attention to, but I'll give you a

1 sense of the issues that we expect. The house and
2 the Senate Judiciary Committees in particular to
3 take a look at, in here the 116th Congress. So,
4 welcome to the 116th Congress. There's a new
5 majority in the house, a democratic majority.
6 That's changed around some of the agendas I think
7 certainly that that committee might focus on at
8 least in the beginning, but for the challenge for
9 my team, is certainly new members of the Senate
10 Judiciary Committee. New members of House
11 Judiciary Committee as well. Since we did this
12 slide, the Leadership for the House Judiciary
13 Committee has been announced. There's both a full
14 committee. Doug Collins is the Minority Ranking
15 Member of the full committee, and Jerry Nadler
16 from New York is the Chairman of the Judiciary
17 Committee. But in the House, we have a
18 sub-committee, and that sub-committee is Hank
19 Johnson, who was the Ranking Member last year, and
20 Martha Roby from Alabama, and we'll get into a
21 slide and talk a little bit about her.

22 So, new folks that we are trying to

1 reach out to, build a relationship, and help them
2 understand why PTO certainly is important, and
3 help them navigate some of the issues that may be
4 important to the members of the committee, related
5 to patents and other IP. Schedule, kind of
6 unclear, still. Both the House and the Senate are
7 -- are -- are looking at what their agenda will
8 be, and frankly what issues they might want to
9 address. I do think that there'll be continued
10 issue -- a continued interest in patent issues.
11 Certainly -- given the activity of what you had
12 here at the Office, both on PTAB and I'll note --
13 note that Scott has much prettier slides than I
14 do, lots of colors, I hope you all enjoyed those.

15 But also, on the eligible -- the patent
16 eligibility which there was a series of round
17 tables conducted up on the Senate side that are
18 ongoing. They'll be continued to be some interest
19 there. I think there also be some interest in
20 some trade mark issues as we get into this
21 Congress. So just a snap shot on demographics,
22 for this new Congress. If you look at the

1 Democratic majority on the house side, it -- it
2 just about same as the Republican majority, the
3 margin, from the previous Congress, it's kind of
4 just a certain flip. But some of the demographics
5 about the -- AOC, Alexandria Ocasio- Cortez, the
6 youngest member of Congress. On the Senate side,
7 a decade older, is the youngest member of
8 Congress, Josh Hawley. Josh Hawley is important
9 for us. He's the newest member of the Judiciary
10 Committee. So, he some interest, and certainly
11 will be part of the team that will provide some
12 over sight in the Senate Judiciary Committee of
13 the USPTO, things that we certainly pay attention
14 too. But just for your interest, that is a snap
15 shot of the new Congress.

16 I already started talking through this,
17 as I said, since we submitted these slides, the
18 sub-committee, and the House has been -- the
19 leadership has already been named, Hank Johnson
20 from Georgia, and Martha Roby from Alabama. In
21 the Senate -- Senate has had a history where there
22 was a sub- committee that focused on IP issues.

1 At certain times, there hasn't been one since
2 Senator Hatch, now a few Congresses ago, was the
3 Chairman of that Committee. We hear that they may
4 recreate, in fact it may have happened even today,
5 recreate a sub-committee on IP, and perhaps other
6 issues in the Senate for the first time in a
7 while.

8 That does make some sense particular
9 given the focus that -- members like Tillis and
10 Senator Coons have spent on 101, focused on those
11 issues. Senator Coons, as you all know, has had
12 legislation the last few Congresses, addressing
13 PTAB issues and a number of other patent issues,
14 so to the extent they created a sub-committee,
15 will create a little more band with on the Senate
16 side, for looking at IP issues, and certainly not
17 just over sight of the PTO, but sub-divide the
18 issues as well, so we will be eager to see if that
19 actually does happen.

20 In terms of the USPTO's Legislative
21 priorities, the Director has asked us to -- to
22 continue focusing on -- on these three items.

1 There -- there certainly is a longer list of
2 issues that Congress might consider and that we
3 might -- we might weight in on, but, at the top of
4 the list, continuative operations -- continues to
5 be a very important thing, so that -- that means
6 continued access to our fees, but also insuring
7 that in cases of a power outage, in cases of the
8 -- our systems being unavailable, the Director has
9 some additional flexibility on suspending legal
10 deadlines. We think right now the Director has
11 all the authority that he needs, but we do see
12 some need to clarify and make that certain in the
13 statue, so that's one issue that we've been
14 focused on.

