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MR. MATTEO: I'd like to welcome everybody to the first fully virtual PPAC meeting. Apologies in advance for some of the logistical challenges which we're actually experiencing as we speak. For those of you who are just joining us, I wanted to let you know that John Doll will not be able to attend the beginning of the public session, he's been called away. Standing in for John will be Peggy Focarino, Acting Commissioner for Patents. And I believe we've also discussed pushing the financial update a little later in the public agenda.

I believe everybody has already introduced themselves. Let me introduce myself, Damon Matteo, I'm Acting Chair for this meeting. And let me introduce Kevin Rivette, the Chairman of the PPAC who was unable to make it this afternoon.

Just by way of a few housekeeping issues, what I'd like to mention here is that
members and participants are reminded to leave
their private sector affiliations behind and sort
of speak solely with the interest of their role as
PTO PPAC members at heart. Obviously, that goes
without saying, but it's always good to say it and
to internalize it before we start every meeting.
I did want to make mention also that we'll be
taking questions during the public session both
from the live audience there as the PTO, but also
the web audience. And I believe the email address
to which these questions can be sent online is
ppac@uspto.gov.

Because we're fully virtual, logistics
will be something of a challenge in terms of
catching and fielding questions in real time. So
with the live audience, we'll be asking the PTO to
identify people there, flag the questions, and
advance them to me for recognition.

And with regard to the email questions,
what we'll do is, we'll gather those, and someone
at the PTO will filter them and feed them back,
and we'll discuss them as best we can at the end.
of the public session. So apologies in advance; real time Q and A just won't be possible with regard to the email for certain.

And in terms of phone decorum, if you would, please, when you speak, identify yourself so we all know who's speaking. And if you could all please keep your phones on mute when you're not talking to limit the cross talk and background noise. And again, with regard to time keeping, we're already experiencing some difficulties, we're a little bit behind, and we're going to have some adjustments to make, but I'll try and be assertive and keep us on schedule as best I can, with, of course, being flexible where we're in deep and productive conversation.

What I'd also like to do is mention that, in particular in the private session, we have a parking lot time ad hoc catch up time, so to the extent we identify issues that we don't have time to address during the normal agenda period, we can put those in the parking lot and invest them later. Any questions from anybody?
SPEAKER: No.

MR. MATTEO: Great; so then what I'd like to do, Peggy, is, I'd like to open it up to you. Peggy will be standing in for John, making the Acting Secretary's remarks.

MS. FOCARINO: Okay. Thank you, Damon, and thank you to the PPAC members and members of the public for taking the time to meet with us today. I really appreciate the opportunity to make a few introductory remarks and would like to focus on three items in particular.

First, I'll give an overview of the general direction of the USPTO while we await the political leadership of a new Under Secretary.

Second, I will mention a few of the noteworthy developments and patents. And third, I will touch on some recent legislative developments from the 111th Congress, and Jeff Taylor will be going into a lot more detail on all of these later in the meeting.

I'm willing to discuss anything that you would like or answer questions at any time, so
please feel free to interrupt me at any time to
ask questions.

As you know, we do not have an Under
Secretary, and although I don't know when the
President will formally announce a designee for
Under Secretary, I can say that we are all
anxiously awaiting the announcement.

Once the announcement is made, it's my
understanding that the confirmation process before
the Senate Judiciary Committee could take from
several weeks to a couple of months. And as all
of you know, they are pretty busy right now with
the Supreme Court nominee. So it is possible that
the August congressional recess could move the
confirmation into the September time frame.

We're very eager to welcome the new
Under Secretary and are busy working to ensure
that as much preparation as possible is done so
that the new Under Secretary will be up to speed
on our issues and challenges as soon as possible.
Our preparatory work includes creating a new five
year strategic plan framework. In this effort,
both PPAC and TPAC will be key players. And we've
already mentioned the framework effort at a very
high level to Damon and TPAC, so both advisory
committees are ready to take an active role.

We will be asking the public for input
to help us plan a USPTO that will better
accommodate the needs of our users. I wanted to
emphasize this preparatory work will not in any
way preempt the strategic prerogative of the
incoming Under Secretary. By moving forward with
these efforts, we want to ensure that the relevant
data and input is ready for the new Under
Secretary to review and consider when he or she
arrives at the USPTO.

The new administration has given the
executive agencies very clear direction on the
need for open, transparent, and collaborative
government. And Commerce Secretary Locke has
repeatedly made it clear that he expects all
agencies to push the limits on what our agencies
can achieve in the products and services offered
by setting stretch goals. It is my obligation,
and that of every member of the USPTO's management
team, to ensure that we fulfill these important
objectives in every possible way. I'm very
excited and proud to announce that we completed
the ISO 9001 stage two final audit. The auditors
from BSI, our registrar, did not find any major or
minor non-conformities, which, according to BSI,
are rare. That's great news. The USPTO's Patent
Training Academy was recommended for registration,
and we have just received our ISO 9001
certification. So this is a tremendous
achievement for the USPTO.

You may wonder why we chose to pursue
ISO 9001 certification. For me, it makes a lot of
sense from several perspectives. The 9001
standards are management standards that are used
by many fortune 500 companies and fit our patent
world. Eight IP offices in Europe have already
been certified.

Now, granted, these are smaller offices,
however, bigger offices like the EPO and others
are looking to implement the standards. And more
importantly, as we work to achieve the work sharing objectives outlined in our strategic plan, ISO 9001 ensures standardization of processes in a work sharing environment.

Imagine how much work we could leverage if many of our processes and procedures in all of the IP offices are well documented, standardized, and fully transparent. I'd also like to talk about some of the noteworthy developments and patents. As I mentioned, we're very excited about our ISO 9000 certification. And we have several new quality initiatives being implemented in our technology centers which we will be going into more detail later in the afternoon.

We are planning for a first action interview expansion expanding into each technology center, to over 1,200 examiners who will be trained and participate in the expanded pilot. I want to thank POPA and our management team for their hard work and cooperation in this expansion effort.

The areas of expansion include 1610,
Another noteworthy development is that the Supreme Court has granted Cert & Bilski, as I'm sure most of you are already aware, and we're looking forward to some of the exciting times that lay ahead and the decision from the Supreme Court. On the international front, we are continuing to push ahead with our IP5 initiatives, as we will be talking about, in detail, later this afternoon. We've made progress with the patent production goal study, the request for bids closes today, and we look forward to keeping you informed on the progress as this process continues.

On the budget front, we are carefully monitoring our daily fee collection and making appropriate adjustments, and we plan on talking in
further detail during the Executive Session later
today on that particular issue.

    I'd also like to mention some of the
legislative developments that have occurred
recently. Of interest to all of our employees and
of special importance to the patent operation,
given the large number of employees who tele-work,
which is currently over 1,500, is S707 titled the
Tele-Work Enhancement Act of 2009. Again,
Jefferson Taylor will fill you in on the details
of this important Senate bill.

    Regarding patent reform, efforts towards
enactment of comprehensive patent reform
legislation continue in the 111th Congress. On
April 2nd, the Senate Judiciary Committee
completed mark-up of an amended version of S515,
the Patent Reform Act of 2009. A companion bill,
which is HR1260, has not yet seen action in the
House. In closing, I'd like to thank Damon for
the opportunity to share a few remarks. And if
there are any questions, I'd be happy to answer
them; and if not, I look forward to the rest of
today's session.

MR. MATTEO: Thank you very much, Peggy.
I'd like to open it up to questions from the PPAC or elsewhere. Okay. I believe, since we're doing a little bit of schedule juggling, next up on the agenda would be the legislative update with Jefferson Taylor.

MS. FOCARINO: Damon --

MR. MATTEO: Yes.

MS. FOCARINO: -- would you mind if we move to the CIO update?

MR. MATTEO: No, not at all.

MS. FOCARINO: Okay. We have Jim Flanagan sitting here ready to give an update on that.

MR. MATTEO: Okay. Why don't we move to that then? So we'll instead move to an OCIO roadmap update. Jim Flanagan, Chief Technology Officer, standing in for John Owens, will lead us through the presentation. Thank you very much, Jim.

MR. FLANAGAN: Good morning and thank
you, Damon. The presentation that we'll be giving this morning primarily is divided into two sections. One section that will provide at the meeting right now relates to the key areas, the key topics that we're going after. The second section, which is presented and included with the presentation, provides detail around various roadmap and OCIO changes that have occurred since the last session. So we'll brief primarily the first section.

The significant challenges that the agency has faced have also translated themselves into the OCIO's environment. We have extended our roadmap program from five years to seven years that has changed the funding allocation year to year and has driven some of the activities into out years.

Primarily, this has been a financial change. The programmatic activities are largely on budget and on time. They remain within a quarter of their original schedules. We have made significant progress surrounding our automated
information systems and all of the applications that support the USPTO.

We have, as you know, a swat team that is involved in that effort. They have been examining each of these systems individually, and looking for those opportunities to, first of all, fix the systems and get them to a level of compliance that will provide a better and more stable working environment for our patent examiners, and second, opportunities for growth, so that we can change and alter those systems to improve the functions even further.

Right now we've examined about 14 systems. You may remember our target was about five a quarter, so we're pretty much on target. We will complete the 14th system this quarter. And each one of them now comes with a series of recommendations for either change or alteration or rebuild for that particular system.

We have also completed the first phase in our realignment of the organization. The organization was moved into essentially five major
areas of business, and each of the sub
organizations were placed under those five core
areas.

On page three, the funding impacts, this
is just a summary of the financial impacts that --
and their impact on OCIO. The largest of the
budget reductions occurred around business
projects; however, this related not only to the
budget impact that the organization was
experiencing, but also it is a reflection of the
organizational priorities to fix the baseline, to
fix the base environment within OCIO, and to try
to provide a more stable environment for future
growth.

One of the key topics that we would like
to address is the changes in our maintenance
window. On page four, we present the current
maintenance window, which essentially is a period
of time each day during the week and a period of
time on Friday nights, Saturday nights, and Sunday
nights in which the computer organization can do
its maintenance.
Now, maintenance for computer environments takes the form of several different faces. The first is tape back-ups, which is the actual back-up and off-site movement of information to our disaster recovery site. That uses up the majority of that time. So some 42 hours are available, 30 of those hours are used by these disaster recovery preparations. This includes our data bunkering up to Pennsylvania, as well as our normal local back-ups to ensure that we could recover environments should they go down.

As a result, there really currently are only 12 hours available for actual computer changes, things that require adjustments, the installation of new equipment, et cetera. The challenge that we face, and as a result, the reason for our request, is that this is frequently not enough time to complete the tasks that we're trying to complete to improve the overall operation of the computer environment.

The reason it isn't is because it's not just the time it takes to do the change, but we
have to include time in each change activity to be able to back out that change should a problem occur.

Our goal is to have changes be essentially neutral to the organization, meaning that there should be improvement only, we should not be further increasing the number of outages that occur as a result of introducing change. So that's the reason for our request.

Page five summarizes the request, which is essentially an increase in Friday night and Saturday night maintenance. We are looking to extend those maintenance windows. They're still subject to discussion, and the out product of that discussion is what the OCIO will work with. But the reason for the change is this need for additional support of our maintenance activities. We further would like to keep the current capability that we have to request exceptions for larger maintenance activities. We would, of course, go through the normal notification process and provide sufficient insight into that before we
actually perform the maintenance. And there will
be additional requests surrounding what we call
PTO Net 3, which is the upgrade of our network, as
well as some of our key systems.

Finally, we will continue to respect
obviously the quiet time and make sure that we
don't intrude unnecessarily into any of the key
periods of the year.

Finally, looking forward, there are a
number of areas that we will be continuing to
pursue. One is, we're continuing to establish
collaborative relationships with our customers.
To that end, we have created a special assistant
position for patents and one for trademarks. This
person reports directly to the CIO and provides
insight not only to the business end and the
business' needs, but also provides CIO with
someone who thoroughly understands the process and
can help us tweak our activities to meet the needs
of that business.

