"We apologize for an incomplete transcript due to technical difficulties on February 13, 2009"

Alexandria, Virginia

Friday, February 13, 2009
MR. RIVETTE: Okay, I think we're going to start the public session. Today it is being webcast. That is new for us. We've never done this before. So, as we go through this process, I guarantee we're going to make some mistakes. Hopefully we will learn from them. Anybody who is watching or listening, please feel free to give us comments on what we're doing right and we're doing wrong, what you like and what you don't like.

We typically open the session -- and we did this morning -- with just a reminder that all of the members of PPAC that are -- they are government employees for the time that they work on this issue --

Why don't we close that door -- that we leave our prejudices and we leave our interest of any organization that we may have outside of this outside this room. At this point in time we are looking only at the best interests of the U.S. and the U.S. Economy and the U.S. population. So,
that's where we come from.

We have an agenda this morning, that we're going to talk about a number of the issues that we had brought up in the 2008 report. If there are any other -- are there any questions, any concerns that we need to address before we start that?

John, you want to say anything prior?

MR. DOLL: No. The only thing I wanted to say is welcome to everybody, and I wanted to remind everybody here to talk into the microphone because they simply cannot hear you on the webcast unless you talk directly into the microphone.

MR. RIVETTE: That's a good thing or bad thing?

MR. DOLL: It could be --

MR. RIVETTE: I got it. Okay, so let's lead off with the quality issue.

MR. ADLER: So, Steve and I.

MR. RIVETTE: Marc, you and Steve?

Okay.

MR. ADLER: Okay.
MR. RIVETTE: Let's do some background also on the Echo report --

MR. ADLER: All right, would you --

MR. RIVETTE: -- and where they can get it.

MR. ADLER: Yeah. I don't know where they can get it though.

MR. RIVETTE: They can go up, actually, on -- so let me back step. The issues we're going to be talking about today on quality reexamination, pre-examination interviews, a number of the other ones, were in the 2008 report that was sent to the White House and also to Congress or members of Congress. That report is up on the PTO website. The way I get to it easily is USPTO with PPAC and you'll get to the report. I've always thought we should change the name of this thing.

MR. DOLL: What would you like to do, Kevin?

MR. RIVETTE: I don't know. It's going to be bad.
MR. DOLL: (off mike)?

MR. RIVETTE: Yeah, yeah, yeah, yeah.

But -- so, the first issue up is quality. It's in the score card that we had at the beginning of the report.

And, Marc, do you want to lead off on this?

MR. ADLER: Okay. So, there were a number of items identified in 2007 PPAC recommendations concerning quality, and I want to take a look at the first ones. Did you want to read, Steve, what we actually, had asked? Then we can see where we are.

MR. LOVE: Sure, thanks, Marc. The most direct question that PPAC has asked the Office is if they could provide the PPAC and the public with a definition of quality, and of course there are several different aspects to that but at the core what is the definition of a quality patent that the public can rely on, the Office can rely on. So, that is a principal question that PPAC has asked and put forth for discussion today. There
are some subcomponents of that. You know, what
makes a quality -- what's quality patent
examination throughout the process? What's
quality patent application and prosecution from an
applicant? But I think the public has struggled
to come up with -- in working with the Office and
the appropriate definition of just what is a
quality patent, and we think that obviously
quality is of utmost importance, so a baseline
definition that can be widely accepted would be
useful to measure the work of the Office and the
participation of applicants.

MR. ADLER: Yes, but what we actually
were asking in this regard was quality application
prosecution indicia -- in other words, metrics,
definitions of what we think, what you think would
be a quality application, quality examination,
quality prosecution so that the elements of those
definitions could be measured and tracked so that
we could see how we're doing. They're not going
to be perfect. We don't expect these definitions
to be perfect, nor do we expect them to be final.
We expected to see this to be a work in process. So, we received the report. We asked for that by this meeting. We received a report for this meeting, and I'll turn it over for a minute to the Patent Office folks to tell us a little bit about what they provided us.

John.

MR. LOVE: Sure, thank you very much. Just as background, we have what's called the Office of Quality Assurance at the PTO that measures what we could -- our current definition of what a quality examination is and also what a quality patent looks like. That organization is -- I'd like to introduce Paula Hutzell, who's the manager in charge of that organization. It's a separate organization from the Examination Corps, and they report to me as the Deputy Commissioner for Patent Examination Policy. So, we've been doing this for 30 years at least, and our definition of the quality patent really hasn't changed all that much over the course of those years. It has approximately 35 reviewers, and
MR. ADLER: Could you tell me what it is?

MR. LOVE: Yes, but what is it?

MR. ADLER: What is that definition?

MR. LOVE: Yes. We'll get into what we --

MR. ADLER: No, I've read it. I'm --

that's why I'm asking. Okay.

SPEAKER: Which one is it?

MR. ADLER: The quality.

MR. LOVE: Briefly, our definition of a quality patent -- of an issued patent -- allowed application is one that complies with all the statutory requirements for patentability. That's what we've historically looked at, and if one claim in that application that has been allowed is considered to be unpatentable under the statutes, then that is -- that whole case is considered to be an error. So, it doesn't matter how many claims are in there. If just one claim, either an independent or a dependent claim, that's
considered to be an error, and that would go into
the numerator as in our compliance as an error
over the number of cases that we've reviewed.

Now, with respect to applications that
haven't yet gone to abandonment or have not been
allowed, we look at several factors. In fact, we
look at every factor that's in the Examiner's
performance plan. And, as Bob might say, that is
very detailed in terms of the examination
requirements, field of search, correctness of
rejections, interview summaries, treatment of
IDSs, treatment of affidavits, clarity of the
Office Action, response to the applicant's
arguments -- everything that's in their plan,
which is quite detailed. If there's a failure in
any one of those particular areas with respect to
cases that, as I mentioned, have not been allowed
or abandoned, then that case is considered to have
a error in it, and that's what we call the
in-process compliance rate. That's the second
measure that we recently introduced about four
years ago. So, that's relatively new. Before

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190
that, we were just looking at a lot of applications, and this process goes into applications that are -- haven't been finally disposed of.

So, in a nutshell, to give you -- you know, that's the definition of how we measure a quality application and a quality patent.

I can go through the --

MR. ADLER: So, you're looking at these criteria and evaluating them in your review process.

MR. LOVE: Correct.

MR. ADLER: These are the --

MR. LOVE: This is, for example, the in-process omitted rejections, the correctness of the rejections that are in the case, the clarity of them, Examiner's evaluation of matters in the substance of applicant's response, restriction requirements.

MR. ADLER: You're actually looking at this from how well the Examiner -- you're looking at the quality of the application in a way as to
how the Examiner performed against the statute.

MR. LOVE: That's correct.

MR. ADLER: But you're not providing a
definition of what a quality prosecution in
general would look like for applicants.

MR. LOVE: No, we are not measuring the
quality of the applicant's participation.

MR. ADLER: So, you're only measuring
how well the Examiners are doing.

MR. LOVE: Yes.

MR. ADLER: Wouldn't it -- it would be,
I think, helpful, if we could help -- all right,
so there's that, but did any of these go to --
let's talk about the Examiners' metrics. Did any
of them go to whether or not the searches -- for
example, the quality of the search -- can you tell
me what you mean by the overall quality of the
search, for example?

MR. LOVE: Yes. We have -- in the MPEP
we have guidance as to what constitutes a correct
field of search, and if the Examiner -- if the
search is such that the reviewer doesn't believe
that the Examiner complied with those guidelines, then they would consider that not to be a quality search.

MR. ADLER: And what happens as a result of errors?

MR. LOVE: Well, these are communicated back to the technology centers through the management of the technology centers, and basically they get back to the individual Examiners via the supervisory chain of command, and they are explained to the Examiners and they -- the results I use for rating purposes and evaluation of Examiners for promotion and that sort of thing.

MR. ADLER: Okay. Let me -- go ahead. I would like to open it up to other people here that should be asking questions concerning this definition that has been -- I think that's fine for -- this is generally a summary of what they provided, and I want to get a feedback from others about whether this is what we were asking for and whether we would like to see something else.
MR. LOVE: Okay, could I just add one additional --

MR. ADLER: Sure.

MR. LOVE: We have undertaken what's called a Request for Quote, that we've asked for bids on a -- for a consulting study to come in and take a look at the whole quality management process in the court. That was put out, and we've had 17 responses. I'll just read from you that we're looking for -- "to assess the efficacy of the United States Patent and Trademark Office existing quality management program and to explore optimal alternatives to evaluating, measuring, and communicating the success of its quality management program." So, we are opening this up to an outside study similar to the study that we just completed on the production system that we have here, and we expect to be -- we hope that we will be able to select one of the people who have offered a proposal and move on with that.

MR. ADLER: Okay.

MR. LOVE: Now, having said that,
there's also the what I -- we have a secondary quality management system, if you will. This is the formal program that is administered by the Office of Quality Assurance. The TCs have a very active and very detailed program where they are also reviewing the work product of their Examiners. Each TC does it a little bit differently, but they have what they call quality assurance Examiners and they do their own reviews, they do targeted reviews. We help them with that. But that is probably, you know, an order of magnitude many times greater in intensity than what we do in my shop. They are in there working with the SPEs and the Examiners and developing training, reviewing cases, reviewing board decisions; and they also review -- they do many reviews for targeted reviews, they do it for promotion purposes, they do it for signatory authority. So, they have a -- there's a parallel system that's going on, and one of the very --

MR. ADLER: It's very internally focused.
MR. LOVE: Yes.

MR. ADLER: And it's very focused on whether or not the Examiners are doing their job.

MR. LOVE: Correct.

MR. ADLER: I got to tell you from my view, I was looking at something that was externally focused that was focusing on trying to help applicants and the public improve the quality of what they could do -- for example, things that should be, you know, in a response to a rejection; how to respond -- in other words, I'm trying to help the issue of both -- on quality and pendency by focusing not so much on whether the Examiners are doing a good job but whether or not this whole process can be improved.

MR. LOVE: Well, we actually answered that question last year, I think, with out legislative proposal for reform.

MR. ADLER: I'm going to just ask others for their comments.

MR. PINKOS: Well, there is a list here that you provided, you know, tips from Examiners
on the top ten prosecution problems they see, as
well as some factors that you all believe define
quality from the applicant's standpoint, and so
those things were taken into consideration and
revealed themselves through the AQS proposal to a
certain degree, or do you think that there is some
other way to -- we implement these proposed --
implement or make widely known or engage with the
bar to (off mike) practice is more conformed to.

MR. LOVE: Well, many of the TCs have
outreach programs in sessions with their
customers, and this topic is always on the agenda.
We offer suggestions on ways that we think they
can improve. IPO Day -- it's -- every year
there's a agenda item directed to top ten -- you
know, what we see in ways we think we can help
them. So, it -- and of course many of these are
taken out of the MPEP, which is, you know, focused
towards the examination process and the Examiner,
but these things are in the MPEP.

For example, we have a rather long
discussion on what an IDS should look like, and we
wish that the practitioners would take a look at
that and be a little bit more helpful with their
submissions. But we do have quite a bit of
detailed explanation as to what we think a helpful
IDS would look like.

MR. RIVETTE: So, let me ask some
questions. It's a very -- from the documents I've
read, it's a very internally focused procedure,
which is fine. However, there are a number, in my
opinion, of external mechanisms that go to patent
quality that I don't know if we look at, at this
point in time, so let me step back for one second.
If I were in business and I had a product, and I
had external analysis of that product. In our
case I perceive the courts as one of the ways that
they look at whether or not we're doing the right
job. I look at sister organizations. I look at
our own board and reexamine a number of other
areas to see if we're doing the right thing. I
would be of a mind to be looking at regressive
analysis, so if we see patenting that has been
found invalid, we could go through an analysis of
why was it invalid, was it because of the work we
did or not? Was it, you know, the edge case of,
you know, we found the one library reference in
Zurich, which case we're not going to ever get
there from here? Was it a situation where they
actually used our prior art and saw it a different
way? So, I would be looking at have we thought
about doing regressive analysis in all of the
outside groups that typically look at our quality?
Have we ever thought about that?

MR. LOVE: Looking at patents that are
actually held invalid?

MR. RIVETTE: Yeah, I mean.

MR. LOVE: Yeah, I don't believe we do
that on a case -- on an individual -- have we
thought about it? I'm sure people have over the
years. It hasn't been discussed recently to my
knowledge, but it's something that could be done,
yeah.

MR. ADLER: To me, a feedback mechanism
from the board, from the court, or from anywhere
would be very helpful to improve the quality, I
mean, of whatever happens, and I'm looking at this
from whether the Examiner did a good job or not.
I'm looking at it from whether the overall patent
(off mike) was valid.

MR. LOVE: We agree wholeheartedly, that
we looked at it -- we look at it as a shared
responsibility between the applicant, and the PTO
and the more exchange of information and the more
information before the Examiner of course the
better I think inherently we would agree the
better product that's going to come out.

MR. RIVETTE: Yeah, so No. 1, I think
because we've never done this before we're not
good at it. We've got to speak really into the
microphones.

MR. LOVE: Okay.

MR. RIVETTE: I guess the sound's been
cutting in and out.

So, to get back to it, I think there are
other ways we could be looking at quality and
potentially upping our game by putting in a true
feedback loop on the multiple areas that are
outside of our organization that do review it.

As I look down -- and it's actually this
-- the one that's up on the screen -- Examiner's
evaluation of matters of substance and applicant's
response, and in your other document that you sent
out to the PPAC you had whether Examiner has duly
set forth their reasoning. I assume that's
basically the same thing we're looking at here?

MR. LOVE: Well, that's in their
rejection. That's a different -- of the clarity
of the Examiner's rejection. That's one thing.
This is the valuation of -- the Examiner's
evaluation of the applicant's response, their
arguments.

MR. RIVETTE: Okay. Let me take the
first, and then we'll go back to the other --

MR. LOVE: Okay.

MR. RIVETTE: With regard to, you know,
whether the Examiner has clearly set forth their
reasoning.

MR. LOVE: Right.

MR. RIVETTE: Just -- and everybody else
can chime in. I've heard that -- I'm never going to get this right.

SPEAKER: Just move the board in front of you.

MR. RIVETTE: Move it in front of me.

That's -- okay.

MR. DOLL: I'll keep it kind of close (off mike).

MR. RIVETTE: When I'm eating it, we'll find out how it works.

One of the things that I've heard in the work that I do is that after KSR we're having -- the applicants are having a harder time to figure out what those rejections mean, that they're getting a little less specific, a little more difficult to interpret. I don't know if that -- I mean, we can ask the rest of the group if that's what they're seeing.

Go ahead, Marc.

MR. ADLER: I think that you're -- this won't be a total answer to that, but the increase in the continuation of the RCEs has something to
do -- there's a parallel between the lack of clarity in some of the Office Actions and the need to -- and the feeling that applicants -- some applicants have about refiling.

MR. RIVETTE: Okay, so one of the things I was thinking --

MR. ADLER: These are connected things.

MR. RIVETTE: So, one of the things I was thinking about -- and you were talking about the IDS. I think there are a number of things that are related here. So, as we move forward, I think more input from the public is better than less. You've already stated that we've got IDS out there right now, and we'd love information on how people are feeling about it, what they like, what they don't like. Social analysis of these types of problems is something that Wikis and other types of social programs do well, and have we ever thought to start putting out, like, a PTO Wiki and looking at -- you know, putting up the IDS, seeing what other people are saying about it, putting up, you know, a thing on whether or not
the Examiners have clearly set forth their reasoning on a rejection. And people can put up comments -- yes, good, bad, indifferent, here's a specific idea. One of the things that I've always seen is that if we allow everybody to kind of review it, they come up with better and better ideas. It's the whole basis for the patent system, right? You turn over the social contract. You turn over your idea. Other people can stand on your shoulders.

I'm thinking that we may want to take a look at that sort of thing to help quickly ratchet in some of the ideas and get a feedback loop going. Doesn't mean we're going to take everything. I mean, we still got to feel through it. It's still got a lot of issues, and it can be gamed and all of that. But, my gut is that if we thought about putting in those types of systems, four things where we really do want commentary to find out where we're doing well, to find out where we're doing -- to find out where we could improve and different ideas for it, it might help.
MR. MATTEO: Yeah. No, absolutely great, and one of the things that -- one of the things I should do is speak into the microphone.

MR. RIVETTE: Yes.

MR. MATTEO: I absolutely agree with that. Feedback loops are imperative for any kind of best practice, maintenance, and sustenance.

Even closer, okay. One of the things I think is also interesting to do is benchmarking, vis-à-vis, for example, JPO, EPO, etc., in the same kinds of domains, analogous kinds of comparisons. Its that something that we actively have going? No. Okay, so they have a wealth of information as well in similar circumstances.

MR. RIVETTE: Right.

MR. MATTEO: It seems like we should be minding that.

MR. ADLER: I think those are excellent ideas. I also think, however -- you know, we asked for a proposal for a definition --

MR. MATTEO: Um-hmm.
MR. ADLER: -- not a restatement of what you're already doing. There seems to be some difference of view about what we were -- maybe your understanding of what we were asking you to try to do versus what you provided. I'm looking -- I'm still looking for trying to develop a definition of what you think a quality -- not from the Examiner's perspective but from overall -- what would be a perfect -- a quality, high-quality examination, whether it's in the periods of time to respond to an Office Action, the length of the Office -- you know, the response to the Office Action, whether you think case law citations in response -- in responses to Office Actions are particularly useful or not -- you know, elements that could help us all improve and shorten the prosecution to the point where we get closure on the first or the second Office Action. And I don't know that what you provided us really moves us yet in that direction. So, I still think I'm -- I'm still looking for a proposal, and I know it's not going to be perfect and we're going to
have to discuss it and work on it, but I still
think I'm looking for something beyond what we've
already seen.

MR. RIVETTE: Yeah, right.

MR. KIEFF: So, I -- this is Scott.

I'll just add maybe on top of that that I think
that part of what Marc is saying, John, is that he
can -- we can see that implicit in the work you're
presenting is a theory of what makes for good, and
that shows hard work and good thinking. What I
think Marc is asking is to make that hard work and
thinking explicit rather than implicit, so --

MR. LOVE: Yeah, and certainly we can
focus on -- and we know what -- we have strong
opinions on what makes a good application, and
there's things here that -- there are standards
behind here. For example, our standards say that
we do a full and complete search on the first
Office Action. I mean, that's -- we consider it
be -- so that the best art is found, developed,
and cited in the first Office Action, and that's
implicit in these -- what we're looking at. We
expect the Examiners to explain their positions. We expect them to raise every statutory ground of rejection that's applicable so that we don't get piecemeal prosecution. On the applicant side, you know, the AQS speaks a whole lot as to where we feel the process should be, but in reality if that's not going to become a reality, then we certainly have suggestions on how we think the application should be put together, reviewed, and filed. We'd be very happy to do that.

MR. ADLER: I think it would be very helpful to many applicants to hear your views and for us to discuss what makes a quality application.

MR. LOVE: We'd love to do that.

MR. ADLER: Definitions of terms, the claims that track, language that's --

MR. LOVE: In the spec.

MR. ADLER: -- that's in the spec. You know, examples that are related to the invention and not something else.

MR. LOVE: Arguments related to
limitations that are actually claimed. That would be a big help.

MR. ADLER: Right. I don't think we're talking about a rock. I mean, you know, for those of us who know what we're talking about, I think, you know, a shorter application is better than a longer application of why do you have 500 claims, why don't -- you know -- I think there's some educational value here, as well as a -- that would help us all to help get these cases in better -- I think there's a lot of educational value that lets us -- like the definitions of "quality" that I'm suggesting I think would benefit the Office and the applicants and move these cases better.

MR. LOVE: And you're looking at it from a process also.

MR. ADLER: Absolutely.

MR. LOVE: Point of perspective rather than a digital definition.

MR. ADLER: Right.

MR. KIEFF: Yes.

MR. ADLER: Yes.
MR. KIEFF: And then -- and then like any process we would then all have to be totally forthright and complete in our recognition that it will be --

MR. RIVETTE: Scott (indicating microphone).

MR. KIEFF: -- wrong in a range of ways, right? So, each actor in the process will make errors, and so our evaluation of the process should expect the errors and should predict -- should be looking to see different categories of errors and then should be looking to assess how often they happen and their not just magnitude of impact but their type of impact so that a thoughtful understanding of a process to then restate here is one that looks at it as a process, not one that gets things right or wrong but one that happens.

MR. RIVETTE: And it's continuous.

MR. KIEFF: And that is continuous.

MR. ADLER: Right.

MR. KIEFF: And then as one that will be
always making a range of mistakes so that our
analysis of it is getting our hands around the
types of mistakes that are being made and the
impacts of those mistakes.

MR. LOVE: Yeah, that's -- I think
that's a great idea, and we can certainly refocus
that.

MR. ADLER: Thank you.

MR. LOVE: And probably -- and of course
it's easy for me to say, but in a relatively short
period of time we could have a work product for
you that would focus on the process from both
sides -- the filing process, drafting the
application, and the examination.

MR. ADLER: But let me just sort of
explain that -- you got it, let me just explain a
little bit of how I'm thinking on it.

When most -- when many applications were
written by patent attorneys inside companies, when
companies had patent groups, they spent a lot of
time training their people to draft applications
and they reviewed those applications, and they
would -- this was their job. I'm not sure that happens as much any more as it did. So, partly you can't end up with a quality patent if you're not going to start with a quality application. So, it's part of our job to help the applicants understand how to draft a quality patent application and, you know -- and also you know what to expect from the Patent Office and how to respond to the Patent Office. So, I'm looking at this as a process and not -- as Scott said, I'm not looking at this solely from how well the Examiners are doing their job. I wasn't even thinking about it that way.

MR. RIVETTE: So, one of the other things that I'm thinking is -- and I'm going to go back to it a number of times -- if we can get public input -- you know, the closer we can get to the practitioners on this topic so that they understand and we understand it -- we can get an iterative loop going, be that on a Wiki, be that on some form so that they can understand how other people feel, so they understand where we're coming
from as the Office -- I think we will be doing ourselves a real service.

MR. ADLER: And I know that you would be -- if it was done fairly and honestly and openly, that you will get a lot of feedback, because we're all trying to do the same thing.

MR. RIVETTE: So, in some of the documents you sent out, John, to the PPAC, designing -- one in particular I'm looking at -- "In designing the IPR program, USPTO solicited feedback from practitioners to identify the attributes of examination that served as indicators of high-quality examination and used feedback in developing the IPR review criteria. The IPR program was implemented formally, and the IPR compliance reg was adopted as an Office official metric in the second quarter of 2005." Maybe we could put that on the Web. Maybe we can get those -- you know, we can always get people to iterate on that, and I think we would actually find that -- one of the things I feel right now is many of the practitioners don't feel they know
what we're doing and we don't know what they're doing and we've got this cross in the night and we're talking at each other.

MR. ADLER: Yeah, can I just give you an example?

MR. RIVETTE: That's it.

MR. ADLER: Do you have data that indicates the allowance rates for those applications that come that were filed with a prior art search in an IDS versus those that were filed without a prior art search in an IDS? Do you have data on those applications --

MR. RIVETTE: So, you don't have data on it?

MR. ADLER: In other words --

MR. LOVE: We --

MR. ADLER: -- because you know, and I know, right, that if you search before you file you're going to do a better job defining your invention than if you try to fix it after the fact. And so, you know, this is our old -- John, I'm looking at you -- this is our old conversation
about incentivizing people to do the right thing

--

MR. RIVETTE: With examples.

MR. ADLER: With examples rather than trying to do it by rulemaking and AQS and all that. I'm still thinking that you can change behavior for the better and improve quality by showing people examples of what we're talking about and what really works versus trying to, you know, twist their arms and get them to go along with a program that they don't even understand.

MR. DOLL: Let me answer part of that, Marc, and part of the answer is we don't know when an application has actually been searched. We know what percentage of applications come in with an IDS and so we can share that. The problem with that is the number one complaint I hear from Examiners when Peggy and I go out and have town halls with Examiners is a frustration at finding 102 references in IDSs that were filed by applicants, so applicants are filing IDSs that they are not considering. They're not drafting...
their applications, as we've discussed many times, in light of a prior art search. They're not trying to define their inventive contributions.

MR. ADLER: Well, then, I think it would be very helpful to provide that data back to them, say -- to the public -- say, you know, if you're going to do a search and you're going to submit an IDS and you're going to -- you still have 102 rejections on the first Office Action, you're doing something wrong.

MR. DOLL: Right.