15 We've had interest from Capital Hill,
16 and we certainly have an interest in making sure
17 out IP attaches continue to be effective. One of
18 the proposals that's been out there has been
19 increasing their ranks, that they are on par with
20 their foreign counter parts. That's certainly in
21 our top three, and then an issue that last
22 Congress failed to move forward at the very end,

1 but likely would be addressed this Congress, along
2 with other copy right moderation, and perhaps even
3 substantive proposals to update the copy right
4 statue to the extent tht Congress moves forward,
5 and creates a political appointee of the current
6 Register of Copy Rights.

7 We'd want to make sure that the statue
8 is clear, that -- that doesn't take away from it,
9 any of the statutory responsibilities that the
10 Director has to opine in this area, as well. To
11 provide recommendation to the Congress on IP,
12 generally including copy right issues. So, that's
13 in our top three.

14 I mentioned -- I do expect the Congress
15 to probably address some copy right issues. There
16 are things there that we would love to see happen
17 as well to support -- I'm sorry -- trade mark
18 issues. There are some things in that category
19 which we would like to see happen as well, to the
20 extent that Congress does move forward.

21 I highlighted a couple of bills here.
22 Certainly, on our -- our budget, and I think --

1 Tony's up next, and we'll talk a little more about
2 that. The current CR runs through the 15th of
3 this month. We'll be eager to see what happens
4 there.

5 MS. JENKINS: I'm sorry, that was very
6 good tag team.

7 MR. COLARULLI: Thanks.

8 MS. JENKINS: Tony walks in. (Laughing)

9 MR. COLARULLI: Speak of the devil.
10 During the conversations about the CR, and
11 certainly the budget, the Congress did pass, and
12 the President signed, a bill to ensure that for
13 those employees working for the Government that
14 were furloughed that would be guarantee back pay.
15 That thankfully did not affect PTO, we did not
16 have furloughed employees, we did not -- have to
17 shut down, but we're tracking that as well, should
18 we get into that situation with the PTO. So, eyes
19 on the 15th to see what happens over all, and eyes
20 on other legislation that would require Federal
21 Employees to -- to receive back pay.

22 I expect there will be a continued focus

1 on China, in particular the issues around IP. You
2 heard some of that in the President's State of the
3 Union, so there -- this is one of a series of
4 bills I think that we had seen last Congress. It
5 was reintroduced this Congress, related to IP in
6 China, we will be tracking that.

7 Targeting rogue and opaque letters, the
8 TROL Act, this bill is now been around, I think
9 about four Congresses. It's very -- very targeted
10 approach to looking at demand letters, and in fact
11 it requiring sufficient disclosure in demand
12 letters. On the patent, on the what the alleged
13 infringement would be, so that parties that
14 receive letters have sufficient notice. It has
15 not moved -- it certainly did not move forward
16 with the more comprehensive efforts for litigation
17 reform in the last few Congresses, but was
18 reintroduced this Congress, and certainly may see
19 some -- some action.

20 We also know that states throughout the
21 country have adopted local statutes, or state
22 specific statutes, and the AG's have been using

1 them. That's something we'd like to get a little
2 more insight in frankly, and we been trying to
3 engage local Attorney's Generals, to try to see,
4 are you using your new state tools for this
5 purpose. Are they effective, is there a need for
6 federal legislation, so I think -- I think that's
7 a -- it's great conversation to continue have --
8 so I was interested to see that was reintroduced?

9 Lastly, I think we -- we focused on
10 Warner and Rubio Bill, this would create another
11 office that would focus on some of our issues.
12 Particularly on critical technologies that raise
13 National Securities issue. Allegedly if this did
14 pass as another office that the PTO would work
15 with, to make sure tht the IP issues were
16 addressed.

17 I don't think I need to spend to much
18 time on these next two slides, because I think I
19 mentioned some of them already, but I tried to put
20 down at least my best guess of issues that were
21 left over from the last Congress, and would be
22 likely raised at some point, whether in hearings,

1 in legislation or otherwise as candidates for
2 legislation.