We continue to evaluate our operations
and maintenance and look for areas where we can
improve cost and reduce that cost. We are looking
to change the fundamental way in which we produce
and alter our applications. We, in the past, have
typically built to meet requirements on a
recurring basis without as good a focus on quality
as we need. We’ve implemented a series of changes
which are going to change that dynamic completely
and allow us to focus on quality, provide some
tools that will enable that process, and finally,
provide testing mechanisms to ensure that we do
produce a quality product.

We're shifting our training. This year
was primarily focused on the needs surrounding
good contract management and the management of
task orders. And we’re now shifting that training
next year towards technology. So we expect to be
able to give our folks some significant increases
in their skill set training.

We're looking to complete the second
phase of the organizational restructuring. That
is targeted currently for the first quarter of
fiscal ’10. We're continuing to analyze the
AIS'es or the applications that we have through the swat team. And we're looking at mechanisms to create what we call services which essentially are reusable components of technology that can reduce the cost necessary to make change in the organization. What this means is, these reusable components are really ways in which a common service such as Search can provide support throughout the organization. And finally, we're working to address our customer's concerns for performance and capability. That ends the OCIO presentation unless there are any questions.

MR. MATTEO: Yes ---

MR. FLANAGAN: I'm sorry.

MR. MATTEO: My apologies, some logistical difficulty. I'd be curious to understand, with regard to the reduction in per annum funding, extending your funding from five to seven years for the roadmap plan; which, if any, projects will you need to forego, which are the major projects are going to experience lag effects due to that extension, and what do you believe the
intended impact will be for both of those?

MR. FLANAGAN: There are close to 45 --
46 projects that are currently in flight within
the roadmap. The -- what we've tried to do is
maintain progress, even with the reduced funding,
in each of the major program areas, and that will
continue to be the approach that we take. The
reason we're doing that is because it's not clear
that we've uncovered yet all of the challenges
that we face in each of those programmatic areas.
We feel that we need to continue that investment
across the board and focus on each of these
program areas until we've completely determined
what is -- what we're facing in each of those
areas. As to your question about delay, the
majority of what we've done is to delay the
implementation of hardware. So we're really not
impacting the performance of our environment,
we're delaying the implementation of hardware into
later years. So we hope that we will continue to
be able to afford the level of change that we're
performing this year into fiscal '10, and if we
do, we should be able to continue another 30 or 40
efforts to improve the environment. Did that
answer your question?

MR. MATTEO: It did, thank you. One of
the concerns, though, that immediately flagged is,
system aging, hardware system aging was one of the
issues that we had jointly identified and actually
surfaced in the annual report. If part of the
response to extending the roadmap is to forego or
forestall acquisitions and new hardware systems
and platforms, how would we comprehend the
potential impact of that?

MR. FLANAGAN: Maybe I misunderstood.
When I suggest that we're -- we're not really
forestalling the implementation of hardware, we're
just doing a little bit less each year than we
would have normally done under the original five
year plan. Maybe that states it a little bit
clearer. So it's very difficult to provide a
complete list of all of the adjustments. I'm sure
we could at a later time. But the changes that
we're talking about really are changes that are
focused on just introducing a slightly longer
period to implement that hardware adjustment.

MR. MATTEO: Okay. Yeah, I very much
appreciate that. I actually got the sense that
you were suggesting a much deeper reduction in
hardware acquisitions, where it appears now it's
more of a paring back of plans as opposed to
completely putting them on hold.

MR. FLANAGAN: Yeah; I apologize for
giving you that interpretation. It is just that,
it is paring back, and that's the other reason we
wanted to try and stick to a plan that continued
along all nine initiatives. We feel that that is
the soundest way to move forward. If we pare each
one down a little bit, we still accomplish a lot,
and yet we can meet the financial requirements
that we need to hit.

MR. MATTEO: Excellent; I did have one
quick question with regard to extending the
maintenance windows. Is there going to be any
qualitative or quantitative impact to production
if you extend those?
MR. FLANAGAN: There will obviously be an impact on availability of production systems. If we were to extend those windows, then the period of time of the extension would not be available to the examiners either remotely or locally, except, obviously, during those periods that we've already talked about as being not on the table.

So as a consequence, there will be some minor impact, but we've tried to choose periods for the extension where the impact would be very minimal.

MR. MATTEO: Thank you very much.

MS. FOCARINO: Damon, this is Peggy Focarino. I just want to piggyback a little bit on what Jim said about the impact on production. We're currently discussing the extension of the windows with the CIO, and Patent is very mindful of impinging on any regular work hours of our examiners. We recognize the need to have more maintenance hours, and so we're working closely with CIO to try to accomplish that without
impacting regular work hours.

MR. BUDENS: Damon, this is Robert Budens. A question for Jim. On these changes to the maintenance times, are you foreseeing this as a temporary change on the Saturday/Sunday or Friday to Saturday windows while you're doing these upgrades to the networks and the programs, or do you foresee this as a permanent change to the availability of these systems for the future?

MR. FLANAGAN: Well, the driving force of the change is the roadmap and the need to enhance the baseline under which patent services are provided. As a consequence, it is likely that this will have to continue certainly for the period of the roadmap. After that period, I think we could re-examine it and determine whether it needs to continue beyond that.

Again, given, you know, Peggy's comments, please understand that this is really a recommendation at this point in time and does not reflect the decision.

MR. MATTEO: Okay. Are there any
further questions from anyone else?

MR. ADLER: This is Mark Adler. I have
a question for Jim. When we're looking at the
roadmap, I appreciate the hows, the things that
you're trying to accomplish, and I understand the
restrictions that the changes in the budget may
impact those changes; are you prepared, or have
you prepared a timeline for each of the projects
that you are discussing so that we all could sort
of see how progress is being made towards those
goals?

MR. FLANAGAN: We do not have a seven
year timeline, and the reason for that is that the
projects don't -- really don't lend themselves to
that type of presentation. However, each year
each project constructs its individual timeline
and project plan and that's how we're managing the
results.

It sounds as though, however, we need to
provide a greater contextual document that would
give you some insight into what we expect to get
from each of these improvements. Some of that
will be available through a strategic plan that OCIO is trying to complete this year. However, I would expect that it will probably have to be refined to meet the kind of objective your question seems to be indicating.

MR. ADLER: Yes, that would be terrific.

I understand that there would be necessarily adjustments or changes, but it would be good for us, for the context, to have some idea of the timeline for each -- the projected timeline for each of the projects that you're working on.

MR. FLANAGAN: I will address that with John Owens and I'm sure he will be back to the Committee.

MR. ADLER: Thanks.

MR. MATTEO: Great; this is Damon again. Peggy, since you're there and you know who would be set to go next, can you tell me who would be ready to present? Is Michelle there? Should we go with finance? Jeff Taylor for legislative?

MS. FOCARINO: Jeff Taylor is here ready to do his report on the legislative update.
MR. MATTEO: Very good. So then it's my
great pleasure to introduce Jefferson Taylor,
Director, Office of Government Affairs, who will
provide us all with a legislative update. Thank
you very much, Jeff.

MR. TAYLOR: Thank you. I'm happy to be
here this morning. I think this is a very
interesting time for legislation, because without
a USPTO nominee and someone that is confirmed, we
are only able to provide technical assistance to
Congress, no policy guidance whatsoever. So that
has presented an interesting challenge to us.
Certainly, patent reform is a bill that is moving,
it has moved in the Senate, it is -- had a
mark-up. There are actually three patent reform
bills; there's HR 1260, which was introduced by
Chairman John Conyers in the House and has four
co-sponsors; there's S 515, which is Chairman
Leyheigh's bill, which was introduced with also
ranking member Orrin Hatch and had nine
cosponsors; and then Senator Kyle has a patent
reform bill, S 610, which was also introduced last
spring. The goals of patent reform are to improve patent quality, to reduce patent litigation costs, to further international harmonization of patent laws, to restrict potential abuses committed by patent speculators, and to address the special needs of independent inventors in universities.

And while USPTO supports these good goals as principal policy positions, certainly there's a diversity of opinion as to the nature and scope of the statutory language necessary to achieve these goals.

On April 2nd, the Senate Judiciary Committee marked up S 515, they completed the mark-up, they ordered the bill reported by a 15 to four vote, but that really doesn't tell the story. The story of that day is very interesting.

There was a compromise that was crafted that morning on the assessment of damages provision. This was put together by Chairman Leyheigh and Spector and Finestein of California. It was a gatekeeper approach using the Georgia Pacific 15 factors. This is something that the
USPTO is very interested in the previous Congress. Of course, we didn't take a position on it this Congress. But this compromise approach, it seemed to most folks that this was going to really propel the bill forward. However, at the mark-up, Senator Hatch, who was a co-sponsor of the bill, expressed his concern about the bill. He wanted inequitable conduct put into the bill, and he said he was frustrated with that, and he made his statement and then walked out of the mark-up. It was very much like the bride leaving the groom at the chapel during the marriage. It was very dramatic, sort of a double statement, an oral statement, and then a walk-out.

In the bill, interestingly enough, aside from the ten major sections in the bill, there are also three other sections which are interesting to USPTO. There is a USPTO tele-work pilot in the bill, there is USPTO fee setting authority, and thirdly, there is a program to enhance the expertise of patent judges, the training of patent judges, which is a bill that Darryl Issa, a House
member who holds I think three dozen patents,
inserted in -- introduced in a House bill, which
passed, but then Senator Spector took --
introduced a companion amendment to the S 515.
The reported bill also creates a post-grant review
procedure, improves inter-parties re-examination
to challenge patent validity. And, indeed, this
week there was a two and a half hour work session
that we attended on post-grant review and
inter-parties. It was a robust discussion of how
we could make this a very workable process, and it
did not result in any specific legislative
language, but it was I think a good, healthy
discussion to keep the patent reform bill moving.
The outlook for enactment at this time
remains quite uncertain. I think there are a
number of factors involved, and I'll go through
these factors. One, I talked about Senator Hatch
literally walking away from the bill. There has
not been an attempt to put that marriage back
together again, unfortunately.
Secondly, much to the surprise of many,
Senator Spector, who is a co-sponsor of the bill and a partner of that compromise on damages, changed parties and lost a lot of power. He was a ranking republican and now he is the lowest democrat on the Committee.

So the third factor comes into play, and that is Senator Sessions walks in as the ranking republican. He is the new member, he has not had a lot to say on patent reform previously, but I think he will be certainly fully engaged when the bill comes to the floor, and I don't know when that is, but he is a new player. He also has a new General Counsel. He has Senator Kyle's former General Counsel, Joe Mattal, who was one of the hosts of this meeting on post-grant section that we went to this week. So that's another factor that's interesting and have a different dynamic.

Ryan Triplett has left the Hill. She used to staff up Senator Spector. And if you recall at the last PPAC meeting, she was in attendance and a very, very knowledgeable General Counsel to Senator Spector.
No one had any idea that Supreme Court Justice Soto was going to retire. And how does that affect patent reform? Well, the Sotomayor Supreme Court hearing begins July 13th and it begins in the Judiciary Committee. So this is going to be, needless to say, a huge distraction away from patent reform.

I will say additionally that when a USPTO director's name is announced, it will be a huge challenge for yours truly and USPTO to get that nominee through that same Judiciary Committee given that the main attraction is soon to be the Sotomayor hearings. The other reasons why this bill looks uncertain, there's no inequitable conduct in the bill. Again, I mentioned the post-grant review and the inter-parties to be worked out. There are concerns about USPTO resources to handle that. The seventh reason is, there's an August recess coming up through -- August 3rd through September 4th, and after that we have 15 working days in September, 20 working days in October. The target adjournment for
Congress this year is October 30th.

And the last reason for the uncertainty is that this is the third time that the Senate has tried to bring a patent reform bill to the floor. In the 109th Congress, there was S 3818, in the 110th Congress, there was S 1145, in this Congress, there's S 515.