MR. ADLER: You're either not claiming your invention properly, or you didn't read the references right. And I don't mean this to be critical of any individual applicant or any --

MR. RIVETTE: Well, thank you very much.

MR. ADLER: Yeah. But it would be helpful to everybody to understand that there's something, you know, that this is a process and you're wasting Examiners' time searching on stuff when you've already searched it and you didn't even read it -- apparently.
MR. DOLL: I think many attorneys would openly admit they are filing IDSs without having read those references. I've heard it at Bar meetings.

MR. ADLER: I don't understand the point.

MR. KIEFF: Well, I think --

MR. DOLL: I don't either.

MR. KIEFF: I think there are reasons --

SPEAKER: -- planet? I mean, why would you -- why would you do that?

MR. KIEFF: There are reasons why that's happening that make sense.

MR. DOLL: No. There are reasons but they don't make sense.

MR. KIEFF: Well, I -- okay, let me try to state -- let me try to state them.

MR. DOLL: I will say they're irrational, just to be argumentative.

MR. ADLER: Whatever they might be, let's lay that out so that people can debate whether those are rational or irrational.
MR. KIEFF: Right, so let me just -- let me just mention them. I think that the thinking goes along the following lines.

So, when filing an Information Disclosure Statement, the general driving force is a very healthy respect for the broad power of inequitable conduct to reach a very broad range of actors engaged in the prosecution process and a very broad understanding of their knowledge, okay?

So, it is a big net that it casts. When this big net pulls in all of these documents, it is rational -- it is required to disclose them at that point, right? That's the rational decision. Then the next decision becomes now should I read them -- I know that I have to disclose them but should I read them. And I think attorney time that gets billed at hundreds of dollars an hour at that point -- I think the thinking goes disclose and let others read but it is not a bad decision, I think, or a crazy decision to choose not to deploy the hundreds of dollars an hour it would take to read and understand all of those
MR. ADLER: So they would rather spend millions of dollars for litigation after they've been sued to defend against the unequivocal conduct.

MR. KIEFF: Yes, because --

MR. ADLER: You know, maybe we need to educate people that that's -- the tail is waving the dog.

MR. KIEFF: Yes, it is -- well, there's a path to pendency to these things, so there are many people -- and I think, Marc, you would agree with this -- there are many people who would adopt the view that the time to really search and really analyze the art is before filing the --

MR. ADLER: Aye, aye.

MR. KIEFF: -- application, not before filing the IDS --

MR. ADLER: Aye, aye.

MR. KIEFF: -- because only then can you draft a Section 112 disclosure around whatever art you uncover.
MR. ADLER: Well, well, maybe --
MR. KIEFF: So, I totally agree with that approach.
MR. ADLER: And then maybe there's some misunderstanding --
MR. RIVETTE: Into the mic.
MR. ADLER: Maybe there's just some general basic misunderstanding about that. I mean, just something so basic to me. It seems to be --
MR. KIEFF: But when you and I --
MR. ADLER: -- regulatory. I mean --
MR. KIEFF: Why don't we take this -- just one sec, one sec. What Marc and I share --
MR. RIVETTE: Wait --
MR. ADLER: Dave is looking like he's --
MR. KIEFF: But what Marc and I share -- what Marc and I may share as a goal for how we would do it and train people to do it -- I think what's important for this discussion is to simply report that there are needs to understand the reasons why people are doing something other than
what you and I might recommend and to then better understand what motivates them as kind-hearted, intelligent human beings to do this in a path-dependent way, because I take it they don't think of themselves as stupid or ill-motivated when they're making these decisions. I think they think of themselves as trapped, if you will, and then after they've gone down the path of filing the application, after they've gone down the path of learning the results of the net sweep, they then make the decision at that point okay, disclose, I have to that, and then I might as well tourniquet off the bleeding and at least not bill any more attorney time to carefully reading. I think that's their thinking. Does that match your understanding, David?

MR. WESTERGARD: Yeah, I agree with that, and I don't think that anybody here in the process is so misinformed about the need for complete and open disclosures and what the Office will do to them and how they should be considered as to make anything other than an unintentional
disclosure or an incomplete description anything other than intentional. This is intentional conduct. These are actors who are knowing -- they know what they're doing. This is not a question of not enough CLE activity for ADIPLA. It's a question of people knowing where the holes are, understanding the likelihood of a thorough examination revealing some defect in the application or -- in the application itself or in the relevance of the art and hope to get through some claims that ought not get through.

MR. RIVETTE: So, let me step in right now and let's -- and I know Jim wants to talk.

MR. BUDENS: So do I.

MR. RIVETTE: And I know Robert wants to talk. What I'd like to do is break this at this point. We will pick it up after we have two esteemed members of our legislative branch talk to us about patent reform.

MR. BUDENS: Okay.

MR. RIVETTE: So, if we don't mind. I
know their time is limited.

Christal Sheppard is here, Senior IP Counsel for Chairman John Conyers, House Judiciary Committee.

How are you?

MS. SHEPPARD: Very well.

(Aside)

MR. RIVETTE: So, if you could -- and

Ryan Triplette, Chief IP Counsel for Ranking Member, Arlen Specter, Senate Judiciary Committee.

So, if you could introduce yourselves and then say hello.

MS. SHEPPARD: I'm Christal Sheppard.

As you were just told, I am actually Chief, Patent and Trademark Counsel for the House Judiciary Committee. I also wear another hat, which is Staff Director and Chief Counsel of the Courts on Competition Policy Subcommittee.

One of the biggest things that I'm going to talk about -- but first I'm going to -- should I go first and then you'll introduce yourself or --
MS. TRIPLETTE: You can do absolutely whatever you want.

MS. SHEPPARD: Okay. One of the first things I wanted to talk about was the new division of where intellectual property is with the Judiciary Committee. The IP issues used to be handled at the subcommittee level, as most of you know. The issues -- specifically patent, trademark, and copyright -- are now being handled by the full committee directly under Chairman Conyers. That's a change from before, so what that means for the patent community -- and this is the one thing I forgot to say, so everything I said before is conditioned on the next remark -- is I am speaking for myself as an attorney. We all know the caveat that I speak for myself, not for anyone else, not the members, not for Congress, and probably not for anyone in this room.

MR. RIVETTE: Including yourself?

MS. SHEPPARD: Well, just myself. Some days I conflict myself, but -- contradict myself.
But since there is a change, the IP being at the full committee means that there will be less opportunities for hearings and markups at the full-committee level, because we are competing with very many other interests. That does not mean that the committee is in any way reducing the amount of oversight or reducing the amount of interest in these issues. It just means that a lot of these issues will be taking place and the conversations will be taking place directly with the PTO, will be taking place directly with the stakeholders, will be taking place between the members and the stakeholders, and there will not be so much as hearings as there will be conversations.

As for patent reform, you've read in the newspapers and in the blogs that Senator Leahy has stated the Senate side is working very hard on patent reform on (off mike) House side. There is a set of possibilities that all of us know that are possible for patent reform going forward. Those set of possibilities are the House and
Senate to come to agreement on language and then to do something together, which is what happened in 2007 in the last Congress.

The other possibility is that the House and Senate will not come to agreement on language and will introduce two separate bills. We know that last time that the bills were introduced, they were introduced identically. There was a lot of divergence in the last two years since those bills were introduced specifically on issues, as you well know -- I'm not telling any tales out of school -- on things like damages, inequitable conduct. First-to-file is a big one, because the House person has a trigger, the Senate person doesn't have a trigger. Whether we will be able to come to some agreement where we can introduce a bill that's the same is still questionable, but there's no doubt that this is an issue that's very important to the members, very important to the country, and we will be looking -- we'll be working on that issue shortly.

MS. TRIPPLETTE: Hi, my name is Ryan
Triplette. You really do have to speak right into
the thing.

I can just have a (off mike) voice. I
recognize many of the faces in here. It's nice to
see always. I always like being around friendly
faces. I am the Chief IP Counsel. Yeah, I'm used
to -- in this debate at least not that many
friendly people. I'm the Chief IP Counsel for
Ranking Member Specter on the Judiciary Committee.

As Christal said, this is something that -- this
is an issue of patent reform. It's an issue
that's very important to many members on the
Committee in fact, and historically intellectual
property issues generally have been kind of
handled by chairmen and ranking -- maybe one or
two other members -- and they used to say don't
worry, we're taking care of all the issues, you
can just vote for it, and historically they have.

Yeah. Those days are gone.

You have -- you know, the importance of
this issue is reflected in the fact that in the
Judiciary Committee on both sides but on the
Senate where, you know, you have so many other issues going on, you have so many members who have taken a vested interest. You have not just Chairman Leahy and Senator Hatch but you also have Ranking Member Specter and you have Senator Cornyn and you have Senator Kyl and you have Senator Feinstein, you have Senator Whitehouse. I mean, basically I'm naming the roster of the Committee. So, that is both good in the fact that anything that comes out of the Senate will have to be very well considered, but it also means it's going to have a significant impact on how quickly or, contrarily, how not quickly it will move; and I would expect that the Senate will be moving sooner as opposed to later given the statements that have been in the press recently and kind of some of the conversations that have been ongoing. I can tell you that, speaking for Ranking Member Specter, he will not be on a bill that's initially introduced. There is still a significant number of issues, namely damages, and with a loose-knit case hanging out there, he's doing a lot of consideration as to
what direction the images -- legislation should take. That being said, this is very important to him. The number of meetings he has taken, you know, in the past several years is just -- it is -- for those who are familiar with the asbestos debate, he has passed this number of meetings he had on asbestos, which quite an improvement.

Yeah, that's a lot. That's saying something. So, this has -- this is something that he takes very personally and is always welcoming more meetings.

As Christal said, the issues are not going to come as any surprise to anyone. The one issue I guess I would flag is a potential other area -- is the -- do we go to a new (off mike) or do we tweak the inner parties because in light of the numbers that the PTO recently issued, it's given us pause to revisit the issue. So, that's something that will be ongoing. That's not the racked-up issue that so many people think it is.

MS. SHEPPARD: We can keep talking or you can ask questions.

MS. TRIPPLETTE: Yeah.
MS. SHEPPARD: So, I suggest you ask questions.

MR. BUDENS: I'm going to --

MR. RIVETTE: Is anybody here interested in this topic?

SPEAKER: Yes.

MR. BUDENS: Affirmative. Ladies, if I can ask kind of a loaded question, because I -- you know, we've been up and, you know, they're already talking a little bit, too --

MR. RIVETTE: You'll have to speak into the mic.

MR. BUDENS: What? Eh? Okay. There seems to be a lot -- a change in feeling amongst a lot of people that a move kind of away from a broad scope Patent Reform Bill and more to just focusing in on fixing issues internal to the Patent and Trademark Office. Any feelings about -- are the bills that you all are contemplating -- are they going to be more narrow in focus, or are we going to be kind of expecting more of the same -- all the same issues still out there, in which
case do we have all of the same players yelling at each other, you know, through the course of the next two years?

MS. TRIPPLETT: I can -- I think for the Senate you're going to see a broader bill. I think that there are still going to be the -- all of the issues that we've been discussing over the past couple of years -- they're still going to be incorporated into the bill, and they're still going to be on the table. I actually think what you're going to see is, especially given the -- well, there are a significant number of developments that are occurring over at the PTO. I think that the discussion -- how do I put this. Even when patent reform is done, whatever that is, I think that a need to look at reforming the patent system is still going to be here. I'm looking at what we can do to help improve the PTO internally if we can't all -- you know, because we're looking -- this -- it's not just within the Judiciary Committee ambit. We're also looking at things that need to be done in the Appropriations
Committee. So, I think that the discussion is actually getting broader if not narrower.

MR. KIEFF: So, a few of us have talked about the ways in which over the last, say, 36 months or longer, basically two to five years, there has been a large set of court decisions that have meaningfully impacted the patent system, and we're just -- for those of us who have been talking about those issues, we wonder whether it would help for you folks to have more fulsome conversation about what we think is going on with those cases, because we -- those of us who have been talking about them think that they are each individually highly impactful, and even more than that as a group we think they're highly impactful in ways that are not yet understood even by those of us who are perhaps paying too much attention to them. And so the comment is to -- we would ask that you please pay attention to those, and then we would -- the question is would it help you for us to come and talk with you about those things, in which case we would be happy to?
MS. SHEPPARD: The reason I pulled the microphone over -- because I was going to answer Robert's question with exactly what you just talked about.

There's conversations taking place at the member level about the fact that there have been a lot of changes since the last version of the bill that was introduced in 2007, even changes in case law since it came out of the House Committee.

MR. KIEFF: Right.

MS. SHEPPARD: We are very aware of that. We have conversations about Quanta weekly for people who come in and talk to us about how we could change damages language to perhaps put in an enhanced gatekeeper function on the front end and change language to essential features. It's -- Congress may seem like a bubble, but we're not. We have -- we've had these conversations -- you're welcome to come in and talk to us about it.

As to what will be in the bill, we are still working that out, and part of the reason is
because of these cases with venue, with damages, with inequitable conduct.

MS. TRIPPLETTE: And absolutely please talk to us. Please give us any commentary. If you have law reviews, if you have -- I don't know if you -- if any -- if any outside counsel have written summaries, feel free to send absolutely everything. We are going to -- the Senate will be having a hearing hopefully sooner on patent reform. Senator Specter's office has requested that there be at least somewhat of a focus on court cases from the past two and a half years given the landscape.

And I was going to say, you know, if you've been in my office recently and those who haven't seen, there's an ever-growing notebook that's currently this big, I believe, now, and I expect another one to add, of the court cases, but, you know, these law reviews and summaries help us view them in the light like the practitioners do, because that's what we need to be looking at these in.
MR. ADLER: You mentioned something about re-looking at the appropriations as well as the -- you saw me make a motion this way. I wasn't expecting the case law, but if the -- did the economic conditions in this current economy change some of the calculus that goes into the discussion around the patent reform elements -- you know, like, whether it's post-grant or how much that would cost and then you said something about re-exam and the -- did the economic situation change some of the factors in this whole discussion?

MS. SHEPPARD: I thought you were going to ask us a different question, but I don't think that the economic concerns have changed the fact that the Patent Office probably needs some reforms, and that's going to be a benefit, and that benefit to the United States economy. In the end, the end result would be a net benefit to the United States economy. We can't ignore the problems at the Patent Office and think by not putting funding there that we can continue to be...
the IP leaders of the world.

The question I thought you were going to ask was more on fee diversion, because the economic conditions perhaps could lead to a reversal from what we've seen in the past, which is complete funding for the PTO with their own funds. We're hoping that we can avoid that happening. We've -- on our House side, we've tried very hard to put in legislation that would end fee diversion. That hasn't happened, and because for reasons that you probably already know. You mentioned appropriations.

MR. ADLER: Yeah.

MS. SHEPPARD: But that is an issue that we're going to have to fight very hard on.

MR. ADLER: Well, I was actually -- I stayed away from fee diversion, because I actually was thinking that there's more need for more funding, not taking away the funding that's already there. I think that the economy and the innovation engine of this economy probably requires more help in this place with ever
restructuring our other efforts. But I hope we can have more conversation around that as well.

MR. DOLL: I wanted to jump in on what Marc said, because it's extremely important right now as we're looking at the Patent Office budget and the amount of money that we have that we're funding right now. We're looking at processes that we do, such as some of the applications that are filed, the application filing fees that are controlled by regulatory fees, the reexamination process where we lose thousands and thousands of dollars on every application that we examine, and we're having a very rough time with filings being essentially flat or even below what they were the year before, making ends meet with the budget we have.

MS. SHEPPARD: We've had conversations about giving the USPTO authority to adjust your own fee schedules. Those conversations are taking place at the member level, so they know the issue. And that's all I can say about that.

MR. DOLL: Any help would really be
appreciated.

MS. TRIPLETTE: Well, I mean, on the Senate side we've definitely -- the appropriators who handle this area -- they're very well aware. There are lots of -- I mean, the one benefit is that you do have with those -- Senator Leahy and Senator Specter -- is you have two appropriators as well, so almost everything that's done generally in the IP space but also in the patent space they're able to wear both hats and understand, and they have had conversations with their fellow members over the past several years on that note.

And I would say concerning the question on the state of the economy, I think it just makes this issue that much more important, and that we're trying to understand the impact that what we do and make sure that everything we do is actually improving upon the system.

MR. FOREMAN: Historically, it's been innovation that's led the country out of a recession, and I heard you say something about
giving the Patent Office the authority to raise fees. Why are we looking at that and maybe not encouraging more innovation by lowering fees and the government stepping in and helping encourage innovation at the company level, at the independent inventor level, and not looking at balancing this budget here that they've got at the Patent Office by charging more but actually encouraging more innovation to occur in the country.

MS. SHEPPARD: I don't think I said raise fees. I don't know if you said raise fees.

MR. FOREMAN: Well, you said to --

MS. SHEPPARD: I said fee restructuring.

MR. FOREMAN: -- manage fees and that's what's on the table right now is actually charging more for what's -- what the Patent Office does.

MS. SHEPPARD: Well, it would be more restructuring the fees so the fees would be more on the front end versus on the back end. That's the proposals that we've heard. Raising fees -- it's always -- it's going to be contentious. At
some point they may have to do it. Usually Congress is the place where that happens. The (off mike) about taking place about it right now are more about restructuring, because there are fewer patents that are granted. There is the problem of -- maintenance fees are not what they -- are not sufficient to keep the funding at the level that it has been. So that is what we are considering.

MR. DOLL: Okay.

MS. TRIPPLETTE: And I guess I just want to -- I want to know what I'm -- the question that's being asked here is -- are you asking why are we not talking to appropriators about -- hold on a second -- about getting the Appropriations Committee to kick in more funding? Is that what you're --

MR. FOREMAN: It's certainly a possibility. I mean, one of the things that we were hit with --

MS. TRIPPLETTE: It's a very difficult --

MR. FOREMAN: -- when we walked in the
building was that there's a significant budget shortfall for the Patent Office, and so rather than stifling innovation, shouldn't we be looking at ways to actually encourage it? And this is certainly one of the organizations where that all happens.

MS. TRIPLETTE: Well, I think that everything that we are looking at within any patent reform debate we are looking at making sure it meets the end of encouraging innovation. I mean, certainly (off mike) looking at doing the opposite, but I guess I'm just saying I -- the history with the Appropriations Office and the history -- sorry, Appropriations Committee -- and the history of funding for this Office, although we have not had fee diversion for the past several years -- you know, you had it for -- we had a compromise. That was for the last three years, and then it's been done on an annual basis. That's difficult as it is. It's very difficult as is. And so I think that what our appropriators would say if we were to ask them about this is
they would say why are you not looking at improving or streamlining the processes within the PTO to the extent that you can do it up here on the Hill such that it's more efficient and they're getting more bang for their buck rather than asking us for more bucks.

MR. MATTEO: I have a broader -- oh, sorry -- have a broader question. I mean, clearly you can't give us specifics, but we've talked about a number of macro events and trends that are happening here -- the state of recent case law over the last 36 to 48 months, the economic crisis, etc -- and what I'd like to ask -- and again I understand that you can't give specifics -- is that any reform presupposes as an antecedent objectives things that need to get fixed. Have these things and other things fundamentally changed the objectives or the things that need to get fixed in the minds of the legislators? Is their fundamental perspective changed, because that will help us understand where some of the specifics will sort themselves out, so have there
been broader principle changes in terms of what
the reform has to address?

MS. TRIPLETTE: That depends on member
to member. It's hard for me to say. I can't
speak to what principles drive. You know, Senator
Hatch or Senator Leahy --

MR. MATTEO: The flavor of the
conversations that they're having. That would
also be interesting.

MS. TRIPLETTE: Excuse me?

MR. MATTEO: If you can comment on the
flavor of the conversations in and around these
things, that would also be interesting even if you
can't speak with unanimity for everyone.

MS. TRIPLETTE: I mean, I can't speak to
what conversations that there are between Senator
Leahy or Hatch. I can just -- I mean, all I can
say is that -- I can tell you that the principles
that's driving this -- it's not that they're
changing; they're becoming clearer. And
resounding call is that -- the need for certainty
and so that -- I would say that's been the driving
principle and that's where rather than having kind
of each different proposed change saying well,
this is what we need to do here, this what we need
to do here, almost at the base of every call
recently in the meetings has been we need to make
sure that either the obligation process is more
certain or we need to make sure that we have a
better understanding of the scope of the patent
that comes out of the Patent Office and -- but
it's certainty that seems to be the underlying
principle now as opposed to kind of different
principles for different issues.

MR. MATTEO: Okay, because that was very
much the case before. At least it felt that way.

MS. TRIPPLETTE: Um-hmm.

MR. MATTEO: Okay. And actually I just
have one quick follow-up. You had mentioned
something about re-exams, but I couldn't hear
what you said. All I heard was
something-something re-exams. And could you just
repeat that?

MS. TRIPPLETTE: Oh, I just said that the
numbers that have recently come out of the PTO as
to kind of the cancellation range and how often
it's being used now, it's just giving a reason to
re-visit the issue as to whether do we create a
new (off mike) system, do we do something to the
current inner-party system. Not speaking one way
or another, I'm just saying it's giving -- there's
new evidence to revisit the issue.

MR. MATTEO: Right. When there's a 2X
increase, even though the numbers are still pretty
low.

MS. TRIPLETTE: Um-hmm.

MR. MATTEO: Thank you.

MR. WESTERGARD: So, when you say to
revisit the issue, do you mean to revisit the
necessity of a post-grant opposition proceeding at
all? Is that what you're suggesting?

MS. TRIPLETTE: Yeah.

MR. WESTERGARD: And so the proposal
would be to take it out of the bill and leave
re-exam as a primary vehicle?

MS. TRIPLETTE: I mean, I want you to
understand I'm not saying that this is going to be anything that's going to happen at all.

MR. WESTERGARD: Sure, sure.

MS. TRIPLETTE: I'm saying that because there's new evidence of usage and the rates, cancellation rates, it's giving us pause to see what should be actually -- what should -- what should or should not be included in the bill.

MR. WESTERGARD: Given the perceptions that I have seen out there that the bills -- the issues that were issues before are still issues today in terms of damages, in terms of AQS, in terms of inequitable conduct, what is the feeling on the Hill about the likelihood of passage, or do we find ourselves in the same battle that we had with the opposing sides last Congress and end up discussing -- have a lot of discussions with no real success on eventual passage?

MR. RIVETTE: That's a good question.

MS. TRIPLETTE: Do you want to hear the (off mike)?

MS. SHEPPARD: I never want to give up
on people, so there's always the opportunity. I think there is consensus on some of the patent quality -- and I hate to use the word "quality" after the discussion I just heard. On some of the more -- the initiatives that wouldn't prove patent quality, improvement at the PTO, there is some consensus. There is less disagreement than there is consensus. (off mike) the agreement are on big issues. We'll have more conversations. There are additional players. There are some people who are a little bit busy because of other issues in the market place on the outside who may not be as vocal as they were before, and because of the court cases, some of the things have fallen away. I think I take -- on bridge rights I disagree with a lot of the reports that say that patent reform cannot possibly get done this Congress. The economy is different. The players are different. And sometimes people get softened up after seeing that they've lost. If that's -- so, I mean, so that is a general statement.

MR. WESTERGARD: So, who has lost on
what issue?

SPEAKER: Absolutely (off mike).

MS. SHEPPARD: Well, I --

MS. TRIPLETTE: -- waiting for that one.

MS. SHEPPARD: Right. Well, I meant

after the Patent Bill was not passed last

Congress.

MS. TRIPLETTE: And just to repeat that,

I think there's definite -- there is always a

possibility there is -- you have staff that are

very committed to putting in the hours. I mean,

listen, none of us would put in the all-nighters

and the extensive hours into this bill that are

required because of its importance that we do if

we did not think that there was a likelihood that

a sound policy bill would result. So --


MR. RIVETTE: Any other questions?

Steve?