3 There -- as I mentioned, I think that
4 here some -- some -- some good work and good
5 discussion around trademark issues, to be had.
6 There's a Jefferies Bill on State Seals and
7 Insignia, which is quite a bit of an improvement
8 over the -- this past bill on State Seals and
9 Insignia. There some proposals that PTO would
10 certainly would propose including consolidation of
11 PTAB appeals to the Federal Circuit, and some
12 technical amendments to clean up, the statute and
13 then there is some industry proposals around that,
14 again I think there's some room around trademarks
15 to have some issues. I think patent reform or
16 patent issues generally will be discussed. I
17 expect we'll see some oversight there, but
18 certainly on 101, there's been lots of discussion
19 about whether legislation is viable and needed.

20 So, we will be following those and then
21 a number of issues around copyright as well. With
22 that, really, I hope I kept us on schedule, and I

1 am happy to answer any questions.

2 MS. JENKINS: It was great, thank Dana.

3 MR. CASSIDY: So -- so one thing. As
4 you predicted, Dana, the Senate has released a
5 press release naming Senators Tillis and --

6 MR. COLARULLI: Great.

7 MR. CASSIDY: -- Coons to the
8 Intellectual Property Sub-committee of the
9 Judiciary Committee.

10 MR. COLARULLI: Barney, your hired on my
11 staff. I hadn't seen the press release yet, so I
12 thank you for -- for highlighting it.

13 MS. JENKINS: Any questions for Dana?
14 No, I guess not. I think good luck with Section
15 101. I guess there's a meeting next week, so, on
16 the Hill. So, glad the PTO is there. So,
17 anything else from the Committee, Julie? Nothing.
18 Nothing. All right, thank you. Thank you. Tony,
19 you ready for finance? You're last. That doesn't
20 happen very often.

21 MR. SCARDINO: I'm ready.

22 MR. COLARULLI: You ready.

1 MS. JENKINS: We're ready.

2 MR. SCARDINO: All right, good
3 afternoon. Thank you for having me here. I'm
4 sure that there's a lot of interest with what is
5 going on PTO's finances. I'm gonna go through
6 with where we are with 19, how we're developing
7 2020, and then discuss a little bit of a strategic
8 plan, our fee rulemaking, and our Biennial Fee
9 review. So, we'll start with continued
10 resolution. I'm guessing you followed -- there was
11 a lapse of appropriations. Everyone's probably
12 discussed it many times already today. The lapse
13 ended on January 25th when a continued resolution
14 was enacted for three weeks, expires next Friday.
15 During the lapse -- PTO collected money that we
16 could not spend. We did spend money that was --
17 appropriated in prior years, we call that our
18 operating reserve, on both the patent side and the
19 trademark side. Just a reminder we can not cross
20 that fence.

21 We can't use any trademark money for
22 patent, we can not spend patent money on trademark

1 operations. So, during the lapse we collected
2 about 250 million dollars for patents operations
3 that we could not spend and about 27 million
4 dollars for trademarks. Then what happened, was
5 when then continuance resolution was enacted, we
6 got access to all fees that we collected. So, in
7 essence, that refurbished our operating reserve,
8 we been using our operating reserve, we would have
9 used them for another couple weeks on the patent
10 side, and then gotten close to exhausting them,
11 and on the trademark side we had a couple more
12 months of reserves to go. So now we're fully
13 replenished, and hopefully, like everyone else,
14 hoping that an appropriations bill is enacted
15 before next Friday, when the continued resolution
16 expires.

17 MS. JENKINS: Just a quick question.
18 So, the Operating Reserve is -- I'm sorry -- what
19 -- what is it at right now, then, well right?

20 MR. SCARDINO: So, the Operating Reserve
21 is basically a point in time that we keep track of
22 at the end of the year. In other words --

1 MS. JENKINS: Right.

2 MR. SCARDINO: -- you're -- you're
3 keeping track of what we started the year with,
4 and then how much money comes in, how much money's
5 spent, and every day that changes because you
6 don't know how much money you're going to collect
7 on a daily basis, and you don't really know how
8 much you spend on a daily basis. Just to give you
9 a couple of data points: on October 1st, we
10 started the patent side of the house with \$312
11 million in the operating reserve. As of December
12 22nd, when that snapshot in time was taken, we had
13 been very judicious in how we were incrementally
14 funding contracts and we've been keeping costs
15 down through the first quarter of the year, so we
16 had about \$400 million in the operating reserve or
17 available. I wouldn't even say the operating
18 reserve, available to spend for patents
19 operations.