Last year, when there were a couple of attempts to bring patent reform to the floor, they didn't have the votes, and so I really believe that Leader Harry Reid will really demand a vote count that is more than 60 votes. I've also heard that the time on the calendar to get floor time is very, very tight. And all of this does not bode well for seeing patent reform in the first session of the 111th Congress.

I will shift from patent reform and say that we have also been watching the SGS appropriations bill. So far it looks like we have full funding coming our way. There have been a number of amendments, 44 that we have counted, to move funding from other agencies, not PTO, but
other agencies. There was a reference for increased oversight by the Department of Commerce of PTO, but so far so good as far as that funding.

We are also watching tele-work legislation, which includes a seven year pilot. This is independent legislation. There is tele-work language in the patent reform bill. But there's S 707, which is an independent bill that gives our examiners the ability to move anywhere in the United States, returning back to PTO, once a quarter, it's a seven year pilot.

In addition to that, we are up on the Hill very regularly. We have done Hill briefings on our 2010 budget, the patent production study, and the OCIO roadway, so we're quite busy. I'll leave it there.

MR. MATTEO: This is Damon. Thank you very much, Jeff. I'd like to open it up to questions from the floor, please.

MR. WESTERGARD: Dave Westergard here, Damon. The question I have, Jeff, is, you indicated that there appear to be four areas of
PTO interest, the damages provision, the tele-work pilot, fee setting, and the ISSA patent experience judges. How does that interest manifest itself in terms of PTO lobbying? Is PTO simply on standby pending the appointment of a new Under Secretary or is PTO continuing to push some agenda with respect to these items?

MR. TAYLOR: Dave, we're -- first of all, we don't lobby, we do outreach and education.

MR. WESTERGARD: I didn't mean to suggest otherwise, sorry.

MR. TAYLOR: No, that's okay. I just want to be clear. Secondly, we are interested in all aspects of legislation that touches USPTO, but we really have only been able to provide technical assistance and no policy guidance whatsoever, no advocacy of any sort. We really have been focused on operational, what will work for PTO, and what's plausible, and we leave it at that.

I will say that in the patent reform bill, we're also very much watching and going to the meetings. We just went to that meeting on
post-grant review, that's the key area that we're interested in. Inequitable conduct is an area that we're interested in, aside from the damages, the tele-work, the fee, and the judges.

MR. WESTERGARD: And on the specific question of post-grant opposition, does PTO have the resources that are necessary to implement that program within the timeframes anticipated by the bill, or to implement it, you would require a substantial increase in budget and staff?

MR. TAYLOR: Well, I think it would be a little bit presumptuous for me to answer that when I have the General Counsel, Jim Toupin here. I'll refer that to Jim.

MR. TOUPIN: Hi; I guess I respond to this because the board is in my -- here. When the post-grant review was first proposed back in 2002/2003, the number of appeals reaching the board per year were hovering around 3,000. They've gone up substantially in the last several years so that we are expecting this year, although this may be the peak of the increase, to get -- to
docket about 13,000 at the patent -- appeals at
the patent board.

    And the agency as a whole is in a
constrained budgetary situation. So obviously
that situation makes the process of taking on
additional jurisdiction more complicated than it
was earlier. And I think that was part of the
nature of the challenge that Jeff and Rob Clark
were addressing on a technical basis on the Hill
last week. Does that respond?

    MR. WESTERGARD: Yes, thanks.

    MR. MATTEO: This is Damon again. Does
anyone else have any questions from the floor?

    MR. KIEFF: This is Scott; can you just
say a little bit more about the inequitable
conduct issue, in what way were you expecting it
to be present, just flush that out a little bit
more, if you would?

    MR. TAYLOR: Well, this is the primary
issue for Senator Hatch. It was in the bill last
year. It was omitted from S 515 this year in
hopes that a deal would be brokered at some point
down the road. The House had a hearing on their bill, HR 1260. Several members expressed the, including the Chairman, expressed that they would want to work with Senator Hatch on inequitable conduct.

I have not seen any language put forward by the Hatch folks or others, so I don't -- I can't say with any certainty what the inequitable conduct would look like, unfortunately. But I think that if you're going to get a patent reform bill, if Congress is going to pass one, they're going to have to address this issue in some way, shape, or form.

MR. ADLER: This is Mark Adler; I have a question for you, Jeff. Since the confirmation hearings will be before the same Judiciary -- Senate Judiciary Committee that has recently passed the 115 -- 515, I would expect that the Senators would be asking the new nominee, his position, and the Patent Office's position on inequitable conduct, the issue that we just talked about, about post-grant opposition and other
aspects of the patent reform bill during the
confirmation hearings. Can you tell us a little
bit about how you expect to brief the new nominee
on the technical aspects and the political aspects
of that bill in preparation for the confirmation
hearing?

MR. TAYLOR: I'd be happy to. Even
though we have not been working the Hill and
providing anything other than technical assistance
to the Hill, we have been working with the
Department of Commerce in preparing a views letter
on S 515. It is in a draft stage right now. I
wish I could share it with you, but when it does
come out, I will share it with PPAC, and I hope
that it will be out maybe as soon as a couple of
weeks and maybe as long as three or four weeks.

But it will be included in a briefing
book or the nominee, along with every other
subject we can think of that would reach the Hill
and be a subject for questions for the nominee. I
think, frankly, given the fact that the patent
reform legislation has not reached the floor, this
nominee will have to field a lot of questions on patent reform, on all aspects of patent reform, as well as I think questions on what are we doing at PTO regarding our budget and our budget shortfall and how are we doing with our IT and our patent production study, I'm sure they'll get a lot of questions. But I think that patent reform will be the number one area and a close second will be our budget issues.

MR. ADLER: Thank you --- looking forward to receiving that, reviewing it when you can.

MR. TAYLOR: Certainly.

MR. PINKOS: Damon, Steve Pinkos.

MR. MATTEO: Yes, Steve, this is Damon.

MR. PINKOS: Yeah, I have a quick question for Jeff.

MR. MATTEO: Please.

MR. PINKOS: Jeff, thanks for the presentation. How are you doing?

MR. TAYLOR: I'm fine; how are you, Steve?
MR. PINKOS: Good, thanks. And I see Judy back there, I can see her on the tele-conference, she still has that Stanley Cup victory glow about her.

MR. TAYLOR: And the penguin glow, too.

MR. PINKOS: Exactly, that's what I'm referring to.

MR. TAYLOR: That's right.

MR. PINKOS: Is it possible to shed any light on your discussions with the Hill regarding the PTO's budget situation or will that come later in the CFO's presentation?

MR. TAYLOR: I think it will come later in Michelle Picard's presentation.

MR. PINKOS: Okay. Well, I'll reserve the question again until then.

MR. TAYLOR: Okay.

MR. PINKOS: Thanks, Jeff.

MR. TAYLOR: Thank you.

MR. MATTEO: This is Damon; thank you, Steve. In fact, it probably makes sense to circle back on several of these issues, vis-à-vis, the
whole financial situation, but thanks for giving
us a pointer to that. Did anyone else have any
questions for Jeff? Very good, okay. Peggy, I
don't know if Michelle is there yet, but in terms
of who we have on deck, I'd like to keep the two
quality sessions together, so if we can either tee
up the International Work Share update or the CPIO
update, they're both later in the agenda, would
either Mark or Barry be free to make their
presentations now?
MS. FOCARINO: Yes; Michelle isn't here
yet, so we have Mark Powell here, and he can go
ahead and do the work sharing update for you.
MR. MATTEO: Okay, great. So why don't
we proceed with that, and that will more or less
put us on schedule with regards to timing of the
agenda, and then after Mark goes, we'll take a
very brief break.
MR. POWELL: Great, thank you. I wanted
to give you all a brief overview of the current
work sharing situation. Just to step back a bit,
WIPO had estimated in 2006 that, for the 20 years
prior to that, that world wide patent filings increased from 800,000 to about 1.8 million cases world wide. And a great number of those applications were for the same invention filed in multiple offices around the world.

Work sharing attempts to reduce the duplication of work, obviously, and this is something that the users of the system have been advocating for a long time. All of the major IP offices recognize this as a mechanism to increase quality, reduce pendency, and otherwise benefit both the offices and the users. The USPTO has been firmly committed to exploring ways in which we can realize these results. And in a way, as Peggy had mentioned Senator, rather Secretary Locke's ammunition to work cooperatively, this is the international version of that. I wanted to talk about this in terms of the long term and the near term as this first slide shows here.

Looking first at legal harmonization, offices have been discussing legal harmonization for many, many, many years, and I think that there
will be at least several more before any substantive resolution to some of those issues, including the first to file and grace period issues are resolved.

However, our patent laws are much more alike than they are different. We all have a test for novelty, we all have a test for obviousness or inventive -- for clarity and so on. And there are small ways that we can work cooperatively to try to minimize the legal differences, you know, to the extent that we can until we hit a statutory barrier.

And also, I wanted to talk about systems harmonization with reference to the IP 5 context, which are the five largest offices, including ourselves, the Japanese office, Korean, Chinese, and European offices. Then I'd like to talk about some of the short term programs and pilots that we are working on right now. On the next slide, you will see a listing of the IP 5 foundation projects, which many of you have probably heard about. The IP 5 relationship is very much a new
For more than a quarter of a century we've had a cooperative relationship with the European and Japanese offices known as the trilateral.

The very first meeting of those three offices, plus the Korean and Chinese offices, occurred in May of 2007, so just a little more than two years ago. And the very first meeting was more of an introductory, you know, can we work together, should we try, and so on.

And there have been essentially three meetings subsequent to that. And over the last two, the five major offices agreed to work cooperatively in ten areas, and they are called the Foundation Projects.

And I won't go into each of them in detail, but if you read through them on the slide, you can see that most of them are systems related. So this is my point about systems harmonization.

The offices feel that if an examiner in one office can look at the work of an examiner in another and understand it and understand, you know, why, how, how he searched or came to a legal conclusion that
he did, we feel that that would increase the level of confidence among examiners from one office to another and thereby maximize, you know, the extent to which an examiner in the second office of third or fourth office could work in another.

MR. KIEFF: Damon, this is Scott; may I just jump in for a moment?

MR. POWELL: Please.

MR. MATTEO: Please do.

MR. KIEFF: I don't know if the rest of you are having this problem, but I'm basically getting only about half the audio, on/off, intermittent, every maybe 20 to 30 seconds.

MR. MATTEO: Scott, this is Damon. I was actually experiencing the same problem, so ultimately what I've done is, I'm relying on the audio from the computer feed and using the telephone to speak.

MR. KIEFF: Understood.

MR. MATTEO: Perhaps not an optimal solution, but it works.

MR. KIEFF: Great, thank you.
MR. MATTEO: Certainly; sorry for the interruption, Mark.

MR. POWELL: Oh, no problem. Let's see, where was I? Okay. Indeed, the offices have agreed to work cooperative in these areas. And, once again, most of them are technical and IT related. Now, we had a discussion about the CIO roadmap earlier, and obviously there's a great deal of cost involved with that. And if you look at the projects that we have listed here, they're certainly in the long term and certainly very ambitious and very expensive.

However, the offices have agreed that in the long term, they're worthy of pursuit. And there will be benefit and sharing the cost among five offices rather than each individual office trying to, you know, rehash or redo, you know, search systems, for example, individual.

Just as a quick update, there was a meeting of the IP 5 technical people last week, and they've resolved to start lower level working groups to try to iron out some of the finer
details of the various proposals that are working. And I believe that either this September or in April, I'm not sure what the schedule currently is on the table, but the heads of the offices would sit down to agree to move forward and at what rate. I'd like to go to the next slide, please, and talk about some of the current things that are going on. Work sharing had been talked about in the trilateral context for many, many, many years, but it's only really relatively recently that we've actually done anything with it. And about four years ago, the Japanese office came forth with a proposal called -- what they call the Patent Prosecution Highway, and essentially what that is, to be very basic, is, claims are allowed in a first office, for example, an applicant in Japan files an application there, the Japanese office grants claims on that.