MR. PINKOS: Well, I'll just follow up

on Louis' point for a second. I think it's really

interesting maybe to -- it might be interesting

for you all to analyze -- and PPAC as well -- the
role that the Patent and Trademark Office does play in innovation in America. In the critical role of -- and I think it's what's sort of driven the patent reform debate is to either have that certainty of quality patents -- I didn't realize I was so far away, Kevin, sorry -- have the certainty that comes with quality patents, because that helps, obviously, to drive innovation. And, to Louis' point, in the early '80s nobody had a computer -- not everyone had a computer at their desk, no one had a cell phone, there weren't satellite semiconductors to a certain degree, the internet hadn't been invented yet, and obviously those types of technological advances led to, in many respects, 25 years of, you know, fantastic economic times for America by -- you know -- by and large. It's interesting that the role that the USPTO plays in that and specifically with fees, you know, maybe the dynamics are changing a little bit and it might be something worth looking at to, you know, with the economic times as they are will some people not apply for patents that
would otherwise lead to the innovations that we may need, because if they don't apply for the patents they're probably not going to get the capital that they need perhaps to pursue the commercialization of that. So, it may be worth -- we always thought that people, at least in recent times, could bear increases in fees to a certain degree and now may be a time when they can't, and I think what -- again what Louis may have been getting at was -- and this is -- I certainly agree with you -- sort of outside the box of recent discussions of how the PTO is funded, and it's the battle -- of course it's been about diversion and the PTO should just keep what they collect. But you could make a strong argument after studying the role that the PTO in innovation -- that there's a lot of stimulus that could come from the PTO so to speak. I mean, if you look at what the Congress authorizes and where some spending takes place and analyze whether that really will have a stimulative effect, look at the stimulative effect of the innovations that have come in America over
the last 25 years. They create tens of millions
of jobs. And so there could be just a new way of
approaching this where the PTO -- we need to make
sure that the PTO is there to meet the needs of
innovators and meet the needs of our economy, and
that might perhaps require some sort of different
funding mechanism.

MS. TRIPLETTE: Well -- and I guess I
would see that point would offer those who
represent industry in the room that would like to
make that point to make sure that you have further
evidence presented to Congress of it, because the
problem is -- right now is the lag time between
R&D and it's very, you know, disconcerting to us
that we're hearing that R&D is being flashed,
which is going to result in fewer innovative
products which -- fewer patents -- and it's hard
to see that lag time to see, you know, slashing
R&D here or cutting back on a number of patents
cuts -- what effect that will have three, five,
six years down the road. And so that's -- I guess
you're saying we should take a look at this. My
response back to you is a request for evidence.
Studies.

SPEAKER: You know --

MS. TRIPLETTE: We thought a lot of you
think things like that.

MR. RIVETTE: It sounds like a good
place to do some of this.

MR. PINKOS: I think you're -- I mean,
you're absolutely right. I mean, first of all,
you know, it's also an operational issue for the
Office. If there -- if it's tight budget times,
etc., the first thing any agency, of course, needs
to do, is demonstrate everything they're doing to
live within their means, etc., and, you know, I
guess -- maybe I should apologize a little bit,
because it wasn't necessarily a question; it was
more of a speech.

MS. SHEPPARD: We're used to that.

MR. PINKOS: I guess the speech to lay
the groundwork for some, you know, potential issue
to look at going in the future, and I think,
speaking for PPAC, it's something that we're involved with looking at and would certainly be happy as we gather information of course to share it with you all.

MR. PATTON: And one other area, too, I'd like to add. I don't know if you're aware, but under John Doll's sponsorship, PPAC did an outreach program of virtually every constituency that affects your patent reform. We looked at high-tech practitioners, large corporations, tech, manufacturing, energy, aerospace, financial; and we have created quite a document that may be beneficial in the refinement of some of your thoughts and processes. And regarding scope and feedback, I think PPAC has facilitated that and it is very fertile territory to understand some areas that Mr. Specter or others may find of great value. And the report is -- has -- there's hundreds and hundreds of hours that have been spent, and I just want to make -- are you aware of this report?

MS. TRIPLETTE: I am, actually. I -- we
were -- I do remember receiving it and going
through it, so --

MR. PATTON: Okay. If there any
questions, or if there are any areas that, for
instance, it would be beneficial for us to expound
on, to invest more time, we also would like the
feedback.

MS. TRIPPLETTE: Okay.

MR. PATTON: I mean, if there are
certain areas, I think it would be of great
benefit, and we would be extremely interested to
help.

MR. ADLER: See, in this regard, we're
very concerned about quality and pendency. Again,
certainty, all right? So, in the discussion --
and I didn't realize you were sitting there, but
that's good -- we were trying to figure out,
without saying it -- it was the inequitable
conduct conversation, right? It was that same
question again about how do we get people to
provide to the Office prior art so that the Office
could do a better job without this fear that this
is going to be used against them, and it's that same dynamic that plays out here in different ways than if -- oh, sorry -- it plays out here differently than it may play out in court. So, it's just another -- it's another perspective on the same discussion from a different angle. So, yeah, it's good to -- I'm glad you're here, and it's good that you might be able to hear some of this as it fits into the patent reform discussion. Thanks is what I'm saying.

MS. SHEPPARD: You mentioned quality submissions, and that's one of the questions I do have for you all, the question that we've had with some of the stakeholders -- is I think the underlying principle of putting better, more narrowly tailored information before the Examiner is a goal that everyone agrees on. The question is how do we do that? How do we do that without disadvantaging or having -- what are -- without having negative consequences? We wanted to find out if there's ideas on incentives, because there is the accelerated examination program that
requires quality submissions, and that seems to
work -- I mean, the data is still out somewhat.

SPEAKER: Yeah.

MS. SHEPPARD: But we are more than --
we really want to hear your suggestions on how we
could get better data before better -- I'm sorry
-- just before the Examiner if it's not AQS as
it's currently drafted.

MR. RIVETTE: Let me --

SPEAKER: Yeah, go ahead.

MR. RIVETTE: So, one of the ways we've
been thinking about it -- or at least some of us
have -- we haven't really broached this idea --
you want certainty? You want this to be more of a
business document so people can understand it
easier? I mean, I've watched CEOs pick these
things up, and unless you've got, you know, the
decoder ring and the priesthood robes --

MR. ADLER: Right.

MR. RIVETTE: -- nobody understands what
this thing is.

One of the problems that we've always
felt -- or I have and a couple of the other
members -- is the accuracy with which words are
used. You can be your own lexicographer.
Absolutely. But if you're going to be that, why
not require, like in many documents, like
contracts, that we actually have a section which
has all the definitions you're using, because many
times I've read through the patents and we have
one definition, we have a slightly different one,
we have a third, we have a fourth, and now we are
into the court problem. This is not the edge
case, this is the problem that -- for examination,
so Robert's -- an Examiner is here. They have a
very difficult time. We are now asking them to
search all the permutations and combinations, when
in fact what we should be doing for prior art
searching and stuff is have a way that we can
identify these pretty quickly, narrow down that
search, understand what the real invention is. I
know there are people that will, you know, moan
and groan about this, because they will say, you
know, it doesn't give you a look- back 15 years
later as to what your real invention was. My
suggestion is that's not what the patent systems
was designed for.

MR. ADLER: Right.

MR. RIVETTE: It was designed for you to
come to the Office with your invention, you
articulate your invention, and then we decide
whether or not you get your limited monopoly.

MR. ADLER: I -- yeah.

MR. RIVETTE: So, those are the sort of
things that I think if you really are looking for
certainty in the system, they're easy fixes.
They're the sort of things that would probably
help both the courts and the Office.

MR. ADLER: And I also think there could
be incentives, as opposed to requirements, that
change the way in which people who do the right
thing in terms of providing the information and
are cooperative get some kind of a break in the
process. In other words, they're moved up to the
top of the line. Maybe their cases get examined
before somebody who doesn't. So, the changed
behavior by incentives rather than rules that everybody then try to find the way around. So, we do need some different approaches, and hopefully we're having these kind of conversations to try to change that both on the definitional side as well as on the process side.

MR. WESTERGARD: You were able to sit in the meeting earlier and overhear our discussion on quality. We intended to go through a whole series of those issues as the meeting progressed, and one of those was precisely the question of information disclosure statements. The PPAC has been very concerned about the quality-input-equals-quality-output question for some time and in our 2007 annual report made very specific recommendations with respect to modifications of information disclosure statement rules to encourage meaningful submissions as opposed to huge submissions that require boxes and boxes of data. And you shove that on an Examiner, and they still have their same allotment of hours to examine the application, you've created quite a mess for the
applicant. PTO has presented rules to OMB, and
they have come back on information disclosure
statements and we'll talk in more detail in the
meeting, but one of the issues that is closely
tied to that and the reluctance of the Bar to
follow those rules or to support them would be the
impact of inequitable conduct on what happens if
PTO limits -- or imposes an obligation to disclose
25 references and the 26th reference turns out to
be the one that a court later finds should have
been disclosed. And so the question is -- or the
advice is to somehow get inequitable conduct to
the forefront in a bill that alters the
obligations or the penalties that could be imposed
on legitimate applicants who are trying their best
to comply with the rules but then who miss out on
a particular reference that for one reason or
another didn't get disclosed.

MR. DOLL: I just wanted to add, if I
could --

MS. TRIPLETTE: -- just quickly. I
don't think you have to worry inequitable conduct
being on the forefront of (off mike) any bill.

MR. WESTERGARD: Thank you.

MS. TRIPLETTE: Yeah.

MR. DOLL: I wanted to add that we're not limiting the number of references that you can submit.

MR. WESTERGARD: Certainly. What --

MR. DOLL: Once you reach a threshold, we're going to ask for more information about the additional references.

MR. WESTERGARD: That is the status of the rules package. I knew that. I was just trying to --

MR. DOLL: You were just trying to see if I was awake.

MR. WESTERGARD: That's right.

MR. DOLL: Okay. You got my attention.

MR. ELOSHWAY: I wanted to offer a couple of thoughts on this topic for Ryan and Christal's benefit when you were asking the question -- when they were asking the question do we have any data or anything on this quality.
issue, and the answer is yes, we actually do. You recall some of the characteristics of the applicant quality submission were some sort of pre-filing search, more narrowly tailored claims when they're submitted so that the application is more focused by the time the Examiner picks up the application for examination. The Patent Prosecution Highway system that we have put in place bilaterally with a number of offices in nearly every respect mirrors the applicant quality submission arrangement. Some of the requirements are that you have corresponding applications filed in the partner offices, that the first office finds one or more claims allowable in the first office, and then the applicant narrows the claims for prosecution in the second office to those that were allowed in the first office. So, you have the elements of the AQS, that you have a search before the USPTO Examiner picks up the application for examination. With claims that have already been narrowed in scope based on an examination conducted in another office, presumably that
carries with it some degree of reliability and confidence.

And let me just kind of give you some numbers that show you what the impact of that kind of arrangement might have. We've received -- since we started the program in a pilot phase with the JPO about two and a half years ago, we've received 1,026 PPH requests. Now, the numbers are small but they are trending upward fairly substantially month to month. The allowance rate overall for PPH cases that have been prosecuted to disposal is about 94 percent, which is double -- well over double -- our published allowance rate. First action allowance rate is also about double the first action allowance rate for ordinary cases. He actions per disposal in PPH cases is roughly half of what Actions per disposal are in other cases, which represents a large potential efficiency gain. And there's also a pendency savings for PPH cases, but there -- it's impacted, to some degree, by the amount of time that those applications have spent in the cue before the
request was made. Once the request is made, we --
and granted -- we turn around the first action in
those cases between two and three months on
average. So, that significantly cuts down on
pendency.

I just wanted to offer these thoughts to
you as some representative data that we have that
shows that that kind of pre-examination screening
definitely does work. The issues are, however --
this is an applicant-driven process. It's a
voluntary process. So, it's ultimately dependent
on the applicants participating. Some of the
aspects of it might not be to the liking of many
applicants. Some applicants simply don't want
accelerated prosecution. They would rather have
their applications sit in cue for a while -- this
particular case in pharm and biotech -- so, it's
not surprising that a lot of our applications tend
to fall in the high-tech and manufacturing-related
technology centers. Many of those technology
centers, though, by the way, also have the highest
pendency, so we are seeing a corresponding large
impact there, albeit of a relatively small size given the numbers.

And then there's also the requirement to tailor the claims. Applicants ordinarily don't want to be limited to the specific scope of claim before they have had a full hearing. But for those applicants for which this kind of a process fits the bill, the process works and, to the extent it can be extrapolated in the larger sense in terms of what we're talking about as far as quality, information disclosure statements, AQS, and the like, these data seem to show that that process really works.

MR. ADLER: I think that the whole idea of this PPH -- the Patent Prosecution Highway -- the collaborative work with the other offices is very good. I mean, it's a very good thing. We still have a problem with the pendency of those applications being much too long to what really creates certainty in the marketplace. These cases are still pending at least double what we probably would like to see as a final goal. So there's
still work to be done on the pendency side. What, 36 months pretty much on these?

MR. ELOSHWAY: Well, no, actually some of these we have -- in some technology centers, and I don't remember which ones off hand but I think they may have been the ones where we've had the highest pendency, there's been a pendency cut for these cases that have been prosecuted to completion of somewhere in the neighborhood of 12 to 18 months.

MR. ADLER: But that's from when, counting from what date?

MR. ELOSHWAY: That is as compared to the overall pendency for all applications in those technologies.

MR. KIEFF: He's asking whether you're measuring to -- as your start date being entry in the U.S. or original file overseas, and I think what Marc is suggesting is that the actual effective total pendency is upwards of around 40 months.

MR. ADLER: Well --
MR. KIEFF: But we don't count -- for our pendency purposes, we don't count foreign priority. We only count the U.S. filing date, so our pendency --

MR. ADLER: But the --

MR. KIEFF: But the applicants in the markets in the real world and everybody on the street.

MR. ADLER: But that's been -- from the date of filing to the grant is pendency. So, you don't count the first 18 months, so then --

MR. KIEFF: So, offering somebody --

MR. ADLER: You had to be 12. After that you're still at 30-something.

MR. KIEFF: So, offering somebody a one-day solution on top of a thousand-year problem doesn't help them.

MR. ELOSHWAY: I understand that.

MR. ADLER: We need more work on that.

MS. SHEPPARD: But the thing --

MR. ADLER: He's got the right -- it's a good idea.
MS. SHEPPARD: Yeah, at the same time
the Patent Prosecution Highway and other
initiatives are one quiver in the arrow. I mean
one arrow in the quiver. I mean --

MR. ADLER: We understood --

MS. SHEPPARD: Right. There is no magic
bullet that's going to fix backlog, pendency,
quality; and I think that what the PTO is trying
to do is trying to solve some of those problems.

MR. ADLER: I think he's right.

MS. SHEPPARD: And we have to at least
acknowledge that they are making efforts.

MR. ADLER: Well, I was trying -- well,
trying to do both at the same time. I probably
sounded too critical, but we could talk more
about. But I do think it's the right thing, I
just think we need to work on the pendency side,
too. That's all.

MR. KIEFF: But just to build on that,
and maybe I'll invite Damon to jump in on this as
well just so that you don't have to sit through
the rest of the day, that we'll mention another
topic that has come up where we, I think, as a
PPAC really had an idea in mind. The Office, I
think, in very good faith, tried to respond to it,
but I think that we might have missed
communicating with them, which may very well be
our fault, by the way, not theirs.

MR. ADLER: Um-hmm.

MR. KIEFF: And so we'll pass this
along, because it's been a topic of public
conversation as a bright idea, and I think we
would see it as actually not just a not helpful
idea but a damaging idea, so here it is. One of
the things that we had really felt was important
was to get an operations management systems
analysis understanding of what are the market
forces within the organization that drive the
internal allocation of time and work and things
like that, and what are the market forces and
real-world pressures that drive a decision by an
applicant for her to file a big document or a
short one, for her to do an IDS or not, for her to
-- right? And so we had called for a more market-
based analysis, for example -- the inside and the
outside of those questions -- and what we got back
was a chief economist office and a chief
economist, and we're troubled by that for two
reasons. One, we see it as not an economics issue
but a systems analysis management, operations
management -- there are lots of buzz words out
there -- but it's not economic policy. It's basic
internal operations.

MR. MATTEO: Right, it's the
intersection of nanoeconomics -- i.e., within the
dele walls of the Patent Office -- with the
broader macroeconomic situation, which is also a
microeconomic situation.

MR. KIEFF: So --

MR. MATTEO: To the point of, for
example, we're talking about quality exams and an
IDS, etc. You're wondering if the rationale for
not filing or filing an IDS, and Scott quite
competently pointed to the 3 or 400 or 5 or $600
per hour attorney fees. Well, when by and large
-- and again, this is a blunt instrument -- by and
large corporate America has turned patent prosecution into piece work where you're driving pressure on the basis of cost -- I want a $15,000 patent; I want a 10 or a 12 or an $8,000 patent. I mean, that in and of itself suggests that people aren't thinking deeply about the implications of what they're doing. You cannot get a well-considered, well-prosecuted patent for 7 or $8,000, including attorneys fees. You just cannot do it. So, I think there's some broader principles operating here, and to the extent that the Patent Office is able to step back, factor in the macro, micro, and nano principles here, take a look at the broader work process -- what are the intersection and entry points for interaction with the market, which is really who we're serving here because the market drives innovation, and fundamentally take a look at the way people make decisions rightly or wrongly -- I think that's the approach that's going to get us where we need to go.

MR. KIEFF: And then -- so just to then
restate this, you know, we asked for a screwdriver
and we got back a hammer, okay? So, that's one
kind of problem. But then the other -- so not
only does it not help, but it hurts because that
hammer is now on a search for nails, and
everything in the world is going to look like a
nail to it. And so there are a lot of people --
and it's going to whack them -- and there are a
lot of people out there who shuttered at the idea
that the Patent Office would have a chief
economist, because economists -- and I'm somebody
-- I love economics, I do law in economics, I
think economic policy is a wonderful thing, but
we, the United States, make the economic policy
decision to have a patent system in your office
and at the White House and in the voting booths,
and that should not be in the Patent Office,
right? That's a much broader macro policy set of
questions, and so the job description for the
chief economics officer is really going to
integrate into the internal operations and the
nuts and bolts of the patent system in a way that
it should not. And so this is just another area
where we were going to be talking later. We
figured while we have you here it would be useful
so that you -- we hope that provides some nice
context.

MS. SHEPPARD: It does.

MR. RIVETTE: Okay, I know that Ryan's
got to catch a plane.

I want to thank you for coming in. It's
never the easiest thing to sit here. Okay, why
don't we sit down. It's taking a little longer,
so why don't we convene.

Okay, where's Damon? Well, let's just
start. What I'd like to do is -- Jim made a
comment that he was going to make, and we will
then use that to wrap up Quality. Then, Dave, if
you'd go into the IDS stuff, and then we're going
to probably break for our speaker at about 5 to
12. So, Jim.

MR. TOUPIN: I thank you. When Marc and
Scott were having their exchange on people not
reading the references before they submit (off
mike) their claims, deputy commissioner (off mike) tapped me on the shoulder and said I should say something about this.

In terms of the comment that it's rational not to read, it should be recognized that not reading references and submit and had been brought to you by your client is in violation of our current rules. There is a rule (off mike) which as a duty of adequate preparation, and we took the position in the Information Disclosure Statement Notice of Proposed Rulemaking that not reading the references was a violation of that duty, and that would entail crafting the claims in view of what is there.

And the second issue, of course, that's been pointed out in literature, is the question of whether clients making a choice even assume that kind of duty of the lawyer -- the lawyer was obliged to tell the client that he or she had. The clients are making the choice to subject themselves (off mike) consequences because they unnecessarily have to amend claims in view of art
MR. RIVETTE: Why don't you explain --

why don't you --

MR. TOUPIN: Well, in -- under Festo --

MR. RIVETTE: Right.

MR. TOUPIN: -- if you amend the claim

for patentability reasons, you surrender the scope

of the doctrine of equivalence protection, and so

if attorneys are submitting those without looking

at them, claims without adjusting them in view of

the references they're submitting, they're

subjecting their clients to risks and their

clients may or may not know the risks they're

submitting themselves to.

The Bars have not -- at least in my

observation -- taken the lead in saying gee,

there's a best practice instead of indeed there's

an ethical practice in this area. And one of the

reasons for that seems to be that the externality

of the unnecessary actions that accrue because

people don't craft claims in view of what they

know isn't felt directly by others. And that gets
to, then, Marc's comment about whether the PTO should be engaged in rulemaking in this area. We certainly have an alternative.

We have made the choice not to be enforcing rules against apparent infractions of our ethics requirements that we might discover in the course of applications. We could take the position that if you have a large IDS and we find a 102 reference in it that is either a failure to adequately prepare or deliver it bearing of a killer reference in violation of rule 56 in inequitable conduct and take the position that we should prosecute you on that. We took the position -- one of the things that influenced the IDS proposal is that we didn't want to be punitive, that that was not a useful way to proceed in this area, and it was better to say gee, if you're going to give us a large submission, we won't guarantee we'll look at it unless you give us some more information which guarantees that you have read it and thought about it. So, just in terms of the discussion I thought
we ought to sort of state what -- from our perspective what the state of affairs is.

MR. KIEFF: So, I just -- I just really have to advise you that you're making a horrible mistake. If you were to think that the cost --

MR. RIVETTE: Scott, you've got to be closer to this thing.

MR. KIEFF: You are making --

MR. DOLL: It's not on.

SPEAKER: It's not on.

MR. DOLL: I'd like to say if you can't hear yourself in the speakers overhead, the webcast people cannot hear you. These mics are working better, but please speak loudly and into them.

MR. KIEFF: Okay. Does this work?

MR. DOLL: No.

MR. KIEFF: No?

MR. RIVETTE: I've got to say we've got to do better next time.

SPEAKER: Well, you're (off mike).

MR. RIVETTE: Right.
MR. KIEFF: I want to make sure -- I mean, I'm sure I can get closer without (off mike).

MR. DOLL: Marc, these are not working. I apologize for this.

MR. ADLER: Come over here. All right, go ahead. Push the button.

MR. DOLL: Marc, why don't we just stop it? Which is --

SPEAKER: Is this one --

MR. DOLL: No.

MR. ADLER: That was working a minute ago.

MR. DOLL: Unbelievable. Is this one working?

SPEAKER: No.

MR. DOLL: No, none of them work.

MR. RIVETTE: None of them work.

SPEAKER: This is working.

SPEAKER: Okay.

MR. KIEFF: Okay. I think the fear is that there just has to be a recognition that the
very, very, very broad net that is cast by Rule 56 and the duty to disclose means a very, very, very large volume of information, and I fear that you are saying that when that large volume gets presented to you, it creates problems for you. And I -- is that not what you're saying?

(off mike) going? All right.

MR. TOUPIN: I mean, it's part of what we're saying.

MR. KIEFF: Okay, so then let me continue.

MR. TOUPIN: But Rule 56 -- I mean, this -- we're getting to one of the problems of the rule of the courts versus the Office. Rule 56 requires a very narrow disclosure. Only what would make a prima facie case (off mike) is inconsistent with the position you're advancing. The courts have taken a much broader view of inequitable conduct doctrine.

MR. KIEFF: Okay, but let me -- let me try it this way. My understanding, which could be wrong, is that a very large number of
practitioners have the understanding, which could
be wrong, that there's a high likelihood that some
nontrivial number of courts, which could be wrong,
would read the law in a way that would encourage
them to act in a way that would be really bad for
the patentee, okay? As long as that has some
degree of correctness associated with it, then it
would also be correct to expect those people to
uncover large quantities of art. If you tell them
that their lawyers are committing malpractice or
an ethical violation or some other very, very
serious problem if they don't read that art, then
they will bill at the rates David mentioned of
massive quantities of hours, and you have to
recognize that that will make the cost of
interacting with you so expensive people will not
interact with you, or people with interact with
you because they simply won't take you seriously.
And so my advice to you is that it won't help you
not to be taken seriously, and it won't help you
to cause people not to come to the U.S. Patent
Office. So, that I think is all I'm really
saying, and I think you're not baking that into
your analysis enough.

MR. TOUPIN: Scott, that analysis has
probably been taken into account from the fact
that we haven't been enforcing the requirement.
That is to say we haven't --

MR. KIEFF: But that's --

MR. TOUPIN: But let me finish, let me
finish, okay? We haven't gone after people. The
problem is that inequitable conduct is the only
incentive system in play. That is to say, the
countervailing incentive to give us what is really
material and to actually craft the claims in view
of what you know is not an incentive that is
currently in the system, because it is being
ignored. I can think of no other tribunal where a
lawyer would give evidence to the tryer of fact
without knowing what -- without looking at what
that evidence is and regard that as adequate
preparation.

MR. KIEFF: You're not the tryer of
fact, and it's a huge mistake to think that you
are. The court is the final arbiter of fact, and you are the administrative agency that's designed to help begin to build the record for the court. And it is really seriously dangerous for you to think otherwise, because what you do is you provide the very, very powerful, heavy-handed incentives that you're describing without the finality that the applicant would want. They can only get that from the court.