20 MS. JENKINS: So, where -- you don't
21 have to give an exact number, but are you higher
22 than that number now, or are you lower than that

1 number?

2 MR. SCARDINO: I couldn't even tell you
3 because, literally, every day it changes, in terms
4 of, you know, you know, we make payroll on Sunday
5 versus today. We're going to spend more money
6 Sunday. If we awarded a contract yesterday or
7 since I walked in this building, we could have
8 awarded a contract. You know, we don't get a
9 running tally every hour, every day, anything like
10 that. We are making projections for if,
11 obviously, there is lapse in appropriations,
12 again, how long we think we can stay open, but
13 even that I can't tell you for sure cause, again,
14 it depends on when contracts expire. We have
15 about 1,800 active contracts. So, when they
16 expire, we have to make decisions. Sometimes --
17 normally, when you touch a contract, usually you
18 extend it for another year, period, but during a
19 lapse, or when you're preparing for a lapse, you
20 extend it for a week, a month, 17 days. Every
21 contract's different.

22 MS. JENKINS: So -- so -- so, maybe

1 another way to look at the question is we -- I
2 assume the office is mindful that we may go back
3 into the same situation again, so we are being
4 mindful as far as the operating reserve is
5 maintained.

6 MR. SCARDINO: Absolutely. We are being-

7 MS. JENKINS: How's that?

8 MR. SCARDINO: -- cautious. Very
9 cautious, because obviously we had never
10 anticipated a 35 days lapse of appropriations
11 before, we never lived through one before. So,
12 you know the future can hold anything. So we are
13 being as cautious as possible, absolutely, while
14 still getting mission requirements done, of
15 course.

16 MR. LANG: Yeah. This is just the
17 periodic PPAC reminder of the importance of the
18 operating reserve, I mean, but -- but also for the
19 public.

20 MS. JENKINS: And what did we say in our
21 annual report in November?

22 MR. LANG: We said it should be

1 increased vastly, but -- but it also, I think,
2 feeds into the -- the fee setting discussion and,
3 you know, the -- one of the things to be
4 accomplished with -- with an increased fee
5 structure is to make that, that operating reserve,
6 more robust to prevent it from diminishing
7 entirely.

8 MR. SCARDINO: Noted. Just to give you
9 -- again, this is a quarterly PPAC meeting, of
10 course, so we give all data points as of December
11 31st. So, you'll see here, we had collected \$748
12 million the first quarter of the fiscal year. We
13 could spend all but \$69.8 million of that because
14 that's what we collected from the lapse period,
15 December 22nd to December 31st. So, it's
16 unavailable fee collections to the tune of \$61
17 million on the patent side. For full year
18 projections, however, we do anticipate that
19 spending will exceed fee collections a bit, which
20 means we will dip into the operating reserve to
21 stay afloat with our operating requirements. Some
22 years we collect more money than we need in a

1 particular year, and some years we collect less.
2 Since we don't have any control over that, we have
3 an operating reserve that helps us balance out any
4 fluctuations. So, we'll end the year, we think,
5 as of December 31st, our estimates were -- we'd
6 have \$252 million in the operating reserve less
7 than the 312 we had coming into this year.

8 MS. JENKINS: Tony, why don't you just
9 touch -- because it was confusion of operating
10 reserve versus what I like to call the reserve
11 fund. I don't call it its full name. So, can you
12 just touch on the difference between the two of
13 them and what -- you've already mentioned the
14 amount that -- that was in on a particular date
15 for the operating reserve and the amount of money
16 that's not in the reserve fund, right?