That applicant, having cross filed here in the United States, can or would essentially copy the allowed claims from the Japanese office into the application here, deleting all others,
and we, in return, grant accelerated examination, if you will.

The very first pilot started was Japan in 2006, in January of 2006, and became permanent with Japan a year and a half after that. We also have a permanent program with Korea and eight other offices, which will include Finland starting next month. Most of the applications in the program have come from the Japanese or Korean office so far. To date, we have about 1,300 PPH cases. And we see from a, you know, operations standpoint, from the data that we have from these cases, some very promising results. To date, approximately 94 percent of these cases have been allowed, which is about double our current allowance rate for non PPH cases. We've also found that the number of office actions required to get one of these inventions through the system is about half. And there are also clearly, if you've -- we are essentially re-examining what the first office already had. There's a quality implication there, as well.
So we're surmising that, to a degree or to an extent, some of those basic examination issues that I discussed earlier such as novelty, such as, to some degree, inventive step for obviousness, perhaps clarity, some of the very basic issues have been resolved in the first office, and the claims we have here are, to a degree, or in most circumstances, a result of those.

As for the future of the PPA system, we have a relationship with ten countries; there are two or three other countries that we don't have a relationship with that have relationships with one or more of those other ten countries. So there's this spaghetti bowl of bilateral agreements all over the world upon which the PPH is operating currently. Over the last year, we've worked with all of those offices in what they call a plurilateral environment to try to see to what extent some of the requirements among offices could be normalized or standardized and to look for ways to advertise to applicants and users to
get -- to see an increase in the program and its
benefits.

And in addition to that, the offices are
looking at the question of whether we can use what
we call intermediate work products in some sort of
PPH type scheme, and that -- an intermediate
product would be something like a search report
from the German office or the EPO or perhaps a PCT
search of some sort.

Those discussions are just preliminary
because, particularly as regards to the PCT,
there's a lot of questions as to whether the
search provided by all of the ISA's would be
considered acceptable and so on, but we're
discussing those, and it will be probably some
time before that goes on.

And just briefly, I'll go through a
couple other things I put down on the slide here.

There's a share concept which was proposed a
couple of years ago, and the major deal with that
is that an office of second filing or subsequent
filing would delay working on an application until
a previous or first office has done work in the case, all right. That's a concept. The USPTO has, you know, traditionally examines in order, and we don't have really the means of rearranging our work like that, you know, without some substantial change in policy.

However, we tried to simulate that by looking at dockets, where the timing between us and another country might be generally right for that anyway. One major point about the share concept is that it would be an office initiated activity rather than an application initiated activity.

Many of our things such as -- examination, Patent Prosecution Highway and others are applicant initiated. This concept would be an office initiated one.

There is a pilot, a very small pilot in the trilateral on this concept known as Triway. The idea there is that each of the three offices in the trilateral, us, the Europeans, and the Japanese, would do a search of an application
prior to substantive examination and share that
service not only with the offices, but with the
applicant, with the applicant admonished to review
the art and preliminarily amend before substantive
examination, to see what effect that would have on
reducing the pendency of that case. You know,
would be we able to be closer to allowance to
begin with rather than two or three actions later?

On the next slide I wanted to share with
you, we're trying to be proactive about, you know,
availing our examiners to the work of other
offices and using the systems we have now. So
recently we put together something we call the
Prosecution Passport. We tried to come up with a
catchy international name there. And it's
especially from our automation department, it's a
guide that shows examiners how, you know, in our
current systems they can quickly access the work
of some of the offices.

At the moment, the only offices that
have -- that are fully electronic to the extent
that we can get to them through our systems are
the European office, the Korean office, and the
Japanese office, and hopefully in the future there
will be a greater number.

One of the foundation projects that you
saw was called One Portal, and the idea behind
that is, in the future, perhaps there will be a
button on the examiner screen, on his harmonized
search tool or whatever, you know, click here for
all international related work, and the examiner
would be able to make use of that should he
choose. This is sort of a very early precursor to
that. And that's where we are today, so if there
are any questions, I'd be happy to accept them.

Thank you.

MR. MATTEO: This is Damon; thank you
very much, Mark. I had a few questions, but I'd
like first to open it up to the floor.

MR. ADLER: This is Mark Adler, I have a

question for you, Mark.

MR. POWELL: Hello, Mark.

MR. ADLER: Hi; I noticed the --- in a

previous presentation that you sent to us, of the
ten projects, the ten IP 5 projects, two were identified for the USPTO to take the lead. Those were the common search and examination support tools and the common approach to sharing and documenting search strategies. Could you -- you started to say a little bit about it, but could you tell us a little bit about where the USPTO is on those two projects which you're going to be leading?

MR. POWELL: Okay. The search strategy one, Mark, I think is one of our efforts to push the issue of search recordation. In our office, and I believe in the Korean office, but no other office world-wide that I know, the examiner actually, as part of his procedure, puts down where he searched, you know, not only in terms of where in a classification system he searched, but also search tool, syntax and so on. Another point, Mark, is that a lot of these projects are really very much tied together. For example, you've got search and examination tools and search strategies. Well, it would likely be one tool or
one interface that those things function together with; and the same with machine translation.

So what's happening, at the last meeting that I mentioned last week, they decided to put working groups together on each of these projects. And what they've done is, they've taken those ones that are very much intertwined and that will be a single working group actually working on it.

And what I see happening over time is, while an office would be, you know, designated to lead on something, you know, one or another of the projects, I would think that that lead role would become more of an organizational or management type role, not an actual, you know, contributory role. I think it's all going to blend together. Does that help?

MR. ADLER: Yes, that helps.

MR. MATTEO: Okay. This is Damon again. Mark, I had a couple of questions for you, if you don't mind.

MR. POWELL: Sure.

MR. MATTEO: You indicated that the PTO
is leading several of these initiatives and that
other offices are leading others; is the
implication that leading an initiative suggests
that that office is best of breed or has a
particular advantage in some fashion, or was there
some complimentary way in which these initiatives
were divvied up; can you help us understand that a
little bit better?

MR. POWELL: I think it was pretty
arbitrary, and I think that there originally were
eight projects, because the Chinese office wasn't
able at the time to commit -- make a commitment to
do any of this; they later did. But I think that
the EPO historically, they've been sort of the
documentation office, if you will, so they kind of
jumped ahead and said we'll do that. And our
office, you know, volunteered more or less to do
some of these others. And that's essentially how
it happened. I really probably can't add anymore
to it than that. It was -- there was these ten
things, and there happened to be five offices
there, so they basically took two each.
MR. MATTEO: Okay, fair enough. Has there been any discussion about a common language for applications?

MR. POWELL: The USPTO brought up that concept, you know, citing the fact that English, for example, is the common language of aviation and sometimes is referred to as the language of business and what not. Obviously, our friends in the Asian offices disagree with that.

And I think that the route we'll be taking is the more prudent route, which is going to be, you know, working with machine translations and improving -- improving those, and they are improving.

It would be very expensive for Japanese applicants, for example, or Korean applicants, or Chinese applicants to have to do everything in English. And I think that, you know, it was a suggestion, but we just discussed it as a concept.

That's about it on that.

MR. MATTEO: Okay, fair enough. And I did actually have one other question about how
you're orchestrating the process. So, for example, we would get an application that was previously reviewed by JPO; is there a formal or informal mechanism for feeding back lessons learned and information? So if we re-exam a JPO application and we discover oversight A, B, and C, or there's some learning that we derive from that, is there any way that this is captured, codified, shared, are there feedback mechanisms built into this to optimize the value that we're getting from it?

MR. POWELL: There's not a formal feedback. I assume you're referring to the JPO and the use of the passport and that sort of thing. There is not a formal feedback mechanism built into it. But I think -- it's somewhat tied together. If you, again, take a look at one of the foundation projects, the common training, and kind of harmonization in general, there is not likely to ever be a situation where one office can simply adopt the work of another office, because there is sufficient differences in patent law.
There's always the secret prior -- issue and so on.

We have, to an informal degree, for example, the passport, we have a feedback loop in there to see, you know, what the examiners think about it, if they choose to answer and that sort of thing. So the answer really is, no, there's not a formal feedback loop there. And with reference to a specific case, for example, if we found a piece of prior art in the Japanese didn't, we don't actually say, JVO, here, you missed this or anything like that, there's not, at a case by case level, any specific feedback.

And again, I want to emphasize that, you know, we would like to be able to share this work to the extent that we can, I mean I think that's the important thing. It's not likely ever to be all, but, you know, to the extent that we can, to the extent that an examiner in one office can -- the work and that of another, it makes the examiner's job easier.

MR. MATTEO: Thank, Mark. This is Damon
again. And I didn't mean to suggest that any
office could swallow whole the work of another,
only that, to the extent that there are recurrent
themes or errors or learning that we can capture
in this interaction, either inter office or intra
office, it seems to be a formal mechanism for
capturing, codifying, and leveraging those as
completely in the spirit of the whole notion or
the genesis of the work share project to begin
with.

    MR. POWELL: Right; now that you phrased
it that way, one thing we are working on in work
sharing as a whole is metrics, and we're currently
working particularly with the JPO on this, is, how
do you quantify degrees of work, and some of it is
difficult to quantify because of the difference in
the laws.

    But there actually is a project in the
trilateral right now that's addressing that. I
didn't pick that up from your -- the way you had
phrased it originally, I'm sorry.

I very much appreciate your answer.

MR. ADLER: Mark, this is Mark Adler.

This is a similar follow-up to what Damon was just saying. Earlier you mentioned something about the cases coming from the Patent Prosecution Highway from Japan coming to the USPTO. I would assume that there are going to be some learnings that the USPTO might take from those cases in terms of time to allowance or response, nature of response. I would hope that some feedback might be captured, some learnings might be captured both ways from that.

MR. POWELL: Yes, Mark; all of the countries that are participating in PPH submit statistics, not by serial number of a case, but in terms of percentages, which describe what types of rejections applied and what number of cases and so on, and that's all shared commonly, I think the JPO actually manages that data base, if you will, so we look at the number of instances in which it was a secret prior art issue, in other words, the reference was not available to the first office,
but was at the second and so on. That information is very detailed, statistical information is kept on all of these.

MR. ADLER: Thank you.

MR. MATTEO: This is Damon again. So if there are no further questions, we'll wind up this presentation with our thanks to Mark Powell. And to put us more or less back on schedule, why don't we take ourselves a break until 12:40 East Coast time? And before we break, Peggy, is Barry there?

MS. FOCARINO: Yes, Barry is here.

MR. MATTEO: Okay. So then why don't we -- if he's available and ready, why don't we lead off with him and then we can keep the two quality initiatives together and deal with Michelle when she returns?

MS. FOCARINO: Okay, sounds good.

MR. ADLER: We should all stay online, right?

MR. MATTEO: Yes; given the difficulties in getting online, I suggest we all leave the lines open.
MR. ADLER: Okay.

MR. MATTEO: Thanks very much, everybody. We'll circle back at 12:40 East Coast time.

MS. FOCARINO: Thank you.

MR. MATTEO: Thanks everybody.

(Recess)

MR. MATTEO: Not everybody is quite back in yet.

MR. HUDSON: Okay, fair enough.

MS. FOCARINO: Yeah; we do have everyone here. Barry Hudson is here and he's ready to go if you'd like to start with him.

MR. MATTEO: That would be spectacular, thank you very much. Well, again, welcome back, everybody. I'd like to introduce Barry Hudson, Acting Chief Performance Improvement Office, who will speak to us about the new CPIO initiative and some of its targets, goals, and objectives. Thank you very much, Barry.