MR. TOUPIN: What's happening if somebody is filing killer art mixed in that he doesn't know about, hoping that the Examiner will find it --

MR. ADLER: -- valid claim.

MR. TOUPIN: -- so that his client may get a valid claim is that effectively he's valuing avoiding inequitable conduct charges more than valuing getting valid claims out of the Office.

SPEAKER: I just don't understand --

MR. ADLER: It's still an invalid claim.

SPEAKER: All right, so you get --

MR. ADLER: And therefore hopefully with
the quality metric that catches what happens to that claim if it gets litigated, it would show that that process is flawed. In other words, the idea of doing that didn't really -- doesn't really work in the long run, because the patent is going to be eventually invalid, right? I'm just trying to encourage people to do the right thing. We're on the same page, so, you know, whether you enforce it (off mike). We should at least maybe educate them more so about this need to read the references, that they're going to be submitting them, regardless of the rank of enforcement. We should just tell them, again, over and over again -- by the way, you know, you're going to submit an IDS, you know, you have to -- you should do the references that you're submitting, because in the long run you're not going to get a valid patent anyway.

MR. RIVETTE: But I would also --

MR. ADLER: I'm trying to get to the place where we get a valid pack.

MR. RIVETTE: Well, I think it would
also go back to the analysis of what the courts are doing and how the courts are handling this, and if we start to see -- and we can post that doing it the old way actually doesn't give you anything, and we can show data on that fact. Again, that's a behavior modifier. Right now we don't have a regressive analysis. We don't have a way to articulate that to the public.

MR. ADLER: Well, we -- this is some of the dynamic that I heard. It would cost me too much money to do a search. Therefore, (off mike) 7800, $8,000 --

(off mike) that you guys --

MR. RIVETTE: We can show data on that fact. Again, that's a (off mike) modifier. Right now we don't have a regressive analysis, we don't have a way to articulate that to the public.

MR. ADLER: Well, this is some of the dynamic that I've heard. It would cost me too much money for -- just spend, what 7800, $8,000. I'm just going dump $8000 to have a patent application and file it and let you guys (off
mike). Economics (off mike) just makes no sense
to me. And then if there is a file and save
myself the difference between 7800 and (off mike)
right? Even if the search is $5,000, okay? So
there's so many patents --

MR. RIVETTE: I know what he's going to
say, you know, but (off mike) is so -- there's so
many patents.

I'm sorry.

MR. ADLER: -- Well, that's your own
problem, you know, it's your patents, you know,
you wrote those. Your companies have been writing
those patents, so therefore you've got to search
them. Don't blame, you know, (off mike), you
know, that (off mike). You know the -- you know.

MR. RIVETTE: So, I think what --

MR. ADLER: What the point is -- if you
search, you've got to make the (off mike)
decision. So, I'm just having trouble with --
well, you're not going to get a quality package if
you don't search.

MR. WESTERGARD: Aren't we talking about
two different things though? On the one hand, we're talking about the obligation to search and your points -- I understand your point about whether somebody should in good faith perform the search. That's different from the question of dumping art that has not been read or understood on the Patent Office. So, you've got your collection. I don't know who remembers looking at the 2007 report -- 19 boxes, 5 stats that I can see of 2 feet high upon an Examiner's desk, and I am convinced that the applicant -- neither the applicant nor her attorney read even a small portion of those, and so it's still a -- the question is how do you incentivize the disclosure of the art that you know the applicant or the attorney is aware of and believes to be the most pertinent. I think it's still (off mike) in the confines of inequitable conduct risks that I think were overblown myself.

MR. ADLER: And I'm trying to do that by showing through the cycle that those patents are (off mike) and therefore they're not quality and
that whole process was flawed. I mean, the people
who practice that way are not getting the client
-- the applicant is not getting any value for
their money, so I --

MR. WESTERGARD: Except for the millions
of dollars in license fees that they generate
before the court will ultimately declare the
patent to be invalid.

MR. RIVETTE: I think we've gotten
through this one. I think we understand what the
issue is.

MR. WESTERGARD: Kevin, just to pick up
-- I mean, we keep -- this (off mike) was the
issue I've been assigned to lead the discussion
(off mike) discussion we've been rather fulsome
and enjoyable, but the -- as it stands, PTO has a
rule package that has been -- that is out there
and that has cleared OMB and is back in the hands
of the Patent Office awaiting somebody's decision
to finally publish the rules, is that correct,
John? And so the ultimate question I think we
should address today is whether PTO should issue
those rules and recall that the rules are that you
can submit as many references as you want, and if
you submit more than 25 references, then you must
present a more fulsome explanation about what the
reference is and what it discloses and how it
relates to the patentability of the client. Did I
go too far there?

SPEAKER: I know.

MR. WESTERGARD: And so the -- in my
mind, those rules could be presented, and there is
still a risk that the courts would not agree that
that is the end of the applicant's duty and would
declare the applicant has, in fact, an obligation
to disclose more than PTO even requires. And
that's a disconcerting place to be. But the only
alternative is to wait and see what Congress does
in a patent reform bill that includes inequitable
conduct reform --

MR. RIVETTE: Right.

MR. WESTERGARD: -- and that may -- the
bill may or may not happen, in inequitable conduct
may or may not be in the bill, and so my own
personal view is that the PTO should make the
decision to go final on the rules, and if I could
just (off mike) about the information disclosure
rules and allow the courts to sort through it.

MR. LOVE: Just to, I guess, clarify one
of your points, Steve, there are (off mike) when
you're talking about IDS or IQS or auxiliary
exams, there are varying degrees of what we think
it would require in terms of explanation of
references and why you cited them. In the case of
IDS, all we're asking for is that you identify
what part of the publication caused to cite it.
So, there's no mapping of the elements to the
claim. There's no explanations why these (off
mike). Simply, fairly straightforward statements
to what caused -- identify what caused you to read
the (off mike) you cited to us.

MR. WESTERGARD: So, it's something
short of the obligation of the AQS.

MR. LOVE: Oh, very much so. Very,
very, very --

MR. RIVETTE: Okay, I want to wrap this
up. I think it's time for lunch, and we have a
guest speaker, and Louis, if you'd introduce our
guest speaker.

MR. FOREMAN: And he is here.

SPEAKER: Outside?


MR. RIVETTE: That'd be great. One of
the things we try to do during these sessions is
to bring in speakers that have multiple different
views. These speakers don't represent the Office.
They don't represent PPAC. But they are typically
controversial. They are typically provocative,
and their views are their own. They are not ours.
But they are brought in so that they -- all of us
can have a chance to think about those ideas and
understand other points of view. So, that's why
we've done that.

Do you want to -- oh, here. Does it
work? No. Here. Take it right here.

MR. FOREMAN: Thank you, sir.

MR. RIVETTE: Okay. We're very
privileged today to have Dr. Gary Michaelson here
to speak to us on behalf of intellectual property and the value of patents and his own thoughts on patent reform as well.

I met Gary a few months ago after learning about his successes and how prolific an inventor he is. In doing some research, it turns out that Gary has over 900 either issued or pending patent applications both here domestically and foreign. Being such a prolific inventor, I'm not sure a lot of people know of Gary and his success, but if anyone has ever had back surgery before, they've probably been a beneficiary of the inventions that Gary has created.

His story, besides being inspiring, is very thought provoking, especially as we debate patent reform and the issues related to all that. So, without taking up too much of his time, I'm just going to turn it over and introduce you to Dr. Gary Michaelson.

MR. MICHELSON: Can everybody hear okay?

MR. RIVETTE: So, Gary, if you don't mind, we're going to circulate and get some --
MR. MICHELSON: Oh, no, please -- would it be better. It seems rude that people looking at my back -- would be better if I stood in front and then everybody could see me, I could see them? Would that be better?

MR. RIVETTE: If it's fine. It's truly up to you, what you feel like.

MR. MICHELSON: We'll be less rude to the people that are kind of behind me I think.

MR. RIVETTE: And while we're doing this, feel free to get some lunch.

SPEAKER: Get some lunch.

MR. RIVETTE: And it is on, Gary. You guys -- we've got one of the only lights that work.

SPEAKER: Give everybody a chance to go grab their lunch and come back? Is that --

MR. RIVETTE: Yeah, we'll take five
MR. MICHELSON: Good afternoon. Thank you very much for inviting me here to speak with you today, and I'm going to try to be brief so we leave some time at the end where we can discuss these things, and I'm going to apologize in advance. I may need to look at these once in a while. I'm on so much cold medicine, I'm forgetting my name.

Okay, the big subject is patent reform, and I think that breaks down into three areas: The law, which, interestingly, has been changing a lot lately; the courts, not so much; and the Patent Office itself. And what I'd like to do initially is focus on the Patent Office itself, and hopefully I have a modest little proposal that will make your lives better.

So, the comments I'm going to make are based on three beliefs. The first one is that the principle of patents is sound. We have to have some phase that we believe in, so I believe that the principle of patents is sound; that is, you're
going to grant a time-limited, exclusionary right
in return for the free flow of information rather
than the old trade secrets kind of thing, that
that stimulates industry and commerce and serves
the public good. So, I think everybody in this
room holds that to be true or we wouldn't have
this Patent Office.

The second thing is that free
enterprise, with its synchronon of competition
does exactly the same thing. It feeds industry
and commerce. Competition is good.

And, finally, that the free flow of
information is vital, because that's what allows
people to become stimulated and have further
thoughts in developing the things that come along.

So, those are the three things, and I
think that the free flow of information is always
discussed in business books as being necessary for
efficient markets. But in reality it's necessary
for efficiency itself. So, the three areas that I
want to talk to you about today can be divided
into essentially smarter, faster, and open.
So, interestingly, there are two totally unrelated aspects to smarter. The first one is I would venture to say that no matter how hard you get your Examiners to work, you will not be able to clean up your backlog, because working harder isn't going to do it. So, the only option is to work smarter. To that end, I think it's necessary for the Patent Office to be at least break-even if not profitable and that's (off mike) lots easier said than done, but it's not really.

The other smarter is we need to have people who are literally the best in their field examining those specific patent applications that are in their field and require that level of intelligence. Last week in the newspapers there was a story about a gentleman who worked at the Securities Exchange Commission, and he gave an interview to the newspaper and this is what he said. He said there isn't anybody at the SEC that ever understood the leverage that was being created by these mortgage security derivatives. He said we had no idea it was 30 to 1. So, we
have to bring to bear people that have the level
of education, the skill set to make sure the
Patent Office can do the job, and it doesn't have
to get cleaned up in the courts, because that's
what's going on right now. A lot of this stuff is
getting cleaned up in the courts, and it should
not be that way. So, how do you get these people?
Well, you pay them. And you have to offer them as
much money as they could make in the fair market,
and you have to convince them that this is really
a career, not a revolving door.

Okay. I'm going to represent to you
that I think that Examiners don't cost the Patent
Office any money at all. I'm going to lay out a
model where they make money for the Patent Office.

Okay. So, let's talk about open for a
minute. Open is the essence of this little modest
proposal. I think the patent system should be
converted from an ex parte system to a totally
open and transparent system. This is how I think
it should work. At day zero, a patent application
is electronically submitted, and with two
exceptions it publishes that day.

The first exception is for national security interests. National security will flag those areas of concern so that those do not publish until they review them. The second area is where the applicant says I don't want this application published. I want to keep it secret. Now, why would somebody do that when you (off mike) patent protection until the patent issues? It seems counterintuitive. But the answer is the applicant might perceive that they have a very narrow opportunity to exploit a particular market, and what they want to do is use the time to ramp up production so that they can be first to market and flood the market. So, I would propose that we modify the provisional application so that somebody can, if you want, hide an application for no more than a year. But at the applicant's request, it's immediately converted into a (off mike) disclosed utility patent.

Now, when these applications publish, they're available to all interested parties. So,
if I'm in the heart catheter business -- J&J or Boston Scientific -- I've got my computer set up that every time one of these applications publishes in that field, it comes on my computer.

Now, here comes the sweetest part of this whole thing. Who do you think knows the prior art better than anyone in the world? I will guarantee you it's Johnson & Johnson's competitors or it's Boston Scientific -- they know the prior art, and who has the most to lose if an invalid patent issues and they have to spend years trying to get around it, fighting it. So, they're motivated and they know the prior art. And here's something even better. I believe that almost every middle-size company, and certainly every large company, either employs or retains patent counsel. These are very qualified people. They know what they need to send to the Examiner. And they have something that the Patent Office doesn't have -- the Examiner certainly doesn't have -- and I call it the minions, the hordes, the masses. So, there are companies that have over 10,000
sales people canvassing the whole world with an e-mail from in-house patent counsel. They will go out and look for, they will talk to people, and they will find prior art. And this is prior art that the Examiner never would have found. So, here's an example where the mountain really is going to come to Mohammed. He just has to sit back now.

So, from day zero to day 60 -- I call that the period of objection -- somebody can log onto the site, get direct access to that file, and they want to make a submission, which will become part of the file. To do that, they have to do two things. The first thing they have to do is sign a waiver, an electronic waiver, of privacy that allows the Patent Office, if it so desires, to go to their internet service provider and determine the true identity. And the second thing they have to do is provide for a method of payment. So, they can have an account with the Patent Office or they can give you a credit card. But I think those two things in combination should hold down
any potential for mischief.

Now, this may sound strange, but I think that if people want to raise objections to this patent issuing -- and it's got a claim set -- then they need to pay to do that. And I'll leave this up to you, but just for the fun of it, I think the first page is $250. I think every page thereafter is a hundred. I'll tell you why. Because I think that a Examiner can read that page in an amount of time that a hundred dollars will cover his work.

If somebody walked into a law office, a large law office, and he's hauling 20 boxes, banker's box of documents, behind him and he gets to the managing partner and he goes man, I got this huge case, the managing partner doesn't start tearing his hair out, nashing his teeth, (off mike) his clothes, and going no, don't do that, that's too hard, it's too much work. They love it. They love it, because their intention is to provide fair value for the payment received and to charge for the work done.

That's what we're not doing in the
Patent Office. People should pay to play. Not everybody needs the same amount of work, and you should have whatever you want, but you should have to pay for it, and it's between you and Congress but I think the Patent Office should be allowed to make a profit, because we need that money to hire more Examiners -- and not just more examiners, people who will stay here, people who will make their career out of this and people who have very, very specialized expertise. I can't imagine somebody that doesn't have a PhD in biotechnology examining a patent on messenger R&A interference. How are they going to that? That's in the courts. So, that's what I think we should be doing now.

So, my idea was $250 for the first page, a hundred for every page thereafter. But someone might only need one page, because the page they submit could really just be an index that lists a column -- column 4, line 17, of reference 1 and column 7, line 6, of reference 2. If you combine them that is this invention. It's obvious to combine them. So, now the Examiner just looks at
this one piece of paper, and I believe that you
should be able to submit all references for
nothing. They're prior art. So, they get
submitted and you should be allowed to either
highlight it, bracket or underline it, so the
Examiner can open it up and go directly to the
relevant text. He'll make the decision, what he
thinks about it.

Now, during the 60-day period when
people are free to object, the applicant is free
to do two things. He can respond to those
objections and try to overcome them, or he can
revise his claims. And I must say, though I don't
work here, I think everybody in their right mind
puts their house for sale for a price that's
higher than what they'll accept, because nothing
feels worse than to put it on the market and the
guys says I'll take it. So, applicants ask for
claims that are broader than they deserve. I'm
sure I'm not whispering anything.

What we want them to do is submit their
best claims, not their broadest claims. How do we
motivate them to do that? Well, the first way is
if they modify their claims during the objection
period, there's no charge. But if they do it
after the objection period, they should have to
pay half the price that the claims were
originally, which will bring us to another point.
I know the Patent Office has talked about, in the
past, has floated the idea of doing something
similar to Europe. One independent claim, ten
dependent claims -- and that's it, you're done.

   I'm amazed that that's worked as well as
it's worked, but I don't think that's the right
answer. What I do think the right answer is -- to
then charge, as you were going to at one point in
time, for each additional independent claim,
because that's going to require examination of
material outside the patent, and then to charge
for every dependent claim, but the ratio should
probably be about 10 to 1. So, maybe it's a
thousand or $2,000 for another independent claim,
but the other one is just 112 matter. All you
have to do is open up the patent -- is there
support for it or not -- so maybe that takes him a
half hour, 45 minutes. So, I do think a hundred
dollars more than covers it.

Now, if the applicant modifies his
claims after the expiration of the 60-day period,
he should have to pay half of the price of the
cost of the claims to submit the new claim set.
Why? Well, we will presume that after day 60 of
the objection period, the examination period
starts and we're going to assume that the Examiner
has picked this up and he's ready and he's
starting to work on this claim set. So, now he
has to abandon that and start working on another
claim set. So, the Patent Office is entitled to
be reimbursed for his work.

Okay, what if there's a person -- let's
just say a college professor -- who happens to be
knowledgeable in this subject but he's got no dog
in the fight. He's certainly not going to pay
$250 to share his thoughts with the Patent
Examiner. But the applicant's competitors can
identify, when they log in to make their
objections, with a symbol that they're willing to
be a sponsor. So, now, the college professor
takes his prior art that he knows about and an
explanation and he sends it to one or all of the
sponsors. It cost him nothing. It doesn't cost
anybody anything. Now, who's he sending it to?
He's sending it to a knowledgeable professional, a
patent attorney. He's going to look this over and
go this is garbage, I'm not going to spend $250 on
this or he's going to say yeah, this is great
stuff, and he is certainly going to pay $250 to
submit that to the Patent Office.

I saw a number, and I don't know what
numbers you've seen, but supposedly the minimum
number now to try a patent infringement case to
verdict is at least $3 million per side. These
attorneys charge over $500 an hour. I don't think
any company is going to say that's $250, don't do
it.

Okay, now, what happens if the applicant
decides to be clever and he just lays back and
lets everybody protest these claims, and then on
day 59 without any charge he submits a new claim set. My proposal would be that there must always be 30 days for objections. So, if the objections arises in the first 30 days and he makes a change in the claim set, there's still 30 days for people to review that. But if he does it in the second 30 days, then the time for objection response will be continued so that there's at least 30 days. So, all he's doing is hurting himself. He's not hurting anybody else. And the purpose of that again is to try to -- I hate to use the word "coerce" but help the applicant to submit his best claims, not his broadest claims, and to that end we mentioned in the very beginning there were three parts to this patent system, and I'm going to try not to talk about the courts and the law. But I do think it would be helpful if an infringed inventor had the right to sue for damages back to the very first day that he published a claim that is infringed and wasn't changed. That really motivates them to get it right in the beginning. I think that would help.
Okay, now, what happens on day 60 or thereafter if it was extended? Examiner walks over, he looks at this for the very first time. Who knows what kind of war's been going on. But there's actually a thread of emails. This guys says he can read it all. He's sitting there reading it. Now, nothing's happened that in any way has negatively affected the Examiner. The Examiner still has available to him each and every tool he ever had available.

But now something else is going on. This is a true story. An Examiner in this Patent Office was presented with a patent application for a catheter to be used in the human body for pushing liquid cement through the catheter into a broken bone. This Examiner had actually examined cardiac catheters, and his immediate question was wait a second, can't you just take a cardiac catheter and use it for this other purpose, in which case this is no invention. He couldn't find out. How could he find out? But in this model, he gets to go online and post a request for
information or a question, and in response to that
the applicant, the objectors, and anyone else in
the whole wide world is free to respond. So, my
question would have been does anybody have proof
that a prior art catheter is capable of
functioning to deliver liquid cement into a
fractured bone? My competitors are going to go
get the toughest catheter they can find on the
market and run that experiment. He can't do that.
But these other people do it for him. So, he now
has some new resources.

Okay, the Examiner essentially has no
more than days. I know everybody's going that's
too quick. But it's really not too quick. Do you
know they have college courses where you take a
semester and it drags out for four months, and
then they have summer courses where they teach the
whole course in four weeks, but they're not
teaching you three courses. I think the Examiner
needs to concentrate on what he's doing, and 90
days is a reasonable period of time to accomplish
this. All he has to do is take the first action.
We all know what comprises first actions. So, for example, it could be a restriction requirement, and this is off subject, but since I have you here I'm going to tell you. I have never understood the thinking behind the custom and practice of how the United States Patent Office makes restrictions. They do it, to the best of my understanding, by drawings. Am I correct about that? Good. I don't want to be wrong about this, because that makes no sense. All the ones I got restrictions were by the drawings. They go these are in, these are out.

MR. LOVE: That's when you have (off mike) that's in the species.

MR. MICHELSON: Okay. So, hopefully you're going to tell me what I think, which is if you can write a single generic claim that covers the subject matter, then nothing should be removed from that, because it's all coverable I assume. In other words, things should be restricted by function. So, if one thing can contain all of it, it belongs together.
MR. LOVE: But for examination purposes the Examiner would examine it (off mike) claims, plus he would identify what specific species that they would concentrate on.

MR. MICHELSON: Right, but the problem is they divide the species by the drawings.

MR. LOVE: Yes, because the (off mike) situation (off mike) species are defined by the disclosure of the drawings.

MR. MICHELSON: Well, but, except I'm not sure that's really true, and so that the Patent Office does indeed do that. Here's my point. If I can write a single claim that would have covered two things that you restricted out, isn't that really unity of invention?

MR. LOVE: Better take this offline.

MR. MICHELSON: All right, let's move on. We'll save this for discussion.

MR. LOVE: Unity of invention -- the international standard is different from the U.S. standard. Species and generic claims are just a small part of the whole restriction process, and
that's (off mike) processes.

MR. MICHELSON: Of course.

MR. LOVE: And everything is -- each one has its own little idiosyncrasies. The point is that (off mike) international unity of invention standards are different from the U.S. standards.

MR. MICHELSON: Yes, okay. So, on this first action, the Examiner had 90 days. It could be a Notice of Allowability. It could be a restriction requirement. It could be a demand to redraft the claims. Or it could be a Notice of Unpatentability, in which case the applicant would have available to him exactly what is available to Mel. That would not change.

Okay. This little modest proposal I have -- what are the advantages? Well, the first one is time, and I think this is interesting. Manufacturers used to have warehouses where suppliers came and delivered trucks full of goods, and then the manufacturer moved them out of these warehouses to his assembly line. One day the manufacturer looked up and said what am I doing?
That over there is dead money. That's tied-up money that isn't making any money. That's a drain on productivity. I don't want it anymore. And he called up the supplier and he said listen, every morning at 8 o'clock I want you to deliver just the amount that I can push through my assembly line that day. Just-in-time delivery it's called. You download (off mike) your iPod so it could be 7 minutes long. You don't download it in real time. You download it in 20 seconds. So, someone once said time is money. Well, compressed time must be even better. The point is how do we get more out of the same amount of time, which is really your dilemma here anyway?

So, there are three parties in this transaction as I see it. The first party is the inventor, and it should, under normal circumstances, be in his very best interest to have that patent issue as soon as possible. Why? Because he gets the power of the patent, the right to exclude all others, and he doesn't have it until it issues.
The second party is the public, what we call the public good, the general good. They're protected if the patent grants no more than that party's entitled to and is actually capable of stimulating industry and commerce.

And the third party is actually the applicant's business competitors. Because why are we entering to this social pact to give this limited monopoly but to have this information flow freely? And with no wrongdoing, the competitor is certainly free to (a) avoid inadvertent infringement, because he now knows the boundaries, the meets and bounds of the claims, but, more importantly, to do research and development, to find some alternative way to achieve the same result that isn't infringing.

So, all three parties are best served by having these patents become public an issue as early as possible -- his applications become public.

In addition to that, this open system rather than the ex parte system I believe would
result in a more vigorous and better examination, because we're not taking anything from the Examiner that he would have had anyway. We're giving him something. We're bringing information to him. We're giving him, for the first time, the ability to ask a question to people who could really answer it and make sure he's not getting snowed, because, you know, the guy who is the applicant will say I tried that catheter, it exploded. But the competitor will say you should try this catheter, it works great. So, I think it's a great opportunity.

I believe that this decreases the workload on the Examiner substantially, and this is what I like the best. I really like this the best. I believe that this is an opportunity for unaffiliated, individual inventors, research laboratories, and universities to showcase their intellectual property, because no sooner do they publish their application than the people who could most make use of this technology are scrutinizing it. So, I learned a long time ago
that thing about if you build a better mousetrap
they'll beat a path to your door. That's not
true. That's not true. But what you do need to
do is you need to show the product. You need to
advertise. You need to get these people
interested. And I think that would create a
synergy which has not been there in the past.