17 MR. SCARDINO: Sure. So, there are --
18 it is a little confusing because we call two
19 things the reserve fund, but one is called an
20 operating reserve. We created that, alright? An
21 operating reserve is a reserve that many, many,
22 many companies have in the private sector,

1 commercial world, to ride through economic, you
2 know, fluctuations, or a period of capital
3 infusion, let's say, or whatever they may need.
4 For us, of course, we don't have the ability to
5 borrow money, anything like that. So, we need a
6 buffer, since we are a multi-year budget
7 organization. In other words, a lot of our work
8 that comes in -- all of our work, just about, on
9 the patent side, is more than one year. So, the
10 year that we collect the money from a fee
11 application is not the same year that we spend the
12 money on that application. So, we need to be able
13 to balance that out. Some years, you know, filing
14 is up. Some years, it's down a little bit. Same
15 thing with maintenance fees. It -- it -- we're --
16 we're making very best educated guesses at what
17 our income's going to be, our revenue. So, since
18 we are privy to economic fluctuations and things
19 like lapses of appropriations, we need an
20 operating reserve to be able to manage through.
21 We also have cash flow issues where, a lot of
22 times, the first quarter of the year is our most

1 expensive year. We lay out a lot of contracts, we
2 have performance awards, et cetera. So, the
3 operating reserve helps us dip into that for a
4 short-term period. The patent and fee reserve
5 fund, which you've coined the reserve fund, that
6 is something Congress created in 2011, through the
7 American (inaudible) Act, and that is --
8 basically, I call it, like, a spillover account.
9 Any money that we collect above what was
10 appropriated amount. So, if Congress appropriates
11 \$3.5 billion to us and we collect \$3.7 billion,
12 that \$200 million extra goes into this fund
13 temporarily, this reserve fund, and we can access
14 it through every program and letter to Congress.
15 So, it's just a cash flow thing. If we don't have
16 instant access to the fees, we collect them and
17 Congress give us the ability without passing a
18 law. They don't have to pass a law, just the
19 appropriations committee's going to have to give
20 us the -- the go ahead.

21 MS. JENKINS: But, currently, there
22 is --

1 MR. SCARDINO: Nothing in there. We've
2 only had -- we only used that fund once. Since
3 2011, we've only had one year where we've
4 collected more than we were appropriated.
5 Operating reserve is a constant. That is
6 something that has already been appropriated to us
7 and that is a -- a management tool.

8 MS. JENKINS: Thanks, Tony.

9 MR. KNIGHT: And maybe it might be
10 useful just to let people know that unlike -- like
11 most federal agencies, where their appropriations
12 lapse every year if they're not spent, the PTO has
13 no-year funds --

14 MR. SCARDINO: Correct.

15 MR. KNIGHT: -- which allows you to
16 carry over money left over from one fiscal year to
17 the next, right?

18 MR. SCARDINO: Exactly. So, we don't
19 have the hurry up and spend before the end of the
20 fiscal year on September 30th or anything like
21 that. So, at least in theory, we should be more
22 prudent with how we should spend our money. It

1 doesn't matter whether we spend it on September
2 27th versus October 5th. As Bernie mentioned, it
3 doesn't expire at the end of a particular year.
4 The 2020 budget, typically, the president submits
5 a budget to Congress the first Monday in February.
6 This year's a bit delayed, due to the lapse of
7 appropriations, but we're anticipating a
8 mid-March, somewhere around there, submission from
9 the White House or the administration to Congress.
10 We are still working on finalizing our budget, and
11 we will be giving PPAC the opportunity to review
12 it before it's finalized. Strategic plan, as you
13 know, probably know, was published November 29,
14 2018. You -- PPAC had the opportunity to review
15 it, as well as the public, as well as employees.
16 So, we got a lot of input into our strategic plan.
17 Of course, it's got several -- several objectives,
18 but the first one is -- relates to patent
19 operations. So, you'll talk about (inaudible)
20 reliable patents, fostering innovation, and
21 enhancing operations at the PTAB, and then below
22 that, we've got sub-elements that support those

1 objectives. Fee rule making. You'll recall you
2 held a hearing last -- earlier. I guess it was
3 last spring or summer, and we got your report, and
4 we're in the process of drafting a notice of
5 proposal rule making, which will set and adjust
6 patent fee relief, just patent related fees. We
7 don't anticipate that final rule will be till --
8 till next year, and wouldn't go into effect till
9 January 2021, and finally -- this gets a little
10 confusing. We are in the process of a biennial
11 fee review. Every two years, per the CFO Act,
12 we're required to do a biennial fee review.
13 However, we're still in the process of adjusting
14 fees from our 2017 fee review. So, we've got two
15 different initiatives going through. So, it's
16 challenging for people to understand that we are
17 looking at modifying. So, with a fee review, what
18 you do is you -- you touch every fee and see -- do
19 we need to eliminate it, do we need to enhance it,
20 increase it, decrease it, or do we need to
21 introduce new fees? It's a little confusing when
22 you've got an existing fee rule that hasn't been

1 finalized yet while you're now still looking to
2 possibly adjust fees again. Obviously, the main
3 reason for that is fee setting takes over two
4 years. It's a long process. So, we're going to
5 lap -- lap ourselves all the time. That's where
6 we are. We started the process just last month,
7 and, you know, obviously, PPAC will be more
8 involved if we do anticipate adjusting fees up or
9 introducing new fees. That's when PPAC would have
10 to hold a hearing.