MR. HUDSON: Thank you, Damon. Just as a way of background, we created the Office of the
Performance Improvement Officer late last fiscal year, in September. I was asked to step in to start kick the process. So I want to give you today a sense of our strategy, our approach, and some of the things we're focusing on in the short term. When we talk about performance improvement, we're talking about an enterprise-wide perspective, you know, it's a systems approach that all the organization components, as well as its subsystems, from IT, to the employees, the work force, to our processes are working together in an optimum fashion to achieve the results desired by the organization.

One of the underlying aspects of that performance improvement would be data driven, fact based results and outcomes. So when we're talking about performance improvement, we're looking from an organization perspective and all its subsystems.

I first want to -- on the next slide, I just want to give you a sense of our responsibilities that the PIO is driving towards.
First and foremost, the first bullet is implementing performance improvement strategies and tools, and there's a difference between strategies and tools.

A strategy basically would be the framework by which we monitor, judge, evaluate our performance across the organization. The tools would be things that would help us to achieve those things, such as Lean Six Sigma and some other process management tools that would be used to accomplish those overarching goals. The second bullet is part and parcel of what a PIO would be responsible for, ensuring that, as we do our strategic planning, our goals are aggressive, they're realistic, and they're outcome oriented, and that they focus our energies and our resources towards the critical things that will make an impact in terms of the performance at the USPTO.

The last bullet is something that basically the Administration has counted as something that all agencies are expected to do, and that is evaluate the potential impact and
effectiveness of programs.

And what that means is a systematic assessment to, you know, how well a program is working. It would include things like, you know, a needs assessment, is it meeting the needs of the customers and stakeholders, is it designed to meet those needs in an effective and efficient fashion. You would look at the processes and you would also look at the impacts.

Now, of those three, that's a huge workload and portfolio. The third one is something that we will probably institute much later in terms of how we execute that aspect in a PIO and USPTO. Next slide. This slide basically is a graphic of what we call our strategic management process, and I label this priority number one, you know. In order for us to address the performance of any organization, in particular USPTO, you need to understand your performance gaps. This process helps us do that, it incorporates the strategic planning as part of the process. We have five phases in which we're
working through with the leadership team, as well
as all the business units have been engaged in
terms of working through these phases.

Phase one, two, and three will actually
get a strategic plan that allows us to identify
the critical gaps and performance that we will
address in the next three to five years.

Priority number one is, because
implementing tools and other approaches to address
those gaps, we first have to know what the gaps
are, so this is the process we're going to
undertake. The Phases four and five in the
graphic basically are the ways that we would
evaluate, monitor, and measure how we're achieving
those objectives to close our performance gaps,
and that's important in terms of actually
learning, adjusting, modifying any of our
strategic objectives on an ongoing basis. So what
this process will do is, will not make strategic
planning an event, you know, something we do every
three years, but an ongoing regular review of how
we're meeting and addressing our performance and
always continuously improving that performance through this type of process.

The next slide. Just a snapshot of some of the activities that have been completed. One is, as you know, we established a CPIO, it's a brand new office here at the USPTO, it's a small office, and I'm detailed as the Acting Performance Improvement Officer.

We do have engagement from across all the business units, a dotted line of senior people in each business unit supporting this effort and working in those phases that I showed on the other slide.

We also have done some education and training. All the planners, the performance improvement leadership that are working with me on this have been trained in Baldridge and Lean Six Sigma. And, in fact, some of our offices are actually applying some of those principals today, so that's good news. Some have actually taken it to heart and have got several projects underway.

Coming down the pike, the next slide, is
-- obviously, I mentioned we're developing a strategic plan, and that is going to be a process that's going to take us all the way through this summer and into early fall to complete. I know John Doll, who's on the agenda to talk a little bit about PPAC's involvement, engagement, and helping us to develop that plan. We also, as Peggy mentioned earlier in her remarks, we've had a real success; I think that the Patent and Training Academy has been registered ISO 9001, and again, with no deficiencies or, Peggy, what do they call them, non-conformances, minor or major, so that's an achievement.

We also have in the office of the CIO basically the implementation of ITIL, which is the Information Technology Infrastructure Library, which is really a quality approach to delivering IT services. So these are two good examples of items that assist us in terms of performance improvement.

We will have a framework that will be a process management, we will be looking at
Baldridge principals, and Baldridge principals are the criteria for excellence that's a standard for most corporations and has been touted as the premium approach for performance quality management.

And so we are mandated by congressional directive to adopt those principals, so we're embedding those into our process today in terms of our strategic management process that will help us identify performance gaps in several areas. The Baldridge focuses on seven categories, from leadership systems, to our work force management, to our customer focus, process management, knowledge, learning, and results. So we'll be taking a look through this strategic management process as to our maturity, if you will, in all those levels to see if there's any performance gaps that we need to address.

We will also be looking at -- across horizontal perspective, if you will, of the USPTO's and our main products and services, you know, from trademark related products and services
to patent products and services to international policy and guidance and advice.

And those are going to crosscut throughout the organization horizontally to see how we deliver those products and services that meet the expectations of our customers and stakeholders. And from that, we will be able to find, if you will, pain points or opportunities for improvement that will help inform our strategic planning. Damon, that concludes my remarks. I'm happy to address any questions you may have.

MR. MATTEO: This is Damon again; thank you very much, Barry. A couple of quick questions. I understand this is a new office and a new position. When exactly was it constituted?

MR. HUDSON: It was constituted in September of this year -- no -- yeah, 2000 -- end of last fiscal year, in September, so it was September, 2008.

MR. MATTEO: 2008; and what level of staff and resourcing do you have?
MR. HUDSON: It's a -- I'm a detailee, and I have four individuals that have been detailed to me, either full-time or part-time, two full-time detailees and two part-time, 50 percent of their time. In addition, we have actually identified throughout the USPTO and in each business unit individuals that will be giving 60 percent of their time to this effort.

MR. MATTEO: Okay. And you had mentioned that it was a holistic approach and that representation from each of the business units was part of your -- either part of your organization or matrix standard dotted line; how exactly does that work?

MR. HUDSON: That's working very well. I haven't had any issues whatsoever in terms of the nature and the qualifications of the people. I think once we start talking about a holistic approach to improving the performance, they get on board right away, they bring a lot of good ideas and are engaged. So it's a dotted line matrix approach and it's working very well right now.
MR. MATTEO: The senior representation from each of the BU's, and also, when you say BU's, do you also mean service and infrastructure like the CIO office?

MR. HUDSON: Yes; every business unit has a representative, and it's usually not an executive level, but it's one of their senior people.

MR. MATTEO: Excellent; and you said you were going to be rolling out your plan, looking at your slide number three, rolling out your plan sometime this summer; where are you on this pie chart, one, two, three, four, five, are you doing some measure of triage, have you established priorities or pilots, can you give us a feel for where you are there?

MR. HUDSON: Well, on that slide three, the wheel basically, we've completed phase one and we're in the process of phase two. Phase two is the deep dive, as I described in terms of trying to identify any of the performance gaps, both from a Baldridge perspective in all our major systems,
as well as a crosscutting products and service delivery perspective. We also will be doing a SWOT analysis, environmental scan, getting input from employees and stakeholders to kind of feed that. From that, we'll have basically a comprehensive listing of our strengths, because if we do have strengths, we want to make sure we leverage those in the future, capitalize on what we do well, and we will have what we call opportunities for improvement, which will be, we identified certain gaps, performance, we have an opportunity to make a greater impact.

And from that, the leadership team, with input from our stakeholders, will go through that and prioritize those and say, well, here's the ones that we should focus on in the near term in terms of developing our strategic plan that have the greatest impact on our customers and our stakeholders' expectations and adding value and continuously improve that ability to add that value.

MR. MATTEO: Okay. So then you believe
you more or less completed at least your first
major deep dive on organizational understanding?

MR. HUDSON: Yes, we have. We have --
in our first deep dive, we've actually gone
through and identified all our customer segments,
our stakeholders, collaborators, and partners, and
get clarity across who those are. We've actually,
you know, talked about our products and services,
making sure everybody understands what our key
products and services are, and that we deliver to
all those customer segments.

MR. MATTEO: And just so I'm clear, I'm
hoping the reference to customer segments implies
that this analysis is intro PTO, as well as
external, the external customer base, as well?

MR. HUDSON: Yeah; this is primary
external.

MR. MATTEO: So no understanding of
customer -- requirements in terms of comprehending
efficiencies and gap and leverage analysis?

MR. HUDSON: That will come; one of the
things we are doing is, as we define our products
and services, that we deliver to the external customers. And again, external customers is very broad, it includes, you know, stakeholders, public, and applicants, and owners, and IP offices, and information users.

What we'll be doing is, going through that and saying, okay, in order to deliver those products and services, who are the main players, obviously patents and trademarks and intellectual property, policy, and guidance. But within the organization, there's the General Counsel, our Office of Government Affairs, CIO, CFO, they have a key role in adding value to get those products and services, and so that will be identified, and we will find gaps associated, or pain points, if you will, during that process.

MR. MATTEO: Excellent; a holistic approach is the only way you're going to do this. So I would be very much interested in seeing -- I suspect you've created some distillation or report of this organizational understanding indicating strengths, weaknesses, or identified opportunities
for leverage or other kinds of gap analysis?

MR. HUDSON: That's correct.

MR. MATTEO: So I would be very much interested in seeing that, and also, your pie chart is interesting, but rather than that, some sort of rollout plan, gap chart, however you formulate it, to give us a feel for how you see this playing out in the future, in particular, tying the initiatives to specific output would be very useful.

MR. HUDSON: Will do; I do have the first two, I have the results from phase one and what we're doing in phase two, as well as a project timeline.

MR. MATTEO: Excellent; so rather than monopolize the microphone here, I'd like certainly to open it up to broader questions from the balance of the PPAC or audience.

MS. FOCARINO: Damon, this is Peggy Focarino. We do have a couple of questions from the public, if you are interested in taking any of them right now.
MR. MATTEO: Yes, I believe we have time
for at least one question, please.

MS. FOCARINO: Okay. One is related to
work sharing and the others are related to
quality, which perhaps we can get to after the
quality presentations. But one question is on the
subject of machine translations and it's directed
to Mark Powell. Mark, you said that the other
nations were not willing to go to using English as
a common language. Machine translations have
great difficulties in accurately translating
complex, technical content. So how can we depend
on machine translations, and will this problem
greatly limit international cooperation and work
sharing?

MR. POWELL: That's a very good
question, and machine translations are, in some
instances, fair, some good, but certainly not to a
level where, for legal, if no other reason, it
would be suitable for filing applications, filing
responses and so forth. In our current context,
we do have machine translation programs with the
Koreans and the Japanese. And we're actually currently conducting a study to see how useful they are.

The Japanese language is the most difficult language to translate into English. And we have cooperated with the Japanese office for a number of years on helping improve their dictionaries and so forth.

So where we're trying to go with this in the intermediate term is, can an examiner look to the file wrapper of an application in Korea or Japan, and using the machine translation tool, be able to garner enough information from that to see, perhaps to understand what the examiner was doing.

And the question did mention complex, technical terms, and that is a serious problem. The dictionary based feedback we've been giving the Japanese for so many years has improved that to a great degree. But I'll also add that, as I said before, all of these are very, very long term projects, and it's a matter as to what extent that...
we can make use of them. Thank you.

MR. MATTEO: Thank you very much, Mark.

This is Damon again. Oh, and by the way, I speak Japanese, so I'm happy to take any overflow translations, feel free.

MR. POWELL: We need the help, I assure you.

MR. MATTEO: Peggy, were there any other questions? I believe there might have been one directed to Barry?

MS. FOCARINO: I don't have one directed to Barry right now. Do you have -- I'm asking Ann Farson to take a look at the questions that have come in.

MR. MATTEO: I actually have it here.

MS. FOCARINO: Oh, you have it there, okay.