Finally, and this will be the end of my
talk, I think that this would unburden the courts.

Probably most people here have heard of Don
Dunner. He was over at Finnegan Henderson, and
one year he had actually completed half the cases
they heard in the Court of Appeals. It's
unbelievable. And Don said to me one day you
know, this is a sad state of affairs. The Patent
Office isn't deciding the validity of patents, the
courts are. And that's just inefficient, it's
burdensome to the courts, and how can we remedy
that.

Well, in part, having been through a
number of federal litigations where people were
infringing my patents, let me tell you what you
run into. The defense attorney representing the infringing party, or alleged infringing party, turns to the jury -- not to the judge because the jury's going to decide this -- and says ladies and gentlemen, I show these two references. Now, where'd he get these references from? This is important. He got them off the trash heap of history. These are two things that never helped anybody and didn't work. But now, with your patent application or your patent in hand, he's going to deconstruct the elements of your patent and say look, I've got one over here, I've got one over here, I've got one over here, you put them together, this is obvious.

Now, the slight of hand in all that is maybe if somebody handed the inventor all three of those things it would have been obvious. But they didn't. He had a million things to consider, and he's the one that came up with the invention, and it's only in retrospect that this defense attorney is now going to track the heap of history in pulling out this junk. But it sounds great to a
jury.

Now, let's say that he can't pull any junk out. There isn't any. Lawyers are not dissuaded. He just does damned if you do and damned if you don't. The way that goes is he says ladies and gentlemen of the jury, please take a look at this stack of documents. Would any of you like to read through them? They're all shaking their heads no. He goes neither does the Examiner and nor does the Examiner have the time to do that. This is what was disclosed by the inventor in his IDS, his Information Disclosure Statement. He buried all the good references in there knowing he would smoke them by the Examiner. If only he had just been honest and put those in front of the Examiner and said look, this is the relevant art, we wouldn't be here today, ladies and gentlemen. There would be no patent issued. This patent's invalid. I see that in every one of these trials. So, how do we help that? Well, this is interesting. It's very hard for the competitor to make an argument but-for when the competitor is
there in real time and can submit the but-for's.

So, not only was it not a matter of the applicant
hiding applications, these other learned people,
these patent counsels that work for these
competitors, couldn't find them either, because if
they had and if they really thought that they
would prevent the claim from issuing, they would
have submitted them. So, I think that would be a
real boon to the courts.

I'm done. Thank you.

MR. RIVETTE: Greg, I want to thank you
very much for taking the time to share with us.
It's always fascinating to see a different
perspective on how the system could work. I have
no doubt that the guys here from the Patent Office
are sitting there shaking their heads and saying I
have no idea how we'd get from here to there. I
can remember when we were doing the (off mike)
apPLICANT would come in with their invention and
sIT down with the Examiner and all this
information and they would pass it on and then
give the final decision right there on the spot
whether a patent should be granted or not. So,
that was --

MR. LOVE: I wanted to ask you one
thing. The Peer-to-Patent review, that's a little
bit of a flavor. Are you familiar with that, that
project?

MR. RIVETTE: What was the project?
MR. LOVE: The Peer-to-Patent.
Peer-to-peer review.

MR. RIVETTE: Yeah.
MR. LOVE: We've been experimenting with
putting some applications, with the consent of the
applicant, upon the Web page, and then exactly
what you have suggested is the idea behind it,
that peers can evaluate this and submit
information to the people that are running this
project, and then that information is filtered to
a certain extent and then given to the -- put in
the record of the application. So, that's
actually going on.

MR. ADLER: The only difference is that

--
MR. LOVE: It's similar, yeah.

MR. ADLER: Yeah, he was suggesting actually where you make some money from it but where, you know -- where you're doing it now you started it without charging anybody to submit the third-party references.

MR. LOVE: Yeah.

MR. ADLER: That's interesting. I thought that was an interesting -- $250 is no --

MR. MICHELSON: $500 and now it goes on. (off mike) are off. I'll try $50. And the point is we need a pay-to-play system where the Patent Office is fairly reimbursed for the work efforts of its workers. That's the model (off mike) the large law firm. They don't know (off mike) all those (off mike) go great (off mike). So -- and I'm moving in response to your comment About how do we get from here to there. I was telling (off mike), my lovely girlfriend, that the problem is going to be when I go to the Patent Office (off mike) and I'll say how do you get there from here, and the problem is
unfortunately there's a chasm and you can't do it in three small steps. So, yes, it is a change, and the parts don't work unless the whole thing works together when I do -- I honestly believe that this is a model for a very rapid and yet vigorous examination.

MR. ADLER: The part at the end was also interesting.

I gave up. I said wait a minute, this works. Does this work?

COURT REPORTER: Mine's better.

MR. ADLER: Thank you. Were you suggesting at the -- that the competitors didn't participate in that process it would work -- it would work against them --

MR. MICHELSON: It's like estoppel.

They would really do that.

MR. ADLER: I didn't want to use legal language.

MR. MICHELSON: Sure.

MR. ADLER: But you're right, yeah.

MR. MICHELSON: It's like estoppel.
They had every notice to object to this. They saw the claim set. What are they doing in court now?
Playing with it.

MR. ADLER: I just wanted to clarify that for -- because I did hear it that way. All right.

MR. MICHELSON: Let me ask -- no, that's fine.

MR. ADLER: I'll live with that.

MR. MICHELSON: Let me ask all of you a question, though. What do you think about this new ability to run a lab experiment. No one's ever been able to do that before.

MR. ADLER: I heard that, too, and I was wondering whether that's prior art if you do it now. I mean, if it had been done before --

MR. MICHELSON: No, if someone goes out and gets a catheter --

MR. ADLER: Right.

MR. MICHELSON: -- or you're in the market. There has to be prior art to sell them (off mike).
MR. ADLER: Yeah.

MR. MICHELSON: Then he takes a cardiac catheter --

MR. ADLER: Right.

MR. MICHELSON: Here's the issue.

MR. ADLER: But is it a new use for an old -- a new use for an old thing could be patentable, right.

MR. MICHELSON: Interesting. Well, well, this is -- (off mike) detail.

MR. ADLER: Oh, all right.

MR. MICHELSON: The Examiner said to me -- the Examiner said (off mike) I reviewed a patent application for a vascular catheter to be fed off an artery to transmit microspheres, a methylmetacrylate cement, to embolize the vessel to kill tumor. So, there it's passing cement through the catheter. So, now the only difference is the pressure of the liquid cement. The point is that without that, his hands are tied. He's handcuffed. His hands are tied. How's he going to know whether a prior art catheter could or
could not be made?

MR. ADLER: Unless it was published somewhere in the journal, he would have no idea.

MR. MICHELSON: No, and then it wouldn't be an invention.

MR. ADLER: Right.

MR. MICHELSON: Right.

MR. ADLER: Right.

MR. MICHELSON: But now that's what changes. This is so interesting. He can now go to the website and post an Examiner's question: Is there a catheter -- whatever's the intended purpose in the human body -- that's available on the market today that could transmit liquid cement and function for this purpose. If there is, you know, that's a different issue.

MR. ADLER: Would you characterize it as "could" or a "has"?

MR. WESTERGARD: I'd say it would -- has to be "has" --

MR. ADLER: Thank you. I --

MR. MICHELSON: -- because --
MR. ADLER: -- which is what --

MR. MICHELSON: I agree, so the question is just a slightly different (off mike).

MR. ADLER: It's just slightly.

MR. MICHELSON: The question is who out there is aware of the use of the catheter --

MR. ADLER: Right.

MR. WESTERGARD: -- for any type (off mike) cosmetic --

MR. MICHELSON: Well, the answer is every radiologist of using these cardiac catheters that specialize in putting the microspheres -- little bb's --

MR. ADLER: Yeah, my company made those.

MR. MICHELSON: -- methylmetacrylate cement, the same cement that this other vendor says he wants to push through his catheter liquid.

MR. WESTERGARD: And so that's an example, though, of a case where the catheter has been used for that purpose and then is very relevant, and the question you're asking the competition is will anybody who has this
experience present it to the Examiner so he can be aware that it has been done.

MR. ADLER: Absolutely.

MR. WESTERGARD: Not would anybody out here create a new experiment and prove that it could have been done in the past with old equipment, because that is --

MR. MICHELSON: Right.

MR. ADLER: But you're -- actually what you're trying to get to is finding out about things that are known that the Examiners don't have access to, and the more information that they can get from the public about what's actually known the better, because it's going to come out in litigation anyway, right? I'm going to find it at some point.

MR. MICHELSON: (off mike) litigation you brought up an interesting point, because sometimes the people here don't get enough exposure to that and find out what's really going on. I've had people say to me I would never file for a foreign patent application, and I go why?
He goes because they really search. You know, things come out of Russia and wherever. You know, where did this come from? You know, some obscure reference and they go (off mike) those countries. You know, I never do that. But to be able to search the world and have all the (off mike) and bring it back -- that's good.

MR. RIVETTE: Thanks. That was good.

Any other questions?

MR. ADLER: She's gearing up, getting ready to try --

MS. FOCARINO: Yeah.

MR. ADLER: Yeah, yeah. I see that.

Those wheels are turning to charge for the fear thing, yeah.

MR. PINKOS: Just one small question. You mentioned the -- there'd be some mechanism for the PTO to police the comments by knowing information regarding the IP address, etc., so the comments would be submitted to the public anonymously but there's be --

MR. MICHELSON: No anonymous --
MR. ADLER: You wanted to make sure --

MR. MICHELSON: Yeah, there's no names.

That's the point. And you really can't submit
unless you pay, so you either have to have an
account and carry a balance with the USPTO or you
use your credit card. So, between the two -- you
giving permission to the internet service provider
to turn over to the Patent Office all their
information about the user and the fact that you
have this financial information -- the chances are
you'll be able to identify any party that comes
onto that site and tries to create mischief. I'm
not saying it's going to happen, but at least if
someone tries and you have objections.

MR. PINKOS: Um-hmm. That makes sense.

MR. MICHELSON: I mean, nobody can take
out what was there before. You can't do that.
They would (off mike) appropriate. This will stop
it.

MR. FOREMAN: So, I want to pose a
question at this point.

First off, Gary, thank you for traveling
all the way across country to share with us this
information. I found it very interesting when you
first talked with me about it a few months ago.
But where do we go from here? Okay, just like how
do you change the system? How do we take this
information that's brought before us in this
public forum and actually study it, maybe initiate
a pilot?

MR. ADLER: Well, there is -- there is

MR. FOREMAN: Well, there is, but I
think there is brought to light some new
information that maybe hasn't.

I mean, Peggy, is this something that
based on your expertise and, you know, certainly
in the role of Acting Commissioner, is this
something that has merit?

MS. FOCARINO: I think it does, and I
think we would need to, you know, look into the
legality of actually making a profit on that. I'm
not real sure about that aspect of it, but --

MR. FOREMAN: Well, we kind of heard
earlier today, when we had the staffers, that
everything's on the table, that there's (off mike)
change -- change pricing and look at ways to do
different things, so I mean, I can't imagine a
time where there wasn't a better opportunity to at
least shake things up a little bit. So, what do
we do?

MR. ADLER: What is the current -- do
you happen to know what the current status is of
this peer-to-peer pilot? I know that I've been
talking to Shector, and it's a very, very small
thing, so I --

MS. FOCARINO: I think there are
currently less than a hundred applications that
have volunteered to be reviewed by a peer review
process, which --

MR. ADLER: Less than a hundred?

MS. FOCARINO: -- and the pilot's been
going on for probably close to two years now.

MR. ADLER: So, it isn't getting an

overwhelming --

MS. FOCARINO: Not at all.
MR. ADLER: So, what does somebody have to agree to currently -- sorry -- what does somebody have to agree to currently to (off mike)? Are there some requirements or something that --

MS. FOCARINO: Well, they have to agree to have their application posted.

MR. ADLER: Yeah, she said --

MS. FOCARINO: I mean, then the public can submit prior art to this consortium of care reviewers and then the Examiner gets the ten best --

MR. ADLER: Why do you need them? Why do you need that (off mike)?

MR. LOVE: Well, that's just the way the -- that's just the way the file is designed. You don't need them. You're right.

MS. FOCARINO: You don't need it.

MR. MICHELSON: So, you're the smart guy. He's going to look over the evidence and go "eh."

MR. LOVE: They have to waive the prohibition against (off mike) protests, so they
MS. FOCARINO: Right.

MR. LOVE: You can't file protests without the consent of the applicant, so the applicant has to waive that.

MR. ADLER: A protest to what?

MR. LOVE: The issue to the granting of a patent actually.

MR. ADLER: Oh, all right. That's not a big deal.

MS. FOCARINO: Yeah, I understand we currently have about 150, but we reached out to basically 20,000 applicants that are in the cue --

MR. ADLER: Yeah.

MS. FOCARINO: -- that would be eligible until we got some more participants, but still a very small --

MR. MICHELSON: Can I ask a question here? I remember people (off mike) talking to me about something that had floated, which was if you would pay by the independent claim, the dependent claims -- and what was suggested, I actually want
a lot because I think what's wrong with the European system (off mike) more stuff. It shouldn't be (off mike) belongs there. So, just charge more. I mean, charge for what the person's asking you to do.

MS. FOCARINO: Independent over 20 dependent claims, and we do charge but --

MR. MICHELSON: You're not making money.

MS. FOCARINO: We're not making --

MR. MICHELSON: You're obviously not charging enough.

MS. FOCARINO: We're not making a lot of money.

MR. MICHELSON: This is obvious. So, this (off mike) with something that's walking away, one independent claim and the dependent claims, and maybe the next independent claim - honestly, (off mike) a thousand, $2,000, because that's in our work it could take an Examiner to do a good job. But for a dependent claims, (off mike). (off mike) patent is their support, so that's maybe a hundred dollars. But I don't --
MR. LOVE: Sorry, but I did want -- there's much -- there's more substance to the examination of dependent claims than just (off mike). You have consider 102, 103, 101, the whole (off mike).

MR. MICHELSON: (off mike). How can an independent claim issue and the dependent claims more narrow --

MR. LOVE: We're talking about the examination.

MR. MICHELSON: I'm saying, though -- but once you've issued -- you hold all the dependent claims aside. Let's just (off mike) efficient way to approach this.

MR. LOVE: Oh, well, that's not -- well --

MR. MICHELSON: Wait, well, wait, let's -- why don't we talk about this. Let's talk about it. If I was an Examiner, I wouldn't look at the dependent claims. I want to know if the independent claims are good.

MR. LOVE: And so at the examination --
MR. MICHELSON: That's why that's --
that's the a problem. That's what I'm saying.

MR. LOVE: No, no, to do it your way
would be -- we could talk -- would not be a good
idea, because we wanted to encourage the
applicants to submit claims of varying scope. If
you just say we're only examine your independent
claims and charge --

MR. MICHELSON: I'm not saying that.

That's not -- no, I'm saying -- this is what I'm
saying.

MR. LOVE: Okay.

MR. MICHELSON: If I was doing my job, I
would try to do it in the most efficient manner,
and the most efficient manner is to work very hard
to make sure that the independent claim is
absolutely no broader than it should be. Now, if
you decide, as Examiner, that patent, that claim,
that patent should issue.

MR. LOVE: I see.

MR. MICHELSON: Every dependent -- let
me use this (off mike) -- every dependent claim
that depends there from is narrower than the independent. So, if your support -- there is no other issues, no 102s, no 103s, nothing --

MR. LOVE: That's not the examination process, and that would not be an efficient way to do it.

MR. RIVETTE: Whoa, whoa, whoa.

SPEAKER: (off mike)

MR. LOVE: Pardon me?

MR. MICHELSON: That's not a good answer.

MR. LOVE: Well, I can explain to you, but -- I'll explain to you. When an applicant submits an application, they need to get a progressive examination of the scope of the claim that they're entitled to, they will submit an independent claim. Then with what you say is -- you know, they ask for a little bit -- maybe more than they think they're entitled to -- but then they further narrow it with claims of varying scope, and that's how the line is drawn in many cases somewhere along the lines of the independent
claims. Those dependent claims have to be examined for 102, 103, 112, 101 issues.

MR. MICHELSON: May I see if I can (off mike).

MR. LOVE: Now, if you want to say we're only going to examine independent claims --

MR. ADLER: He's not saying that.

SPEAKER: I don't think that's what he's saying.

MR. LOVE: Okay, well then I'm not understanding what you're saying either.

MR. MICHELSON: Okay, what I'm going -- suggesting is I have (off mike).

MR. LOVE: The application you're talking about?

MR. MICHELSON: An application, yeah.

MR. LOVE: Okay.

MR. MICHELSON: Yeah. I won't spend my time determining --

MR. LOVE: Who are you, the applicant or the --

MR. MICHELSON: I'm the Examiner.
MR. LOVE: The Examiner, okay.

MR. MICHELSON: I just want to know, is the independent claim -- is that a valid claim.

MR. LOVE: What about the other claims?

MR. MICHELSON: I'm going to get to that. Going to get to that. By definition -- by definition, a dependent claim must have some restricting language that makes the independent claim more novelty and bigger.

MR. LOVE: Yes.

MR. MICHELSON: So, if the independent claim's allowable, the only reason the dependent claim would not be allowable (off mike) because there's no support in the reference (off mike).

MR. LOVE: Okay, there are 101 issues dependent claims can make in dependent claim patentable for 101. But what happens -- when you examine the independent claim and you consider it's not patentable?

MR. MICHELSON: Right.

MR. LOVE: Then you have to go to dependent claims.
MR. MICHELSON: No, no. (off mike) What you're saying -- what you're saying is the Examiner then says look, okay, now it is claimed here by adding these three words. I'm going to tell him that if he was going to add these three words to the independent claim, I'll grant his patent.

MR. LOVE: But that line is very often determined by the dependent claims that the applicant submits.

MR. MICHELSON: Right. I've got a good question for you.

MR. LOVE: Okay.

MR. MICHELSON: Why should that be the Examiner's job?

MR. LOVE: Well --

MR. MICHELSON: (off mike) patent counsel, and he is not playing games. It's a statute, and the (off mike) requires (off mike) --

MR. ADLER: Wait, wait, wait. There's a different point. He's asking you a different point. I mean, if you examine -- only the
MR. MICHELSON: Of course you can do that.

MR. ADLER: No, no, only -- you just -- of course. Let's forget about this, any dependent claims in the case. If the independent claim isn't allowed, you go back to the applicant and say that didn't work, submit --

MR. MICHELSON: Why is it his job? Now --

MR. ADLER: He has to pay for it.

SPEAKER: This is a public session, isn't it?

SPEAKER: Huh?

MR. BUDENS: What would happen if the applicant had actually --

SPEAKER: I'm just asking.

MR. BUDENS: -- had the other additional (off mike) you want but it's one of the dependent claims. The applicant is just going to come back to you and say --

MR. ADLER: He's saying --
MR. BUDENS: -- it's already in there, you know? Well, you know, he came right out and looked at the dependent -- the independent claim. There might have been a perfectly allowable dependent claim in there but I never even saw it so I go out and (off mike) the applicant --

MR. ADLER: He's changing --

MR. BUDENS: -- and the applicant just looked at me like didn't you read the rest of my claims.

MR. ADLER: Yeah, but he's proposing a different way for you to do your work that would be totally different than what you do.

MR. BUDENS: Every application is going to (off mike) the one claim. We'd love that.

SPEAKER: Why not? (off mike) question that. Why he is questioning the fundamental, so --

MR. LOVE: How about -- the claim rules package in 325 wasn't (off mike).

Sorry.

MR. ADLER: I understand your -- I mean
MR. LOVE: You know, we can talk about what would be the most efficient model, but that's not going to serve the needs of the patent community and the patent system, quite frankly.

SPEAKER: Why would --

MR. LOVE: One claim per application?

MR. MICHELSON: Nobody said that.

MR. LOVE: Well, yes you are. You're saying one -- you just examined the independent claim.

MR. MICHELSON: No, that's -- exactly not what I said.

MR. LOVE: Okay.

MR. ADLER: Changing the model.

MR. BUDENS: A question for Peggy along this line. Are those hundred and some cases that have been in (off mike) patents -- in how many of the cases -- have outsiders submitted prior art in all of those cases, and if they have, how many times have they submitted prior art that was actually useful to the examination process?
MS. FOCARINO: I mean, it'll take a while to get the exact data, but it's not a huge percentage. Yes, prior art has been submitted in every single one of those applications, and then any -- I forget what the percentage was, but it was a lower percentage that also submitted that the Examiners did not find or did not at least as good an alternative use of prior art to use. So, (off mike). Yeah, I thought it was, you know --

SPEAKER: (off mike)

MS. FOCARINO: Right, 20 to 30 percent of the time that peer submission (off mike) prior art (off mike) use because they didn't find it in the course of their (off mike).

MR. MICHELSON: Uh-huh. I'm not sure that you can translate or extrapolate this experience to what I'm suggesting, and the reason why is I want people with motive. This patent attorney who works for this big company or is only taking this big company -- he knows what it takes to get a patent. He knows what's junk. And he does not want this patent issued. He's got
motive. Just sending out some peers -- I don't
know that that's going to do it. This is
different. I'm trying to use free enterprise --
MR. RIVETTE: But peers aren't his
cOMPetitors.
MR. MICHELSON: Peers are his
cOMPetitors.
MS. FOCARINO: They probably are, yes.
MR. ADLER: Well, the way that -- the
way that really works is sort of -- in Europe
where you monitor what's going on in the patent,
and when it's granted you decide whether to pose
it, okay?
MR. MICHELSON: Right.
MR. ADLER: That's how the real patent
counsel do. Whether we want to be participating
in peer to peer, the problem there is only a
matter of whether we want to put our resources to
do that work, you know, to look for art to knock
out this patent early or just let you go through
the usual examination and then see what happens.
MR. MICHELSON: Well, I don't see what
the tension is there, because we're talking about
-- we're talking about the mountain coming to
Mohammad --

MR. ADLER: Um-hmm.

MR. MICHELSON: -- and nothing's
changed, because this Examiner was never going to
pick up that application in three months or two
months.

MR. ADLER: That's true.

MR. MICHELSON: So, nothing's changed
for him. He hasn't done anything he would have
done --

MR. ADLER: I'm not an Examiner.

MR. MICHELSON: I'm not saying that.

All I'm saying is he's got a wealth of information
--

MR. ADLER: I'm the competitor, I'm not
the Examiner.

MR. MICHELSON: If I'm the competitor,
I'm highly motivated to not let these claims
issue, and I can (off mike).

MR. ADLER: Agree, yes. Whether I'm
motivated enough to do the work at that point.

MR. MICHELSON: Absolutely. Your business is saying -- they're saying more than anything else they need certainty.

MR. ADLER: I --

MR. MICHELSON: They want certainty.

They want to know --

MR. ADLER: It's on our back I think.

MR. MICHELSON: They want to know where the leaps and bounds of those claims begin and end.

MR. ADLER: Absolutely.

MR. LOVE: We have a modified version after publication that the public has the opportunity to submit prior art, and that's done very, very infrequently.

MR. ADLER: I still think he's got -- this is a good point. I mean, look, the question is --

MR. MICHELSON: I just --

MR. ADLER: -- whether we can change the peer-to-peer thing to make it more -- whether
more people would use it I think is a very good
point. I -- it's valid. It's nothing --

MR. WESTERGARD: My own personal view is
that until is mandatory on all applicants, then
there's little incentive for somebody who doesn't
intend on suing somebody as soon as the patent
issues to subject their patents to that kind of
competitor criticism for the very reason that you
mention --

MR. ADLER: -- system or not.

MR. WESTERGARD: -- the very reason you
mention, which was that's why you don't file in
Europe because they do searching (off mike).

MR. MICHELSON: I don't want my (off
mike) search on my competitors.

MR. WESTERGARD: Exactly.

MR. ADLER: That ain't going to go well.

MR. WESTERGARD: So, if that was
mandatory, I just think it'll stay at a 150 a
year.

MR. ADLER: So, you think that's the
problem.
MR. WESTERGARD: I -- yeah.

MR. ADLER: I think that should be the system.

MR. RIVETTE: It's one o'clock?

SPEAKER: Okay.

SPEAKER: I want to thank you very much.

MR. MICHELSON: Thank you.

MS. FOCARINO: Thank you.

MR. RIVETTE: That was interesting.

MR. ADLER: John, you don't -- you don't understand. That's --

MR. LOVE: You know --

SPEAKER: There has to be some root in reality.

SPEAKER: Right.