11 MS. JENKINS: But, maybe another --
12 another way -- I'm sorry, Tony. Another way to
13 look at it, though, arguably, is that you're
14 always looking at fees --

15 MR. SCARDINO: Yeah, and that's how it
16 should be, right?

17 MS. JENKINS: Yeah. I think that's a
18 good thing for the stakeholder community. It may
19 be a little redundant for you, but --

20 MR. SCARDINO: It -- yeah. There's no
21 doubt it's good, but let's say you have to hold a
22 hearing in a year on this fee review because we

1 decided we're going to raise some fees or
2 introduce new fees.

3 MS. JENKINS: Yeah.

4 MR. SCARDINO: That's when it gets
5 confusing to stakeholders, saying wait a minute,
6 they haven't even put into place the other fee
7 increase that they've proposed, and they're now
8 holding a hearing as to whether they need to
9 increase fees again, or, you know, introduce new
10 fees, or whatever it may be, and so, it's a story
11 that certainly going to be told. I'm just -- I
12 figure, the more I tell it, the more people will
13 understand it. Questions or thoughts? That's all
14 I've got in terms of prepared remarks.

15 MS. JENKINS: Questions? Mark?

16 MR. GOODSON: I just have one quick
17 question. Small business, is that defined by
18 statute as 500 employees?

19 MR. SCARDINO: It is defined by statute,
20 but I don't think it was 500.

21 MR. GOODSON: Or -- err --

22 MR. COLARULLI: Yeah. The SBA

1 definition in the statute is 500, as we generally
2 rely on the SBA definition.

3 MR. GOODSON: Okay. Thank you.

4 MR. COLARULLI: Yep.

5 MS. MAR-SPINOLA: Isn't it 500 and or
6 licensees up with 500?

7 MR. COLARULLI: For a small entity, I'm
8 not sure. For a micro entity, it's much more
9 specific and there's an income level as well --

10 MS. MAR-SPINOLA: Yeah.

11 MR. COLARULLI: -- but, generally, I
12 think patents refer -- for small entity, refers
13 back to the SBA definition without changes --

14 MS. MAR-SPINOLA: Yeah.

15 MR. COLARULLI: -- but if that's in the
16 SBA definition, then perhaps --

17 MS. MAR-SPINOLA: Yeah. I don't want it
18 to be, but I think --

19 MR. COLARULLI: Yeah. Yeah. Thank you.

20 MR. SCARDINO: Mark, we could certainly
21 get you more details, if you'd like them.

22 MR. GOODSON: Well, you know, I mean,

1 Congress is going to be busy doing lots of
2 investigations, I know. I mean, point being, it's
3 a -- there are some -- personal opinion -- there
4 are some people paying very small fees, entities,
5 that certainly could afford to pay full rate.

6 MR. SCARDINO: Point taken. Jennifer?

7 MS. CAMACHO: Thanks. Going back to a
8 comment that you made about the -- the labs and
9 contractors, and you were indicating that --
10 making adjustments in that, that sense. I'm --
11 I'm curious as to how sensitive the contractors
12 are to that. Is there a fear that they could --
13 can they terminate an agreement for an -- for
14 delay, indefinite delay, and pursue other
15 opportunities, or is it a little more complicated
16 to that?