MR. MATTEO: I'll just -- well, I got it via email, I'll read it. I have heard repeatedly that patent examiners are seriously overworked, which can impact the quality of their work. What steps are being taken to correct this situation?
MS. FOCARINO: I'd be happy to have Barry try to answer that question.

MR. MATTEO: I didn't notice the question until -- so, yes. Why don't we open that more broadly to anybody who would like to take a shot at it, Peggy?

MS. FOCARINO: Right; I'll start off. I had mentioned the patent production goal study which we are currently looking for vendors, and hopefully we'll be able to award a contract before the fall on that study. And I think a lot of the concern comes about with the amount of time that examiners are given to examine their applications, and so we would like to get an expert in here to do a complete analysis and give us some recommendations as to how we may adjust that time, if appropriate, and then how we would go about adjusting it in the future when it's appropriate to do that. So, you know, that's my initial reaction to that question.

MR. HUDSON: I can add to that from a strategic perspective which doesn't get to the
bottom line. But the organization obviously is relying on our work force as the key driver in terms of delivering quality products and services. So as we go through this process, when we look at our performance gaps and say what is the critical things that we need to address to meet the expectations of our stakeholders and our customers, we will always be looking at it from a holistic approach. And so when you talk about that, it's our processes that we do currently in terms of examination, most efficient and effective, is the work force engaged, are we actually, you know, leveraging them to the point where they have high levels of engagement and desire to examine and have the time to do it, as well as, you know, the enabling structure, our IT systems.

So from a strategic standpoint, if we have to have quality, timely patent products and services, then all those components have to be integrated, and we have to make sure that our work forces have the tools, the time, the capabilities
to deliver those products and services.

And that will, hopefully, as we go through this process, we will have a strategy, an approach that says in order to make sure those products and services are the most effective, that we address each and every one of those aspects.

MR. MATTEO: Peggy, Barry, thank you very much. Given the time, I'd like to move on to our next subject, which is quality. We're going to approach this in two parts, a one, two punch, if you will. The first segment is led by Marc Adler, a PPAC member, along with Andrew Hirshfeld, Acting Deputy Commissioner for Patent Examination Policy. And they'll speak to us about the underlying definition of quality and some of the indicia that we can perhaps discuss and use to measure the quality. So without further adieu, let me turn this over to Marc Adler. Thank you, Marc.

MR. ADLER: Thank you, Damon, and thank you, everybody. If you recall at our last PPAC meeting, we had our first discussion around the
definition of what we meant by patent quality.

That discussion was -- we didn't get very far, it was mostly a discussion of whether we were talking about internal patent examiner performance or we were talking about external measures.

I took it upon myself to draft something for all of you to see, to get some feedback on. I've also since then have had a number of productive discussions with Drew about this difficult question about defining what we mean and how we might go about improving the quality of patent.

So what I plan to do now is to go through that preliminary memo that I wrote, as well as sort of some of the pieces from it, so that we can maybe have a further discussion and get down to some of the nuts and bolts of this.

Let me go to the second slide. What I'm -- let's start with what do I mean by the definition of quality. I'm not defining quality in terms of the commercial value of any patented invention. What we're referring to here is the
validity of a granted patent and, therefore, also,
how long it takes the process efficiency of search
examination, prosecution, and how we might be able
to reduce uncertainty in what is granted.

One of the problems that we all know
exists is that the application pendency is still
continuing to be much higher than we all would
like, and everything that we do in terms of trying
to measure improving the quality of a patent
should also look at the pendency, the process
efficiency.

Now, I'm defining pendency a little
differently here than the way the patent office
tends to define pendency. I'm looking at the
overall process, so I'm looking at it from the
time of the initial filing to either the grant or
a decision on the appeal of all the claims that
were originally presented, not just the pendency
to the first office action.

What I'm referring to about quality
patent, a quality patent has three major portions;
one, obviously, is outside the purview of the
patent office, although you -- we can all help the
users improve the quality of what they submit by
both education and by the information we provide
back to users. So let's put that aside for a
second, although that is an important aspect,
since we're not going to get a quality patent if
we have a very poor quality application. I'm
really focusing here on the quality of search and
examination and the quality of the prosecution.

Let me go to the next slide. As I just
said, I believe the quality of a patent is a
shared responsibility. And we need to do things
that will drive behavior modification by
applicants and examiners focused on both valid
patent grants, as well as reducing pendency.

I'm not really referring to quality as
some type of a euphemism for examiner performance
or production goals, although some metrics that we
might come up with can be used for training and
performance reviews for examiners.

I'm also focusing on quality based on
existing rules, not based upon new statutory
changes that would require congressional action. I believe that both uncertainty and a lot of the problems that were -- I've got a different slide here -- some of the problems that we see are a result of poor quality, you know, all the claim interpretation issues, as well as the time delay to grant. I'm seeing a slide that say PPAC participants who are phoning in to speak, instead of the third slide. I'm still here, but I'm trying to --

MR. MATTEO: Sorry, Marc. Peggy, someone on the PTO side, can we address the slide issue?

MS. FOCARINO: Yes; you want number --

MR. ADLER: Three?

MS. FOCARINO: -- three.

MR. ADLER: All right.

MS. FOCARINO: Is that the right one, Marc?

MR. ADLER: Thank you very much. That's good, oops, we can go to four, all right. As we all know, from whether it's ISO or other quality
processes that people have used, Six Sigma, and by the way, I want to commend the Patent Office. There are a number of initiatives that are already going on that are directed to improving quality, whether it's the OCIO effort, the first action interview, and the IP 5 projects.

I'm not meaning to direct my comment to those projects, I think they're great, I'm just talking about additional measures that we might be able to identify to drive the behaviors that we want from both applicants and examiners.

We all know that there are many, many measures that one could pick, and our job, I think, is to try to find some of the most important ones, maybe limiting it to a number of five. Now, this is a debate that Drew and I are having about whether that's really possible, but I think that we need to not worry about being perfect. The five that we identify may initially, may not be the -- all of those that we need to use and that refinements and modifications will be needed in the metrics that we're using over time.
I believe that the focus of the process improvements should be on the earliest stages of search and examination. It is much harder, in my view, to fix something such as a quality patent as we go further down the road during prosecution, appeal, continuations and all that.

In fact, I think some of the data that we're seeing on final office actions and continuation applications, not all of it, but some of it has to do with some issues that we're seeing early in examination, and that's why I do believe that the first action interview is critical to improve the process. Let me go to the next slide.

Basically, as I said earlier, we're not going to get quality out if we don't have quality in. But we need to be looking at quality, not just in terms of substantive actions, but also the timeline. Pendency increasing creates problems in terms of feedback, in terms of uncertainty in the public as to what is actually going to be granted, and it becomes a problem for -- that leads to litigation and other inefficiencies in the public
use of patents.

I think that the quality will improve when all the participants understand the metrics that are being used, and they get clear feedback during the process. One of the key aspects, in my view, is whether or not the patent office is adequately utilizing 35 USC 112 compliance to push the applicants to be -- do a better job in describing or defining their inventions.

Obviously, I also believe, as I've said before, that applicants are not going to get a quality patent if they don't conduct a search to know what the prior art was before they try to define their invention. And we've seen a push back on attempts to do that, require that by rulemaking. I think there are probably other things that we can do to get the message to applicants. Let me go to the next slide. All right. As I just said, a thorough and complete initial search of the prior art is critical to quality and pendency. This is both from the applicant's perspective, as well as from the
office's perspective. And the IP 5 discussion
that we had earlier to coordinate the activities
of all the offices, at least to be able to make
sure that the best prior art is before the USPTO
examiner, is critical.

It also, as we just heard during Barry's
presentation and the question that was asked, are
examiners really given the right amount of time
and the credit in the initial phases of searching.
And I question whether some of the efficiencies
from restricture requirements actually unduly
increase pendency backlog and make it harder to
search effectively.

I know that it's difficult to take
patent applications out of turn, but we need to
possibly look at ways to provide incentives for
applicants who do conduct searches before filing
so that maybe their applications, similar to
accelerated exam, can be reviewed sooner, so that
more applicants will actually do that.

Maybe we're asking for too much with the
rulemaking that I propose, but maybe there's some
modification there that we can approve. Let me go to the next slide. Let me talk a little bit about quality examination. One of the key problems that I see and I think the patent office is seeing is a significant increase in the number of continuing applications. Clearly, some of those are applicants strategically filing continuing applications. But I do believe that some of them are a result of premature final office actions that cause additional unnecessary continuations and longer overall pendency. And I do believe you do have some data on reversals or, you know, restarting prosecution after final that we could look at to determine what might be the cause of those final rejections.

We also question, or I question crediting examiners for continuing applications the way they're presently being credited and whether or not there could be some incentives for examiners to not force those continuations or maybe not get credit or as much credit for continuing applications. Let me go to the next
During prosecution, we all understand that reaching the issue, what is the issue here, what is the critical issue for patentability early improves quality in the sense of getting to the final point quicker. And in that regard, interviews before and after the first office action on the merits certainly can improve quality and reduce pendency. And I'm encouraged by the expansion and the FIA for examiners to conduct these interviews. I've also seen some references to further discussions before appeal to reduce continuations and possibly eliminate or reduce premature final actions. I think that would also be an issue to look at carefully.

There's another aspect with -- that the patent office is probably already looking at in terms of monitoring or tracking examiners response times between the time that an applicant responds to an office action and the time that the next office action is issued, and also whether or not they can get a handle on some of the open status
requests that are made that sometimes are there for a long time and that indicate that there's a potential issue with a case. Go to the next slide.

Really what I'm focusing on is trying to find out and have a robust discussion on whether we can identify five, maybe it's ten, but not 100, maybe a limited number of the most important criteria that you believe and that the public believes could drive improving quality and reducing pendency.

Now, at the end of this memo, which is an excerpt, I've identified a number of possible indicia for search, examination, and prosecution, but I don't know which you think would have the biggest impact. And I would like over the next couple of months to try to get PPAC and the PTO to have a proposal on five to ten key metrics. This may be difficult, but I think we need to start somewhere.

At that point, but not before that point, I would then hope that the PTO could seek
public input, whether it be a roundtable discussion or a forum focused on the metrics, not just an open discussion about, gee, quality isn't that good, quality should be better, not a qualitative discussion, but a focus on, gee, these are good metrics, or did you think you can combine these two metrics or compare this against that in some way that might actually help us move this forward faster.

The next two slides really just have a listing, and you can go to the next slide, which is difficult to see, but it just lists a number of indicia of what might constitute a quality search and a quality examination. And I wasn't intending this for the next slide, and you can go to the next slide, as a final thing, I've highlighted some of those, but my goal would be to try to get us all to work together to figure out what key things would really make the biggest difference in the shortest amount of time. And at that point, I would like to end my presentation and turn it over to Drew, if he would like to add or comment on any
of this or anything else.

MR. HIRSHFELD: Thanks, Marc. I would
like to start off by saying I have reviewed your
-- the slides, and you and I have had this
discussion a few times about quality, and I agree
very much with the content of what you have
written and believe that there are many aspects to
quality that we can focus on improving.

It's my feeling, what I liked most in
your documents are really the idea of the -- two
things stand out mostly is the, you know,
qualities of shared responsibility, and I also
believe that the early stages of prosecution are
critical. I think if you make a mistake early on
in prosecution on either side, that that mistake
can be magnified as the prosecution goes on.

The last discussion that we had, I think
we talked about throwing out to the group what was
identified as the most critical elements of
quality, and I think that, to bring everyone else
up to speed where you and I were, Marc, that's
where we had some difficulty, at least I did,
identifying the five most important or ten most important. I think we can identify very important elements and certainly key elements, but to label any as more important than others is somewhat difficult. And I also -- ones that I am very interested in, of course, are the interviews. I think, again, getting back to the early stages of prosecution being important, I think the early interview and meeting of the minds between both sides and getting on the same page is one of the most important aspects of quality, in my opinion. And I also think that claims -- defining claim terms, making sure that this is similar to a meeting of the minds, although not necessarily in an interview, but making sure that claim terms are clearly defined and understood by both signs is what the scope of those terms are can go a long way.