MR. RIVETTE: Okay, we ready to start again? Why don't we do -- yeah. That should -- Scott left. What? Yeah, yeah, you do that, I know. So, who are we waiting on? Let me go out -- why don't we start. I'm going to go out and grab everybody. So, go ahead and start.

MR. PATTON: I guess we don't need John
Doll and Peggy for this, so we'll just start.

Okay, so for the first action interview pilot program, I think that's an incredibly important topic, but what I would like to do is go back to the 2008 PPAC report, and I think there's something that's incredibly important there that I would ask the USPTO of why after we did a complete study of almost strategic partner that wanted to promote and encourage interviews in a pre-interview basis. Now, that was something that we all saw that was incredibly important, and we made this recommendation, oh, I think, about eight months ago in our presentation to John Doudas and John Doll, and obviously, you know, at that time there was the first action interview pilot, so what my question is, to lead it off, could we have a pilot for a pre-interview where that is something that I think is very important.

And let me just lead off why I'm saying that. We had numerous stakeholders from nearly every sector who expressed a desire for a pre-examination interview program. Those
interviews can take place before the Examiner even searches the case to ensure that the Examiner has a complete understanding of your invention. The perceived benefit is a better, more focused first action on the merits that get to the heart of the invention, which would improve both quality and timeliness. Obviously, there is the first action interview that's being piloted by the USPTO, which will, you know, be used to short-circuit prosecution and again improve timeliness. But, as noted above, there is a wide-spread interest in pre-examination interviews, and any program is unlikely to be controversial. Costs are also modest, and the USPTO appears to have the authority to implement those changes.

Again, just to reiterate, in this highly scientific study, that I have to thank John Doll to support, (off mike) support it when they move forward. I just want to mention since this is webcast, we did patent practitioners in Washington, D.C.; high-tech industries in San Francisco; large corporations in New York; virtual
focus group sessions with academics and tech;
manufacturing industries in Chicago; energy,
aerospace, and communications in Dallas; virtual
focus sessions with financial industries,
corporate patent councils in Santa Barbara; patent
advocacy groups in Washington, D.C.; and pharm and
biomed in Philadelphia. The point is that out of
that there were five solutions offered to the
USPTO that were almost unanimous, in fact
completely unanimous.

One of them -- and having co-directed
the focus groups in the PPAC project -- it's very
important to note that there were consistent
themes, and one of them was pre-exam interviews;
and, by far, the most important change would be to
force the Examiners to conduct pre-exam interviews
and the possibility that the time the Examiners
takes up the application before the search before
a review, the applicants and their attorneys all
agree that Examiners should have a brief 10- to
15-minute interview. Applicants felt that
Examiners really understood the invention, and I
don't -- after talking to Robert Budens, I don't
think that's always true. I think they understand
it very well. But, again, it's a matter of
perception. Public perception is an important
thing. So, at any rate, the point is, right now,
I know that the first action interview pilot
program has been very successful, and I believe
there might be a presentation on that.

But to go back to this outreach program,
we have -- I mean that -- of the top five of over
1400 responses -- was to have this pre-interview.
And so just to lead it off, at least representing
PPAC and just kind of going from the 2008 report,
would it be possible to create some sort of
pre-interview pilot and, if so, how could we help
that? And then obviously we'd like to hear about
the first action interview pilot. So -- John,
whoever.

MR. ADLER: Who was your question
directed to? Was it directed to Robert's note or
--

MR. PATTON: I would -- I think it was
directed to John.

MR. ADLER: Oh, okay.

MR. PATTON: Or -- but, Marc, certainly you could --

MR. ADLER: No, no, I'm not going to answer it. I'm just waiting for some -- Robert wrote a note.

MR. PATTON: Yeah, go ahead, Robert.

MR. ADLER: -- it was Robert's note or --

MR. PATTON: I could see the answer.

MR. BUDENS: I can't speak for whether we're going to have a pilot, because that's up and down in Peggy's realm.

MR. PATTON: Yeah.

MR. BUDENS: I can tell you where the -- I can tell you where the Examiners, I think, would feel about it. I think in the vast majority of cases we would consider it a waste of our time to do it before we've had a chance to pick up the case and look at it and take any action in it, search it, and even restrict it, figure out even
what's in the case, okay? And when you talk about
a short 10- or 15- minute interview, that doesn't
translate to 10 or 15 minutes of Examiner time.
You heard an Examiner yesterday in the
meet-and-greet tell you how for one hour of
examination time she has to spend two hours of
road time prepping for that case and that
interview. That's reality. That's not, you know,
perception, okay? And examinations are a very
mentally intensive thing. You take me offline, if
I'm in the middle of examining a case and I
suddenly have to stop what I'm doing to go do an
interview on a case I haven't even looked at yet,
you've just taken, you know, two or three hours
out of what I was doing in that other case because
you've broken my train, you've interrupted the
concentration, I have to go back to that case now
and pick it up after the interview, and regain my
trains of thought and action stuff. I think that,
you know, purely from an examination standpoint, I
don't see anywhere's near the benefit out of this,
you know, pre-examination interview that would
account for the cost, and I don't believe either
that it would be cost -- you know, it would be a
minimal cost. If we have to start -- we have
750,000 cases in our backlog. If we have to start
interviewing in every one of those cases -- I'll
let Peggy address the other time issue -- that
it's not -- I don't think it would be an
insignificant hit there either. But I don't think
that it brings us, you know, the kinds of results
that would justify the Examiner time that would do
it. I think the first action interview pilot,
while we still are a little questionable if that
(off mike) have a discussion on that, I think that
one shows the potential for more merit in actually
accomplishing something useful for both the
Examiners and the applicants.

MR. PATTON: Right. Again, this is not
my personal opinion. You know -- and it's up for
critical debate, and I know Robert has -- I said
this before when the subject has come up, but, you
know, this is my (off mike) packet present this
information. This is information that came, as I
MR. RIVETTE: Well, I think it's also as PPAC. As we present information to you and we respond to give you advice, one of the things that I think is interesting is that it is one of the top five. So, something's going on here. It's a perception problem. It's a perception problem, Robert, that people are not feeling the fed -- the Examiner understands it. This perception problem -- why is this the case? Why have we got this so high on the list? So, this is one of the things that we're graveling with. Something else is going on. There's an underlying cause on why this has risen so high.

MR. FOREMAN: Let me add something. You know, Robert, you brought up some really good points, but procedurally it could be changed. I mean, those interviews could happen one day a week or two days a week so they're not in the middle of a file and then all of a sudden they've got to walk down the hall and meet with someone and take
them away. So, I think we can find an efficient way to meet with the person who's filing the patent, but the spirit of it -- I mean, they're a whole reason why we brought this up in the PPAC meeting last year -- is that in many cases the inventor doesn't understand what they're actually getting a patent on. They don't understand what the patent application is and having the opportunity to meet with the Examiner and explain what their invention is and what they're looking to protect, there could be a discussion to determine whether or not that's even an opportunity.

I have seen hundreds if not thousands of inventors who have gotten patents, believe they have protection on something that they really don't have protection on, because when the whole process happens and the claims get narrowed and narrowed or the attorney in their desire to be able to get a patent ends up protecting something that really had no value to the inventor to begin with. So, there's the opportunity for the
inventor and the Examiner and the attorney to
really define what it is that they're trying to
get.

MR. ADLER: Yeah. I don't think there's
a debate here that there's a value to effective
interviews with the Patent Office. I think we're
really talking about when that should occur,
whether should those interviews occur before the
Examiner has even picked up the case, or should
they occur after the Examiner has done the search
and is ready to issue a first Office action.
There's -- I think it's a timing question not a
whether there's value. But I think there is value
to do it.

MR. BUDENS: I think it -- I think it's
a little of both, because I think to some extent
there's a perception of the outcome part. They
don't -- I mean, we had some of this discussion
when these results were first coming out. How
many applicants don't even know they could come to
an interview if they want, because it never comes
up with the attorney. The attorney just goes to
the interview and what have you. There may be a
perception that the applicant is kind of out of
the process. The timing issue -- I would agree
with you, Marc. I think the best time to
accomplish what Louis is talking about is when
everybody is familiar with the case and has, you
know, been familiar with the prior art and can sit
down and actually look at the claims, look at what
the applicant -- bring the applicant to the
interview, whether it's a first action interview
bout or any interview, and have everybody in the
room doing the process. But to have us sit down
and talk when I have no familiarity with the case
I don't think makes it nearly as productive, you
know, an effort as it would be if all parties are
familiar with the case and can sit and talk in the
same language.

MR. ADLER: What would actually happen
at a pre-examination interview? I mean, what
would go on? I mean, you haven't picked up the
case yet. You don't really know what it's about,
right? The applicants filed an application. What
would actually -- what would that conversation be about?

MR. BUDENS: I think --

MR. ADLER: This is what I'm going to do? I mean, the Examiner --

MR. BUDENS: From my point of view, it's going to be a pretty one-sided conversation, because I'm just going to sit there and listen. It's all I can do. I can't comment on the claims, I can't offer better claim language, because I don't know what's in the case. I haven't had -- you know, I --

MR. MATTEO: So let me jump in here for a second.

MR. ADLER: Yeah, I'm just trying --

MR. MATTEO: So, I think one of the things that I would like to see -- I mean, we've immediately defended into a conversation about very specific recommendations or requests. It seems to me that the better approach might be use this as a datapoint -- unless you already have the data beneath this -- as a datapoint to suggest
that a large number of a broad constituency is
unhappy and they have a need that needs to be
fulfilled, because I think --

MR. RIVETTE: I think --

MR. MATTEO: What I think we need to do
is press further on that to understand what the
need is rather than superficially trying to
evaluate a whole bunch of solutions to a problem
that we probably don't understand. So, the
question then to the average group, because I'm
not as familiar with this data as I could be, is
there underlying narrative or commentary that
suggests what the need is. People are advancing a
pre-action interview. Is there a need? Are they
expressing why they want it?

MR. RIVETTE: (off mike) which is we
should follow up with these things (off mike) few
areas.

MR. PATTON: Why don't -- we may have
already some of that. I don't -- I don't --
sorry. Part of what I'm asking is do we already
have that information and can we surface it
quickly.

MR. RIVETTE: Right.

MR. MATTEO: Right.

MR. PATTON: And if not, I think it suggests we do need a deeper understanding of what the underlying issue rather than give out solutions to a problem we don't fully understand.

MR. DOLL: I think -- I agree completely, but I think we got a lot of data in a vacuum, and I think the vast majority of people who have said I want a pre-interview would be extremely happy with the pilot that we implemented and that we ran.

MR. RIVETTE: Right.

MR. DOLL: So, if they were given that option, they would say oh, hell, yeah, that's even better, because the Examiners (off mike) revocate, search the case, and come up with -- come to the interview with an idea as to whether these claims are patentable, what's the best prior art. So, I think we're giving them Mercedes when all they wanted was a Chevrolet.
MR. PATTON: I would have to tend to agree with John on that issue.

SPEAKER: Tend?

SPEAKER: He's agreeing with him --

SPEAKER: The take to him.

MR. PATTON: One of the things that was in the detail -- I mean, Andy probably could add more -- is one of the detail comments. We probably had about maybe 70 detail comments about it --

SPEAKER: Um-hmm.

MR. PATTON: -- And we do have the detail -- I don't have it in front of me, but one of them was the fact that they were worried -- and, again, this is not my opinion, I'm just transmitting it -- they were worried that the Examiner would be so entrenched in their opinion already and would have wasted time, because they wouldn't even know the real nature of the invention that they were trying to do. So, if they could just talk for ten minutes to say listen, this is my invention, I want you to know
this is my main focus, this is what I'm trying to
focus on, you know, that would be a way to let the
Examiner know -- you know, I -- their first couple
of claims -- this is what -- this is what I'm
patenting. And a lot of people even in pharma and
bio were saying that it took so long because they
didn't understand exactly what they were trying to
patent but then they -- it would take longer and
longer. So, go ahead, Tony.

MR. RIVETTE: So, I think there are two
things here. Number one is I think this
perception for a feeling on the part of the
applicant that the Examiner doesn't know (off
mike), and that (off mike) your point (off mike).
So -- and I don't know if this is the right
approach or not.

SPEAKER: Can you get closer to the
microphone? Sorry.

MR. RIVETTE: I'll eat it next time.
So, I don't know if it's the right approach or
not, but I would see at least in that scenario not
having a ton of data already done, not having two
hours worth of searching but basically doing

exactly what you're talking about, Robert, which

is to sit back and listen. I think the other side

of this, the second part of what I think is going

on -- again, just my perception -- is they don't

feel -- maybe people just need to be able to tell

you -- but these are inventors, right? I mean,

they need to just be able to feel they've spoken

to somebody, that they're not left out of this

system. And they don't feel that way. And I

think that that's a human thing and it's a

behavioral issue that we may want to think about

how we address. So, to your point, though -- I

want to circle that -- I don't think this is a

long prepped session. I think this is more of a

what do you think you're doing.

Okay, I got that. So, that's just my

comments.

MR. BUDENS: It's a distinct possibility

but I think your second comment was actually more

to the problem, which is that people, you know --
because I suspect that the vast majority of those
comments didn't come from the practicing attorneys
who get in our faces all the time. It probably
came from the CEOs and the invented inventor and
people who don't get in to see us all the time,
many of whom because they didn't -- you know, it's
a Dean Cainwood effect, you know -- I didn't even
know I could come to the Patent Office. And I
think maybe what we're looking at, you know, is
solving two different issues. One is actually
solving the interview problem with the first
action interview pilot where we actually do a
constructive, creative attempt at accelerating,
you know, the move to allowable subject matter.
But then maybe we need to do some kind of PR job
with the, you know, inventor community and say,
you know, look, you know, anytime you want to talk
to the inventor, go talk to your attorney and both
of you come on in and schedule an interview and we
come in, or when we do the first action interview
pilot, you know, we may -- we put in there -- and
I thought we did, actually, because when we got
done we kind of went through this little (off
mike) when we were working on the pilot -- that, you know, maybe we should make it mandatory that the inventor and the applicant comes in or at least a notice to the applicant as well as the attorney that this interview is open to the inventor or something like that. That's a PR issue.

MR. RIVETTE: Remember a year ago we actually went through an Inventor's Bill of Rights? Remember that? There would -- what -- we'd speak to this issue.

MR. PATTON: Yeah, it was called the Inventor Bill of Rights, just to have the chance -- and maybe this is another way to look at it. They have the right to talk -- if they want -- to talk to the Patent Examiner before the examination starts, not to make it, you know, standard, but someone would have the right. If they thought it was so important, they could do it. And it does go back. I mean, in doing all these interviews, to Robert's point, it wasn't just the CEOs, it was everybody, it was every group stated that. It
wasn't -- it was the practitioners and so forth.

So, my -- again, my only job here is to transmit this information --

MR. RIVETTE: And duck.

MR. PATTON: And -- pardon me?

MR. RIVETTE: And duck.

MR. PATTON: Yes, and duck.

MR. ADLER: Throw and duck.

MR. PATTON: And find out why, you know, why is it so important. So, the point is if out of this heavy investment from the scientific process that John sponsored is the top five things -- this is one of the top five things, and it would be good to get back to -- I mean, part of the public opinion, that we don't just do what we want, we listen to what they say, and it's a public image issue. I think it would go miles to go back to the community and say okay, these are the top five, we're going to do pilots on these top five issues because we listen to you.

MR. RIVETTE: I've got another way. I mean, what we get back everybody -- (off mike) I'm
going to beat this thing to death -- is to get
more transparent with, like, a Wiki. You put up
the top five, you put up the ideas on why -- what
we're going to do, why we're going to do it. It's
like having people give you feedback. In today's
world I just think we're doing this wrong. I
think we're doing it at cost. Not an effective
manner. And we're not getting everybody thoughts
and ideas.

Go ahead. Sorry.

MR. ADLER: Patent attorneys are the
reason that vendors don't talk to Examiners. It's
not the Patent Office's fault, it's the attorneys'
fault, because they're afraid that their vendor is
going to say something damaging to their own
interests. However, in this pre-first Office --
pre-examination interview, I think that they just
want to be heard about what they think their
invention is, and I think it's a PR thing, and I
think it doesn't require you to do anything except
just to be receptive.

MR. FOREMAN: Take notes.
MR. ADLER: And just take notes as to what they're saying. You know, it's not an interview summary recordation process. It's not like a real interview, all right? It's more like I'm open, I'm a real person, and I hear you. The pre-first Office Action interview --

MR. FOREMAN: Whole different issue.

MR. ADLER: -- is a different issue.

It's substantive. I think it's a great idea. I'm very interested to hear about the data. But I don't think it should be limited to those applying only under accelerated exam, and I think that's a real limitation.

MR. FOREMAN: It's not.

MS. GARBER: It's not.

SPEAKER: It's not.

SPEAKER: It's not.

MR. ADLER: Why does it say here first Office -- first action interviews are available for those applications using accelerated exam?

MR. RIVETTE: That's the PTO response, right?
MR. ADLER: Hey, I'm reading what it says. I'm not making that up. I mean --

MR. RIVETTE: -- wired in accelerated examination.

MR. PATTON: That's substantive.

MR. ADLER: All right, it's required in accelerated. Is it available to people who aren't?

SPEAKER: Yes.

MR. ADLER: And how do they know that this is going to happen?

MS. GARBER: Can I make a suggestion?

MR. ADLER: It's -- I'm going to move it to you.

MR. RIVETTE: Let's go through --

MS. GARBER: Yes, that was --

MR. ADLER: It was a segue. It was intended as a segue.

MS. GARBER: Thank you very much --

MR. ADLER: All right.

MS. GARBER: -- because I think if we are given the opportunity to go through --
MR. ADLER: Go ahead.

MS. GARBER: -- this presentation, I think you will see that it answers your concerns and it answers many of the public's concerns as well, and I -- while I can't speak with authority on the issue, there was a pilot several years ago, I believe in the business methods area, that was a pre-search interview pilot.

MS. FOCARINO: Right.

MS. GARBER: And, again, I can't speak with authority about it.

MS. FOCARINO: Yes. (off mike) wasn't here, but it was in the business method area and it was very, very underutilized. Hardly anyone took advantage of this.

But I -- and I think, you know, we are addressing the other aspect that you raised, Marc. I totally agree with you that a pretty robust training package that we've developed through all of our standards to get them comfortable with talking to applicants or attorneys.

MR. ADLER: That's all.
MS. FOCARINO: How to do it in person, how to do it personally, and what -- you know, we take that very seriously, so I think giving them the tools is half the battle.

MR. ADLER: Thanks. Go.

MS. GARBER: Okay. I think, as Peggy just said, that we started this about 18 months ago, maybe two years ago, thinking about ways we could help parties come to agreement in cases faster while giving the applicants more opportunity to talk with the Examiners, because we had heard that the -- our applicants want that. And this pilot is showing a lot of promise for us. Drew Hirshfeld and I will go over it with you. We're going to remind you a little bit what the program is, because it does come down to semantics. Is it a first action interview, is it a pre-first action interview. Makes a difference, and so --

MR. ADLER: Okay.

MS. GARBER: -- we'll remind you all quickly of what the program is, and we'll you its
progress to date and importantly, too, what our
next steps are, because this was just a very small
pilot.

Okay, and as I mentioned -- I won't
belabor the point, because I can already hear from
the comments today how important interviews are --
so we were trying to promote personal interviews
prior to issuance of a first Office Action.
Advance examination of applications once taken up
in turn, and what I mean by that is when we got a
request for an application from an applicant to
joint this pilot, unlike accelerated examination,
the cases were not moved in front of the cue, they
stayed in their regular cue. But it was our hope
that once taken up, we could accelerate the
examination of them.

MR. ADLER: Okay.

MS. GARBER: And we wanted to resolve
issues more timely, because he have found
sometimes in our process as (off mike) applicants
I think Examiners would agree sometimes it takes
up a whole back-and-forth communications before
the parties are on the same page with other.

And here are some of the criteria for
the pilot as we set it up. We did work closely
with Robert and POPA, and they agreed to this
pilot program, which helped us a lot because I
think both the Examiners and us were interested in
the kind of data that came out of this, because
this really shows an opportunity to be a win-win
for the employees and the applicants. And so our
pilot was limited to certain classes in art units,
so it was limited to two areas in Technology
Center 2100. So, it was a fairly small one. The
application needed to include no more than three
independent and 20 total claims. This was very
similar to the claim requirements under
accelerated examination, and the reason we chose
to eliminate claims under this pilot is so that we
could somewhat limit the scope of the number of
issues to be discussed at the interview, and the
request to participate in the pilot -- there is a
particular form for it. The request must received
through EFS Web, and it must be received by the
Office prior to the issuance of a typical first action.

MR. ADLER: Can I just ask a question? When you're talking about a first Office Action, we're not talking about a restriction requirement as an first Office Action?

MS. GARBER: No.

MR. ADLER: Thank you.

MS. GARBER: No.

MR. ADLER: That wouldn't be very helpful. Okay.

MS. GARBER: And -- no. To answer that question without getting too much in the weeds of the program, if there is multiple inventions claimed, we do the restriction as we do typically, and it's only once an invention, a single invention as agreed upon we do this.


MS. GARBER: Okay. And so we're currently talking with Robert about expanding this on it.

MR. ADLER: All right.
MS. GARBER: To show you real briefly what the process is, you started on the left-hand side there. You see we first received a request. It's either proper or not. Presuming it is proper, we do a pre-interview communication, and what that looks like -- I'll just show you real briefly -- the substance of this form is unimportant. What is important is that you notice that it is a -- it's almost a PCT search report-style piece of paper that has a Cliffs Notes version of the objections and rejections, if you will, so this is a very short version of an Office Action. It does go out to the applicant and give them an opportunity to see the Examiner's proposed rejections, and it does go out with the prior art of record that an Examiner found in their search. So, it was important to us in this progress.

Unlike what Doug may have been talking about before is we wanted to see if we could have a pilot where the two parties, when they came together, were very familiar with the claimed

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invention and the prior art that had been found by
the Examiner.

So, going back to the process here, that
was a pre-interview communication that I showed
you. At that point, the applicant can opt out of
the program or stay in. We've had very few opt
out so far. People who want in the program have
stayed in the program. So that follows along the
bottom.

At the next stage, we have an interview,
and that is where the two parties -- like I
mentioned before, they come together and talk
about the proffered rejections and the prior art
found.

MR. ADLER: So -- but there's 60 --
sorry, there's days between the time that that's
sent out and the time of the interview?

MS. GARBER: The applicant is limited --
I put the red timing on the bottom there.

MR. ADLER: Yeah.

MS. GARBER: After the applicant --
after we mail the pre-interview communication, the
applicant has 30 days to respond to us with a request for interview and substantive amendment for (off mike), and the interview is to be held within 60 days.

MR. PATTON: And how long is the interview limited to?

MS. GARBER: It is not limited in time.

MR. PATTON: So, it could be an eight-hour discussion if someone wanted it?

MS. GARBER: It could be. The longest so far in the data we've collected is three hours. Most of them tend to be an hour to slightly more than an hour. But it is -- we did not limit it in duration.

MR. PATTON: Okay, and just as a matter of metrics, how many individuals or companies have gone through the pilot so far?

MS. GARBER: I don't know the answer to that. We have later in there how many requests we've received, and we can tell you from which companies we've received them (off mike) requests.

MR. PATTON: Generally like a couple
hundred or --

MS. GARBER: Number of requests or number of companies?

MR. PATTON: Requests.

MS. GARBER: We don't know that.

MR. RIVETTE: Number of interviews. Put it that way.

MR. PATTON: Number of interviews. How many interviews have there been?

MS. GARBER: We've received almost 500 requests, and because they're not taken out of turn they stay in the cue. So far I believe we'd had a hundred and some -- two hundred and some interviews.

MR. HIRSHFELD: Yeah, we'll get to the stats shortly. About a hundred, 200 out of these claims.

SPEAKER: 191.

MS. GARBER: 191 to be exact.

SPEAKER: All right.

MR. RIVETTE: Wendy, if you don't mind, I think one of the points of contention with the
attorneys was they thought that 30-day time period may be too short, so if you would address --  

MS. GARBER: And that's why I put it on here.  

MR. RIVETTE: If you would address that.  

MS. GARBER: No, and I was going to say that's why I put the timing on here. That first 30-day period when Drew discusses our plans for (off mike), I was going to re-visit -- some applicants do think that 30-day time period is too short.  

MR. ADLER: I don't understand that. They've made a request for an interview --  

MS. GARBER: Yes.  