17 MR. SCARDINO: Well, you know, I mean,
18 it -- contractual arrangement, of course, the both
19 sides would have penalties if you break the
20 contract --

21 MS. CAMACHO: Yeah.

22 MR. SCARDINO: -- alright? So, give you

1 especially during the -- I know you all don't like
2 to say this, but during the government shutdown, I
3 do want to commend PTO for -- and, obviously, many
4 people before you, had a long-term vision on how
5 to fund the agency. I think we, sorely, as a IP
6 community, take for granted some of the things
7 that PTO offers for us, and the fact that you all
8 are, so to speak, still in business and operating
9 and functioning and answering the phone, and --
10 and that has to be given a lot of applause and --
11 and commendment for the idea of having an
12 operating reserve. Obviously, we all can do
13 things better. We have a three-month window for
14 operating reserve. We'd love to get the office to
15 that point. I think it would provide just a lot
16 of continued stability, a lot of, honestly, ease
17 for -- for us, and so, you know, I want to say, I
18 think I can say as a committee, just looking
19 around, that, you know, we are very thankful that
20 -- that there was no government shutdown for this
21 agency, so. Yeah.

22 MR. SCARDINO: That's good to hear. We

1 were -- we're thankful, too, so we could continue
2 to get paid, but I will say that I can't speak for
3 every director that's ever been here because I've
4 only worked for a handful, but I also -- the
5 director, Iancu, certainly kept our eye on the
6 ball at all times, in terms of ensuring that we
7 could continue to issue patents for as long as
8 possible. Yeah, I know he had Drew and his team
9 looking. When was the last time we didn't issue a
10 patent on a Tuesday? You know, his goal was for
11 it not to happen in 2019. So, I can guarantee you
12 if we'd ever face another lapse, Andrei will
13 always have us focused on that.

14 MR. HIRSHFELD: Totally agree, and I'll
15 also just say, while we were building, you know,
16 up to that time and having all these discussions,
17 we were able to keep, as far as patent examination
18 goes, the same productivity, no drop-off in
19 productivity at all during that time.

20 MS. JENKINS: Okay. I just asked Drew
21 to make some closing comments. Any other
22 questions for Tony? No. Tony, thank you.

1 MS. MAR-SPINOLA: Thank you.

2 MS. JENKINS: Thank you. Drew?

3 MR. HIRSHFELD: So, I commend Marylee
4 for keeping us on track, and we're early. So, I
5 have about 20 minutes for my closing remark. Just
6 kidding. I will be very quick, as I usually am.
7 I wanted to start off by thanking Jennifer Lo,
8 who, sometimes, when I do closings, I forget to
9 thank. I'm pointing. Those of you off camera
10 can't see where I'm pointing, but Jennifer puts
11 this meeting together, time and time out, and
12 always does a wonderful job, and we're very
13 thankful for all the great work Jennifer puts into
14 this. I will just say, you know, I would like to
15 thank everybody involved, both from the PPAC and
16 the patent side. This is a very productive
17 meeting. I feel like I say the same thing every
18 closure. I feel like we continue to make the PTO,
19 PPAC relationship better and improve on it and
20 feel like we are absolutely going in the right
21 direction. I will say it is very exciting times
22 to be at the USPTO. I think you heard, today, a

1 lot of the exciting changes that we are making.
2 I'll name only two, even though there's many more
3 and I'm naming these two because they are Andrei
4 Iancu's, some of his immediate priorities, but
5 subject matter eligibility and certainly the
6 changes to PTAB that you heard about. So, we at
7 USPTO are very excited to be making strides, and I
8 will end where we started and say to Bernie and
9 Steve, welcome to the PPAC. We are thrilled to
10 have you, and to Julie and Jennifer, who's terms
11 -- first terms ended, we are thrilled to have you
12 back for second terms. So, thank you for all of
13 the hard work you all put in, and the rest of
14 PPAC. I know it's a great strain on all of you,
15 and we are very appreciative of you putting your
16 time into this.

17 MS. JENKINS: Drew, thanks so much. On
18 behalf of the committee, I'd like to thank the
19 PTO. I think this was a great meeting, got a lot
20 of really good dialogue. We will continue looking
21 to do some new efforts during the year, maybe do a
22 different type of meeting in August, trying to

1 focus on a variety of issues, independent
2 inventors, small business, women. We're going to
3 really try to hit some other elements out of the
4 box. So, I'll look forward to seeing everyone in
5 May. So, as I normally do, I'm going to ask to do
6 a motion to end the meeting. Do I have a second?
7 Second. Thank you, Jennifer. Thank you, and so
8 -- so, we end the meeting. Thank you.

9 (Whereupon, at 3:08 p.m., the
10 PROCEEDINGS were adjourned.)

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