In any case, I think that -- I'd be curious if the group had thoughts of it was possible to identify most important or if there's anybody who had any input as to what they would
identify as being some of the key drivers of quality. Nobody?

MR. BUDENS: Oh, no, we can't let this one go. This is Robert Budens. We can't let this one go entirely by. I'm interested in the stuff that Marc and Drew are saying here, but I don't think there's any question in anybody's mind, at least in the examining core, that the two key drivers to getting us to be able to do a good job is to give us the time to do the job and to improve the tools that we have so that we can do a better search in the time that we have.

And the only thing I'm going to say about that here is, as Peggy has mentioned, we're going to be going into a goal study, and if the PPAC, you know, wants to stand behind these discussions and goals of Marc and Drew, then I hope that the PPAC's voice will be heard loud and clear as this goal study goes forward and the discussions of time for examiners and what that time is likely to cost the agency goes forward, because that's where your two drivers are going to
be, to get, you know, the examining core to be
able to do what we want to do.

MR. ADLER: This is Marc; can I comment
on Robert's point? I think Robert and I have had
this conversation briefly before, and I agree
completely that the time required up front
initially to search and examine the application
the first time is the most important thing for us
to be looking at. If we are short changing the
examiners at that point, we're not going to be
able to recapture or fix it later. And if we move
time to give the examiners at that point, I firmly
believe it will reduce the time that the examiners
will spend later, and overall, will reduce
pendency and improve quality. So I'm totally on
board with the goal study that would identify --
and it could be different by text sector, by, you
know, types of applications in terms of the time
and effort required to do a thorough search and
examination up front.

I believe that we've been putting off
some of this, some of our restrictions, practices,
actually push some of this to the future, and it
may, in the long run, end up costing the examiners
more time to re-examine the same application
later, looking at different statutory claims that
they could have done more efficiently or
effectively earlier. Or there may be different
examiners at a later date who pick up a divisional
application, and therefore, start from scratch.

So I do believe that the early stage
time requirements for the examiners is a critical
aspect of improving the quality of the patents.
But I think I'm with you, Robert, on that.

MR. MATTEO: Robert, this is Damon.
I'll chime in sort of broadly, philosophically.
You were asking about a voice and an ear. I'm
certainly more than enthusiastically willing to
lend an ear. And you know me, Robert, I'm not
bashful, so my voice is certainly something that
you'll hear, as well. You know, I view our
participation in whatever fashion in the goal
study as very much a part of our role, as a
partnership between the PPAC and the PTO, you
know, for mutual education, facilitation, and hopefully some enabling fashion, as well. So, you know, I think we stand ready to assist in any way we can with the goal study.

MR. ADLER: Damon, this is Marc again. I also believe that the public will be supportive of helping -- have a discussion around the metrics and the problems that they see and possibly come up with some very good ideas and metrics to look at. Maybe some of the metrics that we -- some of the data that we have could be compared in a way that we haven't thought of.

And I believe that a public discussion around this in a collaborative and cooperative way would really be helpful, but it shouldn't be just focused around, gee, you know, we're doing a great job, or you're not doing a good job, you know, some general gripe session. So I really hope that the identification of a few indicia, even if they're wrong, and Drew and I may not agree that these are the right ones or the wrong ones, I don't even care, I just would like to have a straw
proposal around the metrics that we can have a
public discussion and maybe come up with some new
ideas that could be fed back to the effort.

MR. MATTEO: Okay. Marc, this is Damon.

That's a perfect set-up. What I wanted to ask is
if both PPAC and PTO would support setting up a
framework for exactly that, a public forum
discussion where the PTO or PPAC and the public
can discuss the indices and other measures and
metrics that would be useful in terms of
identifying what really are the quality metrics of
interest and how best can we execute against them.

So I think from a PPAC perspective, Marc, you're
stepping up and suggesting you're willing to do
that.

MR. ADLER: Yes.

MR. MATTEO: Would the PTO support such
a public form and open discussion?

MS. FOCARINO: Damon, this is Peggy.

Yes, we would definitely support that. It was
interesting, a question just came in and it was
from Marc and it was, could the USPTO have a
mechanism for online submission of potential
quality metrics, so I think that's a great idea.

MR. MATTEO: I think we just answered
that question.

MR. ADLER: Yes.

MR. MATTEO: Great, okay. So then in
the spirit of collaborative teaming, Marc, I
suspect you're the lead for PPAC. Drew, are you
the appointed PTO rep to work this framework for
the public forum?

MR. HIRSHFELD: Sure, absolutely.

MR. MATTEO: Great, okay. Well, Marc,
Andrew, I want to thank you very much for your
considered thoughts and opinions on this, and
equally for stirring us all to think rather deeply
about this issue. And I'm looking forward to
seeing what the public forum and the framework for
that public forum look like and elicit.

MR. KIEFF: Damon, this is Scott; may I
jump in for a sec?

MR. MATTEO: Absolutely, Scott. You've
got some interference on your end of the line,
though.

MR. KIEFF: Sorry; is it still there?

MR. MATTEO: No, we're fine. Thank you very much.

MR. KIEFF: Excellent; so, first of all, I just would echo what you were saying. I, as I think the folks in the room, so to speak, know, I have been very skeptical about approaches like this to kind of perfect quality. But I think that the approach that Marc and his team have adopted is one that, as a so called skeptic, I would say makes the fantastic deal of sense. They I think are thinking about this in a hugely productive way, and so I applaud very much what they're doing, and I'm happy to help. And one just thought that I hope could be kept in mind is that any time metrics are envisioned, people often start to have in their minds kind of the notion that they are going a long way towards achieving a really central goal.

And I think that, as Marc pointed out, this is not a search for perfection, but rather a
search for understanding, first of all, what the
goals are, and second of all, realistically how
close we can come to accomplishing them, which is
to say even a -- I at least would declare a
victory if all that the study accomplished was an
understanding of a common set of goals and an
understanding of the factors that are available to
be used to achieve those goals and the relative
strengths and weaknesses of those factors, that is
to say even if that's all we get out of this
process, I think we've done the system and the
office a huge service.

MR. MATTEO: This is Damon again. You
know, Scott, I'm going to absolutely agree and
amplify it. Often the benefit of the exercise
outweighs its output proper, so I fully support
that. And not to let an opportunity go by,
nothing better than a skeptic to have on the team
to make sure that the output and direction is such
that it would satisfy most people. Would you be
interested in second sharing the effort from PPAC?

MR. KIEFF: Oh, sure. I mean my sense
is they don't need another chair, but I'm happy to
be a working body and be available to them in
whatever way they would like.

MR. MATTEO: Excellent; well, very good.
I hate to do this, but I'm going to wind at least
part of the quality conversation to a close and
introduce Peggy Focarino again, Acting
Commissioner for Patents, who will talk about
quality and efficiency initiatives at the PTO.
Peggy, if you would, please.

MS. FOCARINO: Okay. Thanks, Damon. I
think we heard a lot of really good things from
Marc and Drew, and particularly the shared
responsibility aspect of it. But I wanted to
touch mainly on what we are doing internally at
the USPTO to try to improve quality and
efficiency. And the first thing I want to talk
about is our interview training initiative. We've
heard a lot, especially through the PPAC outreach
efforts, all the focus sessions that were held all
over the country, that interviews are an emotional
subject and the public and applicants very much
want to talk to our examiners, and so we had a
team together and put a pretty extensive training
module in place, and we currently have trained
over 3,000 examiners on interview practice.

And some of the focus of the interview
training was when to have an interview and also
when not to have an interview, how to hold an
effective interview, what are -- procedurally,
what are the guidelines for holding interviews,
how do you grant an interview or deny an
interview, and really emphasizing that interviews
that are held early in prosecution help to better
focus the examiners on the key issues and the
applications, and that, in our experience, and we
have data to show this, that interviews lead to
early indication of allowable subject matter when
there is allowable subject matter present in an
application. And we're also focusing on expanding
interview usage later in prosecution to identify
allowable subject matter really with the goal of
closing prosecution in the case and avoiding
unnecessary RCE's. The other thing that we would
need to do, and we're working on this now, is developing a program to track interview requests. We hear a lot anecdotally that certain examiners deny interviews, and I don't think we have a good handle on the factual evidence of that, so we would like to develop a program to track interview requests and ask applicants and their representatives to use this program, and therefore, we can -- if we are having areas or pockets where requests are being routinely denied, then we can address those areas. So the interview practice and the training on that is moving forward. We survey examiners at the end of each of these training modules. We're getting overwhelming positive feedback from our examiners that the training has been very effective and very useful. And, as you know, we have a lot of junior examiners. Some of them don't feel that they had perhaps the appropriate skill set to suggest interviews. And for whatever reason, we're trying to close the gap there, and also
focusing on our whole --- population and how they can hold effective interviews telephonically, as well as the time that they're in the office once a week. So we recognize that there's two aspects to this, and we feel that we can really make a lot of end roads in this by having the training.

The next area that we're really focusing on is compact prosecution training. And this training includes early indication of allowable subject matter; it also includes proper after final practice, when to make proper final rejections, and raising the RCE awareness level of our examiners.

I think you heard Marc say that RCE's definitely have increased. There's plenty of, I don't know if you want to call it blame, but there's plenty of blame to go around on both sides.

We have situations where applicants desire the RCE, and we have situations where perhaps the examiner didn't close prosecution when they may have had the opportunity to close it, so
we're going to focus in on that.

We are looking at areas where we have applications that have numerous RCE's filed. Some of that is technology driven. Applicants desire RCE's sometimes at a higher rate and certain technologies than other technologies. But perhaps we do have areas where examiners are reluctant to allow applications, and we want to focus in on those areas and give examiners the tools to be able to close prosecution, to indicate early allowable subject matter when appropriate, and to make final rejections when appropriate.

And we're also looking at emphasizing the completeness of our first office actions, and Marc touched on this, that a first office action is critical, and giving examiners the tools to be able to do a thorough and complete and quality first office action will lead hopefully to a quality examination of that entire application.

Another thing that we heard a lot in our focus sessions around the country was the desire to have an ombudsman. And this person we envision
being in each TC. It would be -- the person would be a resource to applicants on TC specific issues, they would be able to resolve administrative issues very quickly, returning emails or phone calls within one business day, and provide applicants with personalized service when problems arise.

And I know when I go out and speak, I hear a lot of comments from practitioners that they're very reluctant to contact a SPE or a group director when they're having problems with a particular application, and perhaps the communication with the examiner in that case is broken down for whatever reason. So we really envision this person as sort of a neutral facilitator to deal with applicants, to try to get applications back on track, and to try to move the application along in the process.

They would also be a source of information independent from the examiner's chain of command, and like I said, a neutral facilitator to try to get the application moving forward when...
it would otherwise not appear to be going that way.

And, again, we would like to be able to develop a system for tracking the number and type of request for ombudsman assistance, maybe a common email box for each TC to capture requests, and be able to analyze any trends or things like that and perhaps share some best practices in each of the TC's.

Another initiative that we are undertaking is search enhancement. We are in the process of providing search strategy training, peer to peer, if you will, where we would have one examiner share best practices and results of their searches with other examiners, a search information exchange, where a reviewer from our Office of Patent Quality Assurance would meet with examiners to evaluate their searches, again, on a neutral basis, where they would offer feedback and assistance and input, training on -- search tip training, capturing best practices for searching, and
eventually on the examiner collaboration center,
otherwise known as the examiner Facebook, which we
are about to beta test, mandatory training for STN
dialogue in -- we do have pockets or areas where
examiners seem to have a lot of time in these
particular data bases, so we like to zero in and
focus them on making efficient use of those data
bases.

We have our ITRP's, which are our
Information Technology Resource Personnel,
providing sessions on searching classification,
searching the schedule, locating class
definitions, focusing on classified searching, and
also giving examiners feedback on their search
strategy, because these people are experts in
searching various data bases, so that's another
initiative we have in place.