MR. ADLER: -- and then you're notifying them that there's an opportunity for an interview and they want more time to tell you that they want to interview.  

MS. GARBER: They -- yes.  

MR. ADLER: They've already told you they want an interview.  

MS. GARBER: I -- I --
MR. ADLER: Just to be --

MR. BUDENS: No, no, no. No, they've told --

MR. ADLER: Is it a scheduling thing?

MS. GARBER: And looking at --

MR. BUDENS: No, they told you that they're opting into the program.

MR. ADLER: Okay.

MR. BUDENS: They're using that 30 days to evaluate what you sent in the pre-interview summary. So, they want 60 days to evaluate that.

MR. ADLER: Thank you.

MS. GARBER: And discuss potential amendments.

MR. WESTERGARD: But -- and where is this in the whole process? Is this 18 months after filing, two years after filing, or just whatever the cue --

MS. GARBER: When it comes up in the cue.

MR. WESTERGARD: So, it could come up in any one of those times. It's not 30, 60, 90 days.
after filing.

MS. GARBER: No. No-no.

MR. PATTON: Just another question.

Under an accelerated patent, are -- is this the same timing, or is it more accelerated than what we see here?

MS. GARBER: Accelerated examination is 12 months from filing to final disposition.

MR. PATTON: Right.

MS. GARBER: So --

MR. PATTON: So, would this be more condensed then?

MS. GARBER: Well, it --

SPEAKER: No.

MS. GARBER: It waits -- it waits its time in a cue, so at a worst case scenario we'll say it's five years until it's taken up for action. This will hopefully condense it after it's taken up in cue from if it were outside the cue. But I wouldn't compare it to accelerated examination. They're different animals.

MR. PATTON: My only point is that in an
accelerated examination, a individual or company
could want to be in this process and have redone
-- I'll (off mike) USPTO and PPAC -- have redone
accelerated interviews like this -- you know, the
191 -- has there just been a few that have been in
the one-year patent process or accelerated --
    MS. GARBER: No. These were for -- to
keep it out of the weeds as much as possible, the
accelerated examination process includes an
interview, but it includes an interview after the
Examiner has searched and come up with rejections.
If the Examiner does not believe that an
accelerated examination -- if the Examiner does
not believe that claims are in condition for
allowance, they are strongly encouraged -- and I
put the emphasis on "strongly encouraged" -- to
contact the applicant and hold an interview to see
if they can get the claims in condition for --
    MR. PATTON: My only point is you're
doing that already and it's in a different system
and format of this. So, my only comment was, was
it to compare -- comparative analysis between
doing it in a much more condensed time frame --
has it worked, has it been conducive as opposed to
something that, you know, it's a lot longer time
frame.

MS. GARBER: It's interesting that you ask that question, because I can't say as I considered it under -- in that way before. But when we get to the stats on this, now that you mention it, comparing the first action allowance rate of these types of applications where we do have a meeting of the minds early in the process, we have a much higher first action allowance rate with these cases and with accelerated examination -- both of them -- which I think leaves some credence to the notion that if the parties get together --

MR. ADLER: Boing.

MS. GARBER: -- we will come to agreement.

MR. PATTON: I know -- this is rather oversimplified, but I know with myself, I could
read a 50- page document and be -- totally
misinterpreted the main point of it. If I talk
with someone for 10 minutes, I get oh, is that
what you meant; oh, really; oh, I didn't look at
it that way. And, you know, I think that's a
normal requirement for most people.

MR. ADLER: This is the point.

MS. GARBER: Yeah.

MR. ADLER: It's the whole point. You
got it, yeah.

MS. GARBER: Okay, yeah. So, just
finishing quickly -- I'm sorry.

MR. DOLL: Can I add something?

MS. GARBER: Yes.

MR. DOLL: I'm not sure you understand
this, but what we did is the accelerated the
examination process first. What I always thought,
and what we thought was going to be the most
valuable part of accelerated examination, was the
Examiner's search document where they come in and
do the search and explain to the Examiner. But we
surveyed Examiners, we surveyed attorneys, and the
best part of accelerated examination was the
interview. After hearing that, you know, Peggy and I started talking about let's take that lesson learned from accelerated exam and start a new pilot. That's where this came from -- out of accelerated examination -- that everybody loves the interview.

MS. GARBER: And it's important to know that in accelerated examination --

MR. DOLL: Right.

MS. GARBER: -- the two parties are familiar with the claims and the art when they get together.

MR. DOLL: Um-hmm.

MS. GARBER: Unlike a pre-search interview. That was tried before and not very successful.

MR. PATTON: And, you know, it's interesting to comment, too, that while the discussion's been going today, we're going over the outreach program, and the pre-interview or first action interview, however you want to interpret it, was right in the center of the
quality discussion, and I wanted to bring that up earlier but I figured we'd hit it now, that that was one of the biggest issues to create a more quality (off mike) is to have to be more communicative in the process early on.

MR. ADLER: My goal was always -- sorry -- my goal was always to get the cases, if they could be allowed, to be allowed as quickly as possible. And it was always my practice to tell the people who work for me that they should have a first Office Action interview with their inventor (off mike) as soon -- if they can. And so I think just moving it earlier but not to the point where, you know, maybe they haven't read the -- you know, there hasn't been a (off mike), but before you even have the first Office Action I think is the right thing. You just move it -- it's moving everything. It's got to be a way to deal with pendency and quality. Now, you know, it wasn't that far away. It's come down to Washington, Philadelphia. It might not work as well for, you know, Idaho. But I think it's a good thing, and
so I'm very pleased so far -- so what I've heard.

So keep going.

MR. WESTERGARD: Do any of the pilots allow for these interviews (off mike)?

MS. GARBER: Absolutely.

MR. WESTERGARD: Okay.

MS. GARBER: Absolutely.

MR. ADLER: Their only problem is they've limited -- you know, it's a limited pilot, so it's only in 2100, 2200 --- 2100 ---

MS. GARBER: 2100.

MR. ADLER: So, let's see what we've got to do to make it bigger.

MR. WESTERGARD: Precisely my question would be at the end of this why have we still not implemented this across all art units?

MR. ADLER: All right.

MR. RIVETTE: We got to get into that next --

MR. WESTERGARD: Next week.

MR. GARBER: Yeah, we'll do that tomorrow. Oh, tomorrow's Saturday.
Okay, so after the interview, if there's no agreement as to allow the subject matter, we send out -- you see I put first action on the merits acronym on top?

MR. ADLER: Um-hmm.

MS. GARBER: Even though that is the applicant's second view of a grounds of rejection, it is the legal first action.

MR. ADLER: That's starts your six months.

MS. GARBER: Yes, that starts your six months.

MR. ADLER: Got it.

MS. GARBER: And so the -- we call it the first action interview Office Action. It, too, is a condensed version of an Office Action. It is not a full blown 17 or so page (off mike) like you see today. And after the applicant receives that, the case returns to normal processing. Now, if I can --

MR. ADLER: Wait a second. Explain that again? That -- the thing in the blue is not the
real -- is not the first Office Action?

MS. GARBER: No, I'm sorry. Let me explain it again. It is the legal first Office Action.

MR. ADLER: Oh, it is.

MS. GARBER: And once the applicant has that in their hands and they are agreed to what mandate us as if they have received a rejection.

MR. ADLER: Oh, okay. So, what did you say about a shortened version of --

MS. GARBER: It, too, looks like this.

MR. ADLER: Fine.

MS. GARBER: The only -- it's either -- if there's no agreement at all in the interview and there's an agreement to disagree, it will be verbatim the same.

MR. ADLER: Fine.

MS. GARBER: Okay.

MR. HIRSHFELD: We're here to make you happy.

MR. ADLER: That's fine.

MS. GARBER: We're going to call it the
(off mike) project if you want it.

MR. ADLER: That's fine. The FOAM is good. And I call it a FOAM.

MR. PINKOS: When you -- this is just a quick question. Maybe Robert could answer it, or if you get to it just let me know. Because of the nature of the pre-interview communication, is there little additional time added to the Examiner's work other than the interview itself in the sense if that they don't come to agreement, he's just or she's just transposing that to the first Office Action, or -- and if not, is it still useful to the overall examination process?

MS. GARBER: I think we will -- I think you'll see we do touch on that a little bit now.

MR. PINKOS: Okay.

MS. GARBER: And as we've already touched upon also, the applications that were originally eligible for the pilot -- and we have stopped receiving applications for the pilot. The time to receive the request is currently over. It was two technology areas -- in Technology Center
2100, Computer Networks, which has now moved to 2400, and Database and File Management. Those are two large computer technology areas that have a fairly high inventory, and so we were looking to see if there was any pendencies (off mike). Because the cases are not taken out of cue and we did want data early, we had filing date requirements for the cases, and so there were some filing date requirements. And overall there 5500 applications were eligible for the pilot. We did send out a mailer to all those applications that were eligible to try to gauge what kind of response that we could get.

And with that, I'll turn it over to Drew Hirshfeld, who will go over with you the status of the pilot to date.

MR. HIRSHFELD: Thank you, Wendy. I feel like this is the moment you've all been waiting for (off mike).

MR. DOLL: Wendy took us to that point of --

MS. GARBER: That's what I always --
That's what I always do, yes.

MR. DOLL: I wasn't going to go that far.

MR. HIRSFELD: As of January 23rd, we have 493 requests to join the pilot and, as Wendy said, there were about 5500 eligibles. So, that number of 493 represents about 9 percent of those that are eligible. It's very clear that the amount of enthusiasm on the outside was much more than even we anticipated when this was started. Also, as Wendy said, the cases in the pilot are still going through prosecution. So, out of that 493 where we've obtained a pre-interview communication in 273 of those cases and, again, that's a -- the Examiner has done their search, done the short form, which is a pre-interview communication, and mailed it out. Subsequent to that, you have the interview, we have 191 interviews being held --

MR. ADLER: She is saying that the difference between 273 and 191 is that there were 80 folks who dropped -- who decided not to -- who...
dropped -- opted out?

MR. HIRSHFELD: No. No.

MR. ADLER: It just hasn't happened yet.

MR. HIRSHFELD: It just hasn't happened yet.

MR. ADLER: Thank you. Just trying to --

MR. HIRSHFELD: Right, we're taking a snapshot in time here.

MR. ADLER: Just trying to understand what -- go ahead.

MR. HIRSHFELD: Good question. So, it's a snapshot in time, and then after the next stage, which is the legal first Office Action on the merits, there are 150 first action interview Office Actions.

MR. ADLER: Did anyone drop out?

MR. HIRSHFELD: We did have some dropout. It was small.

MR. ADLER: Small?

MR. HIRSHFELD: I don't know the number off hand, but I'm going to say around 10 or so.
MR. ADLER: Okay. Okay.

MR. HIRSHFELD: And getting back to why they dropped out is I do believe there were some concerns about the 30-day response time after the pre-interview communication.

MR. ADLER: All right.

MR. HIRSHFELD: And I'd like to -- I'll expand on that a little bit. I think what was happening there -- at least the feedback I was getting -- was that you have to -- even though there's a short form pre-interview communication, the attorneys and their, you know, applicants still have to review that. They still see what the rejection is. And by the time they would formulate a response, potentially going to, you know, questions of other attorneys we were hearing from overseas attorneys and it was very difficult to get back in the 30 days. So, that's --

MR. ADLER: Okay, all right, I could see the overseas thing. Yes.

MR. PATTON: So, just as a comment, you know, 3 or percent dropped out for whatever
reason. That's a pretty successful pilot, and it
just -- it demonstrates or validates or our study
validated after the fact, however you want to look
at it, that that need for communication is -- it
seems like it's in an untapped source.

MR. ADLER: Um-hmm.

MR. PATTON: Even for the public image
and for the communication, and, you know, one of
the other things that -- just to add -- in our
outreach, you know, some of the practitioners who
wanted to demonstrate good art would say, you
know, if they had talked to the Examiner why they
delivered 20 boxes of prior art that no one -- you
know, it'd have to be why the heck did you give me
this, what am I supposed to do with this. It's
not such an impersonal process where you're
actually talking, you know, face to face with
someone as a -- of course, it's not just a machine
or something that is -- you can toss them over the
fence and do whatever you want.

MR. BUDENS: And in response, though,
and to keep a little bit of a different
perspective because in -- when we think back of how high this was and the outreach results and what have you, okay, how important it was, I still find it a little interesting that we only got a 10 percent participation rate, you know, when it was offered to everybody, because there's no big downsides in this program, you know, meaning the Examiner's support document, you know, the things that come along contingent with (off mike) concerns with inequitable (off mike). This was just a basic process, and yet, you know, only 493 out of the 5500 eligible cases did it. So, while we hear that it's, oh, such a major and important thing, when it was offered only 10 percent of the people so far have accepted it. So, just to keep a little perspective. I'm not saying it's not a good thing. I just want to keep the perspective here.

MR. ADLER: I think that's true. I think other art areas might actually be a lot higher.

MR. HIRSHFELD: I also suspect, because
I've been getting feedback from people on the outside when I speak about this program is that there's a lot of people who wanted to wait and see how a process performed with others. So, I think the 10 percent is low, because there's just some -- they want to see.

MR. ADLER: All right.

MR. HIRSHFELD: And now they can't get it.

MR. ADLER: All right. So, keep going.

MR. HIRSHFELD: So, moving on, we were talking about the success of the interview, and I think everybody could recognize how valuable an interview is. In prosecution I think our numbers greatly support that. As you can see, we have 59 applications that have been allowed, and I'll step you through each -- what the categories are there.

Nineteen of those 59 allowances were allowed before the pre-interview communication. So, in other words, the Examiner picked up the case, did the search, saw that it was allowable either on its, you know, in its current format
where (off mike) Examiners amendment and when it
had (off mike).

MR. ADLER: That always makes me
nervous, but I'll -- okay, go ahead.

MR. HIRSHFELD: Thirty-four applications
--

MR. ADLER: I always like that. Some
Office Action -- I'm always nervous with a first
Office Action allowance.

MR. DOLL: I think I know what you're
saying, because, you know, it's like selling your
house to the first guy that walks in. You think
you didn't charge enough. But attorneys --

MR. ADLER: No, not because of the
claims scope. I just wonder whether it was
thoroughly done, you know, but, okay, I'm going to
deduct the 19. I'm still going to look at the 34
and still be okay.

MR. HIRSHFELD: Thirty-four is a good
number.

MR. ADLER: Yeah, 34 is still okay. All
right.
MR. HIRSHFELD: The 34 cases were allowed after the pre-interview communication but before the second short Office Action. In other words, before the first Office Action on the merits, the legal first Office Action on the merits. And what that number shows is that interview really has an effect, because in those 34 cases, there was a rejection, a proposed rejection, sent out in the pre-interview communication. There was an interview. There was a meeting of the minds, and the case ended up being allowed -- cases.

MR. ADLER: So, could that -- could that first office -- could that interview include amendment?

MR. HIRSHFELD: I'm sorry, I didn't understand the question.

MR. ADLER: Could the first office -- those pre-interview communication --

MR. HIRSHFELD: Yes.

MR. ADLER: Does that -- could that include an amendment to the claims?
MR. HIRSHFELD: The --

MR. ADLER: Did that include, you know

MR. ADLER: --

MR. HIRSHFELD: I'm still not sure I understand. The pre-interview communication is what -- is where the office --

MR. ADLER: In response to that.

MR. BUDENS: I think what's he's on -- I think where's he going, Drew -- probably the question he's asking is when they come in for the interview --

MR. ADLER: Yes.

MR. BUDENS: -- should they bring an amendment with them?

MR. ADLER: Or do they actually --

MR. BUDENS: -- true. Yes, they could.

MR. ADLER: All right, then we're good.

MR. PATTON: And actually what we're telling applicants is that in that 30-day period to schedule the interview --

MR. ADLER: Yeah.

MR. PATTON: -- they're also supposed to
send in either a proposed amendment or arguments.

MR. ADLER: All right.

MR. PATTON: So, if there's a substantive discussion of the case. And I have a question again regarding the outreach. Everyone thought that it would improve quality of the patent. Do you personally think it improves the companies and individuals that went through this process? Do you think by something from a value it improved the quality, and if so -- or not?

MR. HIRSHFELD: I certainly think any time you're going to put people together and have a meeting of the minds and a valuable discussion about a case, you're going to improve quality. So, I absolutely do believe that this case, as well as any other interview, is going to improve quality. That's my own personal opinion.

MR. BUDENS: Just from my point of view, just to make sure -- since we only issue valid patents after a certain quality (off mike).

MR. MATTEO: In defense of the personal opinions -- I'm curious in particular in the
spirit of feedback, loops, etc. This is a pilot. Everybody knew it was a pilot. Are you doing some sort of a debrief with all of the people who participate here to get their sense of whether they believe it was a positive experience or whether (off mike) because they committed to it or something?

MR. ADLER: The Examiner --
MR. HIRSHFELD: Yes, we are. We have a survey that, again, has to be completed, and actually Robert and I (off mike) discuss the feedback.

MR. RIVETTE: No.
MR. MATTEO: Debrief from --
MR. HIRSHFELD: Debriefing the other side. Debriefing applicants in terms of --
MR. RIVETTE: Did they like it? Did they --

SPEAKER: How was it for you?
SPEAKER: Right.
SPEAKER: How was it for you, exactly --
SPEAKER: Sorry. We're doing that right
now?

MR. HIRSHFELD: Yes, I believe there is a survey (off mike). I have that (off mike). We are getting feedback. I am getting calls and feedback about it. It's positive feedback.

That's --

MR. RIVETTE: I think we should do this systematically. I think we do should it statistically. I think that, you know, one of the things that -- and this is my opinion, other members can say what they want -- I think we look inside the Office too much. I think we play intramurals instead intermurals. I think we have a lot of exigencies outside of us that play into this, and I think every time we think about this sort of pilot we should be thinking about who are the other parties involved and how do we get their input.

MR. ADLER: Customer --

SPEAKER: Customer.

MR. MATTEO: Customer, exactly.

MR. RIVETTE: Customer.
MR. MATTEO: I just wanted to (off mike) if I may. Part of the natural end of any of these pilot programs should be -- maybe the antecedent should be (off mike) customer base, trying to understand what their objectives are, why they participated, and then circle back to them and help them -- help understand how those were met or not met. It seems to me that that should be a natural part of any pilot.

MR. RIVETTE: And, again, if we could do this in a way that everybody can kind of see the other person's viewpoint and you can say, you know, they can go up there. Maybe there's a survey form or whatever. It's our Wiki, and you can say I like this, I didn't like this; somebody else can go -- you know, I have the same feeling, but I think we can do it a little differently.

MR. ADLER: Yeah, like, what did you like about it? What didn't you like about it? Would you do it again? How would you improve it? You know. And simple couple of questions. You're going to get a lot of good information, because I
think -- I think that's --

MR. PATTON: It could even be similar to some of the questionnaires we have in the outreach where it's done a little more scientifically and it's tabulated and it's information that would be available to PPAC at the next meeting, and then the question would be is that we could put that back out -- in terms of communication with the public, put that out to everyone that was involved before, and then the question I just have to add on to this -- and I know that won't quite to turn to lively discussion -- is how come this can't all be put into implementation this year, because that --

MR. PINKOS: Meeting next week.

MR. PATTON: Okay, next week.

MR. ADLER: Right, across the --

MR. PATTON: What are the barriers -- I mean, it looks -- it seems like it improves quality. It is a very --

MR. ADLER: It might help your pendencies.
MR. PATTON: -- communication. What are the barriers of implementing this? Is it budget, or is it the unions, or we don't have enough time for the Examiners to do this properly? What -- I mean, are there barriers to this?

MR. HIRSHFELD: I'm going to skip to the next slide, which is going to address that, but before I skip there I just wanted to point out that the, you know, 25 percent allowance rate prior to the legal first action on the merits is obviously very high as compared to what (off mike) --

MR. ADLER: Six times? Seven times?

MR. HIRSHFELD: -- like it has is typically under percent allowance rate on first --

SPEAKER: So, pendency --

MR. ADLER: So, six times greater than what it's normally at.

MR. FOREMAN: And just to add on, I mean, I think it's important that we capture the data after this, but we should also be asking them before the interview what their expectations are,
because, in other words, you can't benchmark them. You can tell them -- afterwards you can say was this good for you and they'll say yeah, it was great. But if you didn't ask them beforehand if there was any trepidation, was there any issues related to why they may or may not want to do it, you don't have anything to gauge it against. So, any one who goes through this process -- you should ask them before what are their expectations of the interview, what do you hope to get out of it, why are you participating in it? And then when it's over say -- ask them the same questions: Was it good? Did it meet your expectations? Was it better than what you thought? I mean, that's --

MR. ADLER: Any pilot, right? I mean, that's for any pilot, yeah.

MR. MATTEO: But to take that a step further, like I was saying before, it's an antecedent to even putting the pilot together. You want to understand what your customer base might be looking for, and so it's going back again
to that constant continual feedback loop into best practice development.

MR. ADLER: Yeah.

MR. MATTEO: Then we need to integrate it into all of the things we --

MR. ADLER: It's a think game.

MR. MATTEO: -- not just the pilots, but certainly the pilots.

MR. ADLER: It's a mindset.

MR. MATTEO: Exactly.

MR. ADLER: It's a way of doing things --

MR. MATTEO: Exactly.

MR. ADLER: -- rather than a result orientation. But go ahead. Go ahead --

SPEAKER: You?

MR. ADLER: No.

MR. PINKOS: I was just going to say you use the term "customer." I'm not so sure the applicants are necessarily the customer. In some sense they are, but usually in the business world the customer's always right, correct?
MR. ADLER: They don't have to be.

MR. PINKOS: Sometimes the applicant is not.

MR. ADLER: Okay, all right.

MR. PINKOS: Nah, just joking to me. In all honesty, sometimes we get caught up with that at the PTO. It's good from the standpoint of the PTO needs to serve, but the PTO also serves the public very broadly.

MR. ADLER: No, I don't disagree. I didn't mean it. When I said "customer," I wasn't assuming the customer's always right.

MR. PINKOS: I was kidding a little bit, Marc.

MR. ADLER: I know you're right, because that is a problem.

SPEAKER: Drew.

MR. ADLER: Go ahead, Drew.

MR. HIRSHFELD: The last slide I have for you is the next steps, and we have been seeking to expand into other technology areas. Specifically, we'd like to go into each TC. As
Wendy mentioned before, it's been a collaborative effort with the union, and Wendy and Robert and I have had discussions about this, and some feedback from --

Robert, would you like to comment on the feedback?

MR. BUDENS: Sure. One of the issues we still have is -- and we've been talking about this as a pilot, but from our point of view right now, it's only half of a pilot. We've only gone about halfway through the prosecution of most of these cases. The ones that have been allowed early, you know, are done, but we still have, you know, 150 that went on to first action. Those are going to go on to amendment and regular standard prosecution. The concerns -- we took this after conversations that we had with Wendy and Drew and took this to POPA's executive committee last week for -- you know, to see if we could get their approval to expand the program, you know, that we would work together and pick out some more technology and expand it. At that point in time,
there's still a serious concern for POPA that we don't know overall whether this is a positive or a negative impact on time for Examiners, and the reason being is one of the things that we did when we started the pilot -- we moved the count -- you know, the first production count for the Examiner -- up to the point of the mailing of the pre-interview summary, okay? So, that puts the count up with a certain -- you know, we did a good thing. That's where the Examiner did the search and did -- you know, wrote up the briefing and mailed it out to the applicant.

Now we have from that point forward the interview, the first action, and potentially the amendment and the final rejection and the after file prosecution stuff. We don't know if, at that point, it's actually going to add more time to the Examiner, because at the final rejection stage, we're going to basically then have to go in and write up a full rejection, like we normally would, which we hadn't done prior to that point in prosecution, plus address arguments of the
Examiner. So, what we're trying to do in talking with Wendy and Drew is to see if we can look at the data, see how many cases we can see have gone through the full length of prosecution in this pilot, whether they've gone to first action allowance or whether they've gone all the way to final rejection and abandonment or whatever so that we can get a feel for is this at least time neutral and preferably a time savings or not, and so we want to take a -- get a little better feel for what the back end of this pilot actually looks like, and then I think we'll be able to, you know, reconsider that, and I think they're already working on trying to put some data together for us. Unfortunately, right now, you know, I'm bound by what the executive committee, you know, has spoken. And so at this point, we're officially opposed to expanding the program until we can get a little bit more data from it. And I think we -- I think everybody's finding the results of this very interesting and promising.

MR. ADLER: Okay. Can I ask you a
question about something you just said? After the
regular first Office Action -- you're talking
about the cases that aren't allowed after, right?
You say you respond to the first Office Action,
and then you have to issue -- and you still -- you
look at that and you go it's not allowable, it's
still -- you issue a second Office Action. Final, 
right?

MR. BUDENS: We're issuing a final
result --

MR. ADLER: All right, so that -- that
final is the first time you're writing up the
formal --

MR. BUDENS: The formal standard -- what
you would see as a full Office Action.

MR. ADLER: But up until that point in
time, you haven't had to do that.

MR. BUDENS: Not within the pilot.

MR. ADLER: Yeah.

MR. BUDENS: You've been doing smaller

--

MR. ADLER: So, if you didn't have to do
it until now, how are you spending more time doing it now than you would have under the --

MR. BUDENS: Part of the issue is --

MR. ADLER: Somebody follow my logic? Because I know what I'm saying. I --

MR. BUDENS: Part of the issue is you're having to spend all that time and the timing and you don't get any more credit for. The counts are -- you're not going to get a count for that final rejection, you're not -- you're just doing a normal action, and you're happy to do --

MR. ADLER: Why can't you get a count for final rejection the same way you would get a count for a final rejection?

MR. BUDENS: We don't get counts for final rejections. That's the point. We're getting the first count up early in -- when we do the pre-interview summary, when we've done the searches. Then all the rest of the prosecution of that phase up until abandonment is basically time that we don't get time for, you know, credit for work product. We have to be doing other accounts.
and stuff. So, the problem becomes if the final rejections in these kinds of cases become harder -- you know, more time intensive than a normal final rejection, because a normal final rejection is going to be cut and pasting a lot of stuff from your first Office Action.

MR. ADLER: Yeah, I know. I've seen them.

MR. BUDENS: That's where the problem would come in.

MR. ADLER: That's not a -- that wasn't necessarily -- that's not --

MR. BUDENS: -- Burden on the Examiner at a time when they're not getting any work credit, and I think it does put them in trouble with production and work flow.

MR. ADLER: Uh-huh.

MR. HIRSFELD: If I may address -- oh, sorry.

MR. ADLER: Yeah, go ahead. I have to think through what I'm going to say.

MS. FOCARINO: I think we have to
remember that there's only three claims in these cases, right? And, you know, I think we've only written one final according to Andy, and so the point is you haven't had to write anything substantive up until this point.

MR. ADLER: Right.

MR. FLAKE: So, in a way you could look at it that you're getting over-credited, you know, (off mike).

MR. DOLL: We should be taking time.

MR. HIRSHFELD: Yeah, if I can answer that.

MS. FOCARINO: So, you know, if you look at the two of those actions together, then they should balance out.

MR. BUDENS: I'd be happy to let you bring -- make those comments, John, at the executive committee on Thursday, along with the budget stuff.

MR. DOLL: But there's some other --

SPEAKER: You want to make them?

MR. PATTON: I just have a question
about innovation, and in a way it would be great on this topic -- it looks like it's going so well -- to use this as something for the press, something to show -- and this is my question.

When did this pilot start? How long ago?

MS. FOCARINO: April.

MR. PATTON: It was April.

MR. ADLER: Eight or nine months ago.

MR. PATTON: Nine months ago. And I'll ask Robert, and because you -- obviously it has to go through the unions to be accepted and moved forward. How long do you think it will be until you get the data that you guys could meet to expand this into other programs, assuming that it all goes well?

MR. BUDENS: I mean, that's hard to say, because a lot depends on the applicants, you know, barring extensions of time, what have you. I think -- you know, I think we've looked at what we've wanted to see and see if we could find a handful of, you know, cases that have gone through the whole process. As Peggy just said, if we've
only had one case, it's hard to draw any
conclusions. Did that case save time? Did it
cost the Examiner more time? Whatever. I think
what we want to do is get to the point where we've
seen some of those, you know, other 150 cases get
through the final -- through the prosecution
stage, then see what the Examiners are saying at
that point. The Examiner feedback at this point
in the pilot has been very positive, and that's
been a good sign. But there's, again -- the cases
haven't gone through -- the vast majority cases
have not gone through full prosecution yet.

MR. DOLL: Hey, Robert, why don't we
just expand the pilot for six months or nine
months. It's still a pilot. Expand it for a
while -- do you want to see more data? We'll be
happy to give you more data. Let's just expand it
right now for another six months or nine months
and let it run courtwide and see what the results
are.

MR. HIRSHFELD: I hate to (off mike)
some misinformation a little bit here.
That we have been -- and as I said Wendy
and I have been formulating, you know, our
response and Robert has been kind enough to invite
us to talk to his executive committee, so we've
been through a lot of the cases. And there
actually have been just under 30 finals that have
been done, and in 75 percent of those cases, there
was a new rejection in many at the final stage.
So, a new rejection necessitated by an inventor,
which makes sense, of course, after the
interviews.

MR. ADLER: But that it's not a final,
is it?

MR. HIRSHFELD: No, it's a -- it is
necessitated by a --

MR. ADLER: Yeah, but it's not a final.
MR. HIRSHFELD: Yeah, it is a final.
MS. FOCARINO: Yes, it is a final.
MR. HIRSHFELD: It is a final.
MR. ADLER: It's a final.
MR. HIRSHFELD: Right.
MR. ADLER: Yeah, all right.
MR. HIRSHFELD: In the cases where you have the new rejection that was necessitated by the amendment, you are rewriting that essentially from scratch anyway, so the block --

MR. ADLER: All right.

MR. HIRSHFELD: -- covers you, is essentially a nonissue for at least 75 percent of the cases we've seen so far. And by that, they haven't -- you know, giving the whole picture, some of them have been using some of the same references, some of them are entirely new references, so it's not that simple an issue, but it certainly seems in a majority of the cases you're rewriting the rejection anyway.

And if I can just go back and summarize the view of the final being extra work, what we're doing in a nutshell is just shifting work from the front end to the back end, except once you add a higher allowance rate at the front end, you're eliminating that back end in, as we said, a great percentage of the cases. So, this is the feedback that we'll be giving to the Executive Committee.
MR. PATTON: So, what my question was --- is -- it's taken about nine months and let's say we do it for -- go on for another nine, twelve months and study it some more, and then we wait. I don't know how it would -- I don't how long it takes to put something into effect. So, I mean, from start to finish for innovation it could be, like, a three-year process maybe, two and a half years? That's my point is that if it -- right now if it looks good for quality and it's being -- and there is a rather urgent matter for quality and pendency and issues like this, is -- and coming from industry and business, you know, all you do is you have people pushing, you know, how do you go faster, how do you go faster to get this done in half the time. Is it -- does the team think that this would -- does it sound like it's something that could wait a year and a half?

MR. RIVETTE: Okay, so -- (off mike)

listen to the discussion. I'll tell you where I'm coming out on this thing, and that is I think we
should implement it. I think there should be a feedback loop, and if we find out that there's a problem with the data at some later point that we reevaluate, but the concept that we've got to go through everything first, get all the data done, and put everything up -- it is not the way the world works, it is not where, you know, you get innovation faster, there's no cycling in here. It is all serial. Nothing's parallel. I think it's just the wrong approach to how we're going to solve the problems at the office.

MR. FOREMAN: Kevin, for the record, is there anyone on PPAC who doesn't think we should initiate this across the board in all art units?

MR. RIVETTE: I think we should do it tomorrow.

MR. FOREMAN: All right, I mean, we all believe -- I mean, what's frustrating for us is that we continue to come to these meetings and we debate this, but no one wants to actually initiate it, and you're right, Doug, I mean, innovation is a process of change that occurs fairly rapidly,
and Marc and I were saying if it feels good keep doing it.

MR. RIVETTE: You know --

MR. FOREMAN: I mean, there's data here that supports it, so why not --

MR. ADLER: That's two in the past two hours --

MR. DOLL: We would like to implement it. We would like to go for it. We're willing to just extend the pilot six months.

SPEAKER: Exactly.

MR. DOLL: We think it's good.

Applicant's fine. There's good results.

MR. RIVETTE: No, I want to extend -- I want --

MR. FOREMAN: So, what has to be done -- what has to actually be done?

MR. DOLL: The executive board meets.

MR. FOREMAN: Okay.

MR. DOLL: We cannot do this without POPA's approval.

MR. RIVETTE: Okay, so what does it take
-- what is it going to take? We have to sit down
with the executive board.

MR. BUDENS: I don't -- we're working on
that right now. Me and Drew are trying to get --

MR. RIVETTE: Yeah, but what we're
hearing is -- what I'm hearing is we're going to
need more and more data, so, I mean, we got one
case --

MR. BUDENS: What you're going to have
to do is convince the executive committee that
they're comfortable enough that this whole
process, this whole pilot when it's looked at from
beginning to end -- not just from beginning to
this (off mike) --

MR. RIVETTE: Right.

MR. BUDENS: -- from beginning to end is
time neutral for Examiners or an improvement for
Examiners.

MR. RIVETTE: So, if there was some --

MR. BUDENS: The theory is that it's not
time --

MR. RIVETTE: Yeah, I got that, I got
that, but if we (off mike) some opt-out mechanism -- I mean, this is how we do it in business, right? You come up with an idea. If we were trying to sell a business or we were trying to come to a contractual agreement and you said I need this data, this data, this data, this data and three years -- yeah, there's no deal that's going to get done. So, what we normally do in business is you'd come in with an opt-out. You say look, the data we think is going to look like this. If it doesn't look like this, at that point we're going to reevaluate how we do this. And that's the way I have been doing it for 25 years in business, because otherwise you just never get it done. And that's what we're -- that's the frustration we're feeling here. We talk about it. We talk about it. We talk more about it. We start a little program, and it just doesn't get anywhere.

MR. BUDENS: I'm sympathetic to your frustrations, but I -- you know, and I'm optimistic about the program.
MR. RIVETTE: I know you're optimistic.

MR. BUDENS: And it doesn't -- when I took it to the executive committee --

MR. RIVETTE: Can we do it?

MR. BUDENS: I cannot override the executive committee.

MR. RIVETTE: I'm saying you're going to override it.

SPEAKER: No, no, no, we understand.

MR. RIVETTE: No, no, no, we're not going there. What I'm saying is, is there another approach by which we can get more like in a business where you have an opt-out clause, where you have a renegotiation clause. I mean, there are tons of times. You sell a house, it's subject to -- I mean, if you waited till every single thing was done and you lived in the house for 20 years before you'd by it, it ain't going to happen.

MR. WESTERGARD: (off mike) I mean, it was a sell by such and such a date and it was over, and then it was time for reevaluation. Why
can't the new pilot be a six-month pilot across all art units --

MR. RIVETTE: Yeah.

MR. WESTERGARD: -- and then in six months it's over --

MR. RIVETTE: Right.

MR. WESTERGARD: -- and that all you have to tolerate is a six-month hit if it's bad, and then you reevaluate, because I agree with Kevin that we just simply can't wait to get all the data. Nothing will happen.

MR. RIVETTE: Nothing -- I mean -- and I know that you're (off mike). Trust me. We're with you on this. So, the question is how do we break that log jam with your executive committee? How do we do that? Because there's got to be a way that we can come to a compromise that makes it palatable for both sides.

We got to change this Office or I'll tell you what's going to happen. I'll tell you, you know, flat out. I think if we don't change this Office, Congress is going to change this
Office for us or the White House is. And they're going to come in here and they're going to say you know what, this is not working.

MR. ADLER: If things don't work, they're going to get rid of things.

MR. RIVETTE: Yep.

MR. ADLER: And it's going to be (off mike).

MR. BUDENS: Inaudible) six month (off mike) negotiable ones or, you know, that depends if someone (off mike) if they want to go down that route, that's --

MR. RIVETTE: We will.

MR. BUDENS: -- that's something that we could, you know, conceivably go back as a different issue from, you know, where we are at.

MR. RIVETTE: I just think we've got to get creative. We've got to get creative about how we --

MR. BUDENS: I understand --

MR. ADLER: (off mike) something that's working Why would you --
MR. BUDENS: I was surprised the executive committee voted it down. I thought we had (off mike) convince them (off mike).

MR. ADLER: All right, so --

MR. BUDENS: We weren't talking expanding the pilot agencywide, we were talking about, you know, picking more -- some places in each of the technology centers and expanding them, because if they're convinced that it's going to work the same way in all the technology centers --

MR. FOREMAN: Kevin, your point is that in the real world, in business, you act in good faith.

MR. RIVETTE: Yeah.

MR. FOREMAN: And I don't know if good faith exists in government, but -- I am serious -- can't you guys just work in good faith and say look, we believe the desired results are going to reflect the data we currently have. There's a chance it won't. But in good faith, let's forge ahead, and if we start to see data that indicates maybe we're heading the wrong direction, we'll sit...
back down and we'll figure it out.

MR. RIVETTE: That's right.

MR. FOREMAN: But we're just wasting time, and this could be time that provides the Examiners more time for examination and --

MR. ADLER: And gets a bunch of cases out of the cue. So, it goes to -- look, quality aside, it goes to pendency. I mean, there's no doubt it goes to pendency, right?

MS. FOCARINO: And I think we are willing to do exactly what you say, Louis, and Wendy and Drew have been working with, you know, us, too, so, I think we need to --

MR. RIVETTE: But the concept is so small --

MS. FOCARINO: -- make -- yeah.

MR. RIVETTE: Yeah, but the concept is so small compared to what it could be, Peggy.

MS. FOCARINO: I know.

MR. RIVETTE: And the potential ramifications and benefits are so big that it doesn't -- at least from our standpoint -- from a
business standpoint it doesn't make sense to look at this as this big and we'll go to this big and then we'll go to a little larger. It's, you know, jump in, figure this thing out, and we're going to work it together.

MR. ADLER: So, this is only -- the pilot was only for -- originally was for applications with what -- 30 --

MR. RIVETTE: Twenty -- 20 --

MR. ADLER: Thirty? Go ahead.

MR. HIRSHFELD: Three independent --

MR. ADLER: Three independent, 30 total.

MR. HIRSHFELD: Twenty total claims, and then we --

MR. ADLER: Now, imagine if that changed behavior of applicants to do that in order to get into the system because they wanted to get out faster, so your total workload overall would go down. Do you follow me? I mean -- this is what I'm talking about, creating incentives for behavior that you want rather than rules that -- huh? Do you follow -- what?
SPEAKER: Louis is beating his head against --

MR. ADLER: I mean, because this is the kind of thing that would say hey, you know, that guy -- he got that patent allowed pretty quick, because he had a first Office Action interview and it worked out and he got it allowed on the second Office Action, whatever, because he only limited -- you know, he got into the program because he had 30 claims and 3 independent, right?

MR. RIVETTE: Um-hmm.

MR. ADLER: And I filed with 5 independent and 35 claims. Couldn't you have done -- couldn't you have gotten the same -- you know, maybe next time you would you do it 3 and 30, right? So --

MR. BUDENS: Right. I want to just say that one of the things -- while we're sitting in this room, we tend to look at things from a little higher altitude, I think, at things than your basic example. Your basic example is going to go is this going to take me more time to do the job
or less time to do the job. That's going to be
the question they ask. We're looking at it as how
do we solve the art problem and how do we, you
know, increase or decrease pendency. We're
looking at bigger issues. Your average Examiner
is looking at it as is this going to take me more
time or less time, and so I think some of the
reaction we get is how do we respond to that, and
I think what we have is a situation where
Examiners are not sure that it's going to save
them time or not yet.

MR. RIVETTE: That's why you have the
opt-out clauses, and that's why you work with --
compromise and say look, it's not working here,
we're going to rejigger it. I mean, that's the
only way I can think of doing this thing.

MR. MATTEO: Exactly. The questions
you're asking and you're suggesting are on a micro
level and we're on a macro level -- are exactly
the same thing. They're wondering about how to
get this done. Is the suggestion that we all sit
on our hands and wonder? We've got a pilot here
MR. ADLER: It's --

MR. MATTEO: -- with demonstrable results.

MR. ADLER: It's even worse than that, because you know that an Examiner would love to be able to get an applicant to work out the claims, place them in position for allowance as soon as possible, because then you don't have to write up anything.

MR. BUDENS: I'm not arguing.

MR. ADLER: Right, so --

MR. BUDENS: I'm not arguing.

MR. ADLER: We're on the same page. We should be on --

SPEAKER: If I could just --

MR. BUDENS: I'm inclined to go along with it.

MR. PATTON: I talked with Robert --

MR. ADLER: I know, I'm just saying -- no, all right, okay.

MR. PATTON: -- and I know Robert wants
innovation as much as any of us.

MR. ADLER: I know, I'm not --

MR. PATTON: And I know he's sensitive to that.

MR. ADLER: I know.

MR. PATTON: He's in between a rock and a hard spot, but I know he wants innovation.

SPEAKER: I'm trying to figure out "rock."

MR. PATTON: And I guess what I'm trying to say -- everyone is saying -- is kind of like the elephant in the room -- we all want it -- it just would be great to find a way -- and I think it will happen, I'm very positive, but there's got to be a way to do it quicker.

MR. RIVETTE: I want the elephant. I don't want the gestation period.

MR. ADLER: Yeah, yeah, right. There you go. Fine.

MR. DOLL: It's a long time for an elephant.

MR. RIVETTE: You dog, that's my point.
SPEAKER: Do you know what the gestation period is for an elephant?

MR. RIVETTE: Exactly, and it's sounding a lot like what this one's going to take to get off the ground.

MR. ADLER: Well, thank you. I mean, that's very helpful. I mean, that was very -- it was to the point. It got us right us there. That was good. And thank Wendy, too.

MR. HIRSHFELD: You're welcome. You know, Robert has -- as I said, Robert has invited -- the timing of this, you all know, is that we met with Robert even last week, and he has invited us to talk to the executive committee, which should be next week. So --

MR. ADLER: Good.

MR. HIRSHFELD: -- I'm hoping that I can persuade them with the stuff I told you, plus we also have, you know, Examiner feedback. We did do surveys in-house, and they certainly seem to be very positive feedback, so hopefully we can --

MR. ADLER: -- get more customer
feedback.

MR. HIRSFELD: But we would like to expand it corps-wide, not just to few more art units. The optimum deal for us would be expand it corps-wide. If you want to set a time period, that's fine. But rather than just picking a few art units or a few work groups here or there, let's open it up. I was at the University of Dayton several months ago and they were asking from the audience when are you going to open this up to all of us? When are you going to let everybody opt into this program?

SPEAKER: When you file --

SPEAKER: Maybe at this point, we take this one offline, because I think we --

SPEAKER: Yeah, we're --

SPEAKER: -- ability to talk. I think we just need to --

MR. PATTON: Just one last question. Maybe I could direct this to John or Peggy. Let's say that we have a six-month and the actual pilot is done. How long does it take after that to
actually put it into effect? Is that a day, a
year?

MR. DOLL: Peggy's dying to answer that, aren't you, because it's an easy question.

MR. PATTON: If it was hard she was going to answer it.

MS. FOCARINO: Yeah, right.

MR. DOLL: It can be done immediately.

MR. PATTON: Like one day.

MR. DOLL: No, less.

MS. FOCARINO: Yes.

MR. PATTON: Like one hour.

MR. DOLL: If the Union agrees --

MR. PATTON: Wow.

MR. DOLL: -- it's immediate. If you need to talk about it, if you need to negotiate, or if you need to go, that's time lost. But it can be done immediately. If the union agrees, there's no negotiating.

MR. PATTON: One hour. You can do that -- in the push of a button.

MS. FOCARINO: Yes.
MR. BUDENS: In this particular case, I think once we reached agreement, we were up and running fairly quickly.

MR. DOLL: Right.

MR. RIVETTE: Okay, so let me move this thing out a little bit. We are not going to be able to get to nationwide workforce and university project. I mean, unless Dave wants to run through that in 15 minutes.

MR. WESTERGARD: I think we need more time.

MR. RIVETTE: I think we need more time.

MR. WESTERGARD: It's been -- at least the nationwide workforce. That's a big deal. You could just agree with me that it's a good thing and that you ought to do it starting --

MR. DOLL: Now? I agree with me.

MR. PINKOS: Can you press the button on that one, too?

MR. DOLL: I can.

SPEAKER: No.

MR. RIVETTE: So, what I think we should
do is have a --

SPEAKER: I can.

MR. RIVETTE: -- a PPAC meeting in, say, the three to four weeks on just this topic. This is a very important topic to all of us. We've all got points of view on it. They need to be aired. I think we should do it telephonically. I think we've got two things that need to be done. We need to have a budget discussion in closed session in a week -- in a week and a half --

MR. PINKOS: OCIO -- some of us do -- the roadmap.

MR. RIVETTE: Right. Maybe we can do both of those --

MR. PINKOS: Same one.

MR. RIVETTE: Same one, and then we -- I think we do need -- and this would be a public session -- the nationwide workforce, and we can, you know, make it auditory and make it open to everybody, but I think that needs to be done because we're not going to get to them today. It's just -- it's not going to happen.
So, the only, you know, market-based examination models and full utilization, prior art -- how do we want to handle those? Do we want to do the same thing to those? I mean, I think we've had a good day. Don't get me wrong. I think we've had a very good day. I think we've had a lot of good interaction. There was a lot on our plate today. So, the question is how do we go forward?

MR. ADLER: I think it's better to do -- I think it's better to put two topics and do them by phone --

MR. RIVETTE: Yeah.

MR. ADLER: -- in the next two weeks rather than try to ram it through or even try to do too many at the next call either. I think -- I think the length of the conversations about these topics is good, and I also think if we get together in two weeks we might be able to revisit just briefly where we are in the things we just talked about. Maybe we'll have a positive decision at that point about whether we go forward
on that. You know, the more you -- the more you
do it, the faster you do it. So --

MR. DOLL: That's not always true.

MR. ADLER: Well -- but in a
manufacturing environment -- all right, whatever.

But, I mean, I think it would be an opportunity to
sort of see where we are and whether we've made
any progress in your conversation. So I think
it's good.

MR. RIVETTE: Why don't I do this. I'll
send out some emails on some ideas on when we have
our next meeting for what the topics are.

We've got a couple of minutes extra. I
know people are going to start getting antsy about
getting out of here for airplanes, especially Dave
because he now has to actually go out to Dulles
instead of being able -- so, I'll actually -- you
know, I'll turn it over to you, John, if you want
to have some closing remarks.

MR. DOLL: Did you tell them about

George and Conyers?

MR. RIVETTE: No.
MR. DOLL: Okay. One of the things that we wanted to bring up earlier is that George Elliott is currently assigned to representative Conyers again. He was there last year for most of the term. Conyers came back and made a request that we send somebody back down to pick up where George Neece specifically asked for George, so we have George there now. We had three people there last year. We had John Waylon with Leahy, we had Remmy who was here.

SPEAKER: With Hatch.

MR. DOLL: Yeah, we had Remmy Yusal with Hatch, and Conyers came back. We're willing to send more people. We think it was extremely well received. We think it was helpful. And so that's something that I think is a very positive effect. I think today's session has been one of our better sessions. I think the conversations we've had have been very, very good, so I'd like to continue those.

MR. BUDENS: Do you want to send me up to the Hill or --
MR. DOLL: Yeah, I would love to.

MR. RIVETTE: So, one of the other things is we think we found out what the problem with the team room is.

SPEAKER: We did?

SPEAKER: We did.

MR. RIVETTE: It appears -- we should all be getting an email. It may be the key fobs. If they're not activated within 30 days, they can go away.

SPEAKER: Ah.

MR. RIVETTE: Ah. And --

MR. DOLL: If you don't use it, you'll lose it. Every 30 days you have to use that fob or it deactivates.

MR. RIVETTE: No one mentioned these things to us.

SPEAKER: No.

MR. FOREMAN: We're getting in.

MR. DOLL: You can open a PDF file but you can't open up a Word file. It has something to with --
MR. RIVETTE: Well, I can't even get in.

MR. DOLL: John Owens wanted to come
down and talk in private session so he could walk
you through what the problems were, and he's
willing to do that on a conference call.

MR. BUDENS: But there's got to be
something else going on, too, inside the firewall.

MR. ADLER: Could he do it now?

MR. DOLL: We can try to get him down
here now if you would like.

MR. ADLER: I'm not going anywhere.

MR. RIVETTE: So, why don't we close --
why don't we close out -- are we done?

(Whereupon, at 2:39 p.m., the
PROCEEDINGS were adjourned.)

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706 Duke Street, Suite 100
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Phone (703) 519-7180 Fax (703) 519-7190
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