And we can't lose focus that a lot of
our managers are also junior, so they need our
attention and training also. So we have training
on reviewing PAP guidelines, Performance Appraisal
Plan guidelines. We're holding workshops for end
of the year ratings, progress reviews. We have a
case review workshop that's aimed at how to
efficiently and effectively review cases and to
give constructive feedback to our examiners. And
we have a mentoring program for our SPE's, where
we have more senior SPE's helping our junior SPE's
and guiding them as they try to manage a large
work force of junior examiners, and also
developing TC guidelines that outline policies and
procedures to ensure consistency among SPE's
within the same area of technology.

And then another aspect that we're
looking at is maximizing examination resources.
And what this entails is really looking at areas
where we can recapture resources. One of those
areas is our training academy, which, because of
the decrease in the number of hires, we were able
to redirect resources from the training academy
back to the technology centers to help train and
manage the examiners and the technology centers.

Another area is the Office of Patent
Quality Assurance, where we were able to redirect
reviewing resources to the technology centers to
be able to do more up front reviews early in the
prosecution to help develop training in the TC's
and to be more proactive and deal directly with
the technology centers in their quality efforts.
Does anyone have any questions on any of those
initiatives that I mentioned?

MR. ADLER: This is Marc Adler; it's not
a question, it's a comment. I think that all of
the things you just mentioned, Peggy, are
excellent. I think the maximizing of the examiner
resources earlier in the process, especially from
second pair of eyes to initial, you know, issues,
whether it's interview or first office action, is
a great step.

And we know that this will help; but I
also feel that some of the examiners, the training
is good for the interview, but it may also be
helpful to have the supervisors participate on
some kind of, you know, maybe not on every
interview, but routinely with their junior
examiners during these interviews to help give
them some feedback on how they're doing relative to the training that they receive, and whether or not they possibly could have reached some kind of compromise during the discussion instead of saying, well, I'm not sure, I'll have to check with my supervisor. Many interviews, somehow it feels like the examiner is somewhat uncertain about whether -- about what he or she could do at the interview, and having their primary or a supervisor there might help move those to resolution faster.

MS. FOCARINO: I think those are good suggestions, Marc. And as a matter of fact, we have talked about having the SPE sit in on a certain number of interviews for their examiner so they can get a feel of how comfortable the examiner is with holding the interviews, if they have the right tools to be able to hold effective interviews, and also looking at negotiation authority and when that authority is held by the examiner, that we do make a commitment in the interview at least so the attorney knows what
we're thinking, and if not, if the examiner does not have negotiating authority, then someone would be present in the interview who has that authority.

MR. ADLER: Great, thanks, Peggy.

MR. BUDENS: This is Robert; Peggy, since skeptics are raising their head here, I'm going to be one on one of these issues. I'm a little skeptic about how this ombudsman is going to work in the -- and how they're going to interact with examiner core. I appreciate the idea of the neutral facilitator, and I appreciate the idea of them being outside the chain of command, but given those two things, I'm trying to -- wondering if you can give us some more detail of how you envision that ombudsman actually being of service and interacting with the examiner and the examiner's supervisors, et cetera, to facilitate.

MS. FOCARINO: There are other skeptics besides you, Robert. I'm not one of them. But I do envision this person to be sort of a
troubleshooter. And I know we've tried it in various areas. I think Tech Center 1600 had a similar position many years ago, and you know, there's pros and cons to that, but it was something that we heard repeatedly in the PPAC outreach efforts, and it's something that we would really like to try, not impinging on a supervisor's authority to, you know, tell an examiner what they feel a good office action is that they would be willing to sign, for example, but to help when sometimes there's just no -- people may be at loggerheads with the applicant and the examiner, and there just doesn't seem to be any movement, just to agree to disagree at that point and to move the application forward so that it's not languishing.

And, you know, there may be issues that we have to deal with that you're thinking of and we're prepared to, but we certainly don't envision this person being another level of review and an obstacle to advancing prosecution. This is meant for cases that are stuck, for whatever reason, in
prosecution, and there's a reluctance on the part of the applicant to deal with the examiner or the SPE or -- and, you know, it's not always the examiner that's at fault either, so someone with experience that can step in and just be a facilitator I think is what I envision.

MR. BUDENS: It's funny you should mention 1600, because that's one of the reasons I'm a skeptic about this, because we did have positions many years ago that started out with good intentions and eventually morphed into somewhat of a disaster, you know, depending on your point of view, I suppose, and that's where I'm concerned, is how we prevent us from going down that path again as we do this on an agency-wide basis.

MS. FOCAINO: Right; and I have heard about that, and I certainly don't want to repeat that, but learn from what did not work well in that and try to have a pretty effective program.

MR. ADLER: This is Marc; I have a comment on this, on the ombudsman. I think that
it's a good idea when we're -- the applicants may not understand all the time what the examiner is trying to tell them, and if they can reach out to somebody who might be able to explain it to them that, look, you don't have any data in this case to support the arguments that you're making, or the arguments you're making aren't related to the claims that you're making, you know, you don't really understand that the claim says one thing and you're arguing something totally different.

These are things that could very much help applicants more than they possibly could help the patent examiners. So, Robert, maybe you could think of it a little bit from that perspective, as well.

MR. BUDENS: I appreciate that, Marc, and we're certainly open to looking at this idea and seeing. Again, my skepticism comes from how the situation could morph. And a lot of that I think is going to be dependent on the personalities and capabilities of the person being put into these ombudsman positions. If they're
very senior, very experienced, and have good
people skills, it has a potential for being a
successful program I think; if not, then we could
be morphing back into the problems we had. And
basically some of the problems we still have are
leftovers from those situations in 1600 during the
'90's and later.

MR. MATTEO: Okay. This is Damon. If
there are no further questions, I think we'll wind
down the quality discussion. And we have coming
up the financial update. And standing in for
Michelle Picard will once again be Barry Hudson
who will provide the update for us. If you would,
please, Barry, thank you.

MR. HUDSON: Damon, I'm here, thank you.
We'll just pull up the slides real quick. Okay,
they're up. If you go to the first slide. What I
want to do is, on behalf of Michelle and Mark,
just kind of give you PPAC members an update of
our revenue collection to date, actuals.

So on this chart, we'll focus on the top
graph, which are really the patent fee
collections. And these are actuals through May. And as you can tell, although the change, because of the size of the graph, doesn't really demonstrate that, but over time -- since the beginning of the year and today, you can see the trending down of our revenue, which is basically not consistent with prior years.

For example, October, November, and December, during the course of the year, that is revenue collections on average per day. So those months were pretty typical in terms of the same pattern we would see for the prior fiscal year. So there was nothing there to alarm us basically that there would be a downturn in filings or maintenance fees until January, and there was a drop in January, and that's not the pattern that we typically see in terms of filings and maintenance fee renewals, which are the bulk of our revenues.

At that point in time, that was a red flag, as you well know. And since that time, we have seen the trending down, the biggest happening
between April and March.

Now, the bottom line is, through May, we see it kind of leveling off. The real critical factor here is, will that be the forecast for the rest of the year, June, July, August, and September. The indications are that June will be a month that we have to watch very closely because June is like -- in terms of certain filings from the international community has an impact because they close out their quarters or their annual budget and they may make decisions in terms of their portfolio and filings. So June will be a very telling month.

The bottom line on this chart is that with the drop in revenue, I think everybody well knows, we've taken a lot of action since January to reduce our costs. We have budgetary constraints, and we have reduced costs significantly to make sure that we live within our projected revenue. If the remaining months of this fiscal year, June, July, trend like we have seen for April and May, at that level, we will get
through FY '09 without any further cost reductions or an influx of new revenue. The next chart.

MR. MATTEO: Excuse me, Barry, this is Damon.

MR. HUDSON: Yes, Damon.

MR. MATTEO: A quick question; I think these charts would be more illustrative if we could get a sense of year over year changes.

MR. HUDSON: Yes.

MR. MATTEO: So April dropped to, I don't know, on the order of 6.1 for this year; would it be -- do you have a sense of what the year over year change is?

MR. HUDSON: I don't have that with me, but I can get that to you.

MR. MATTEO: Okay. Yeah, it would be very interesting to understand the trending analysis. Thank you very much.

MR. HUDSON: Yes; on the next chart, basically all this is is a breakout of our major fee areas. The top line, blue, is -- is that me?

MR. MATTEO: What is that?
MR. HUDSON: I don't know. Bob said it was a blender going, we're having Margaritas. I think we're back. All right. Well, this chart basically is just a breakout of the major fee categories. The top bar is maintenance, the second bar, red bar, is filing fees, and then the three below are extensions of time, PCT, and patent issues. So focusing on the top two bars, this is just a breakout of the previous chart, which was cumulative revenue.

That shows that maintenance fees and filing fees have dropped. Since maintenance and filing fees account for about 80 percent of our patent fee revenue, then, obviously, this supports that previous chart.

Again, if these maintenance and filing fees continue at this rate for June, July, we'll get through the year in terms of all the cost reductions we are taking and budget constraints that we have to date. Next slide.

One of the things that we did do was to work with IPO and AIPLA, and they were gracious
enough to go out and survey their members on their
membership in terms of what they were projecting
in terms of filings and renewing their portfolio
for maintenance fees. And the bottom line is that
it's tough to really tell, it's kind of, you know,
on the maintenance -- you can see in the summary
there the trends. The first two lines are patent
filing fees and maintenance fees. You can see
that the overall response was really that the
filings, that the member said we're not -- we're
going to decrease possibly the number of filings
by 48 percent, and some said 25 percent would
increase, and 27 percent would remain unchanged.
So what the net effect of that means, we don't
know, but it's a data point.

Maintenance fees basically is similar,
you know; percent said they would increase, and 40
percent said that they would -- so that seems like
good news, and, in fact, is good news, and we
would see that maintenance fees would continue to
be paid without any significant reductions.
There's still some unknowns --
MR. MATTEO: --

MR. HUDSON: I'm sorry, Damon, go ahead.

MR. MATTEO: I see -- just a data point here. The 2009 forecast from IPO AIPLA, does that jive with what you're seeing so far, and as a correlating point, how does that support or diminish your faith in their 2010 forecast?

MR. HUDSON: Well, there's two things, it kind of supports what we're seeing, at least through -- initially from the fact that there has been a change in the way a lot of the members and the applicants are -- the bulk payers have been trimming their portfolios and things like that. This came out basically and I said that it looks like there may be some increases in '10. Whether or not those members or the community starts recognizing the change in the economy now and they actually change that, we'll see that in June and July of -- coming down the pike. So we're hopeful, but we don't have any, you know, predictive analysis that said this is what will happen.
So we monitor fees on a daily basis. I mean we're able to know from yesterday to today what we collected. And to get us through the year, we're looking at, on average, for patent fees, about $6.2 million per day on average. Now, there are spikes during the month because there are different periods of the week where bulk payments are made from our bulk filers. That's all I have.

MR. MATTEO: Thank you very much, Barry. In particular, thank you for standing in for Michelle on such short notice. We very much appreciate your help and effort here.

MR. HUDSON: You're welcome. We may have to edit my comments for the record if I misstated anything, but I think I captured it.

MR. MATTEO: Well, we were doing our best to throw you softball pitches, so not to worry. I would like at this point to open it up to broader questions from PPAC or the audience for Barry on this presentation.

MR. PINKOS: Barry, it's Steve Pinkos;
how are you?

MR. HUDSON: Steve, fine; how are you?

MR. PINKOS: Good, thanks. Thanks for the presentation. Two quick questions; how short is the USPTO thus far this year, or I guess what you're projecting out at this point in total for the year, you know, $100 million short, $150, $70, and also, where have the most significant cuts occurred thus far?

MR. HUDSON: We are -- in terms of dollars, I think we -- because we have about a seven percent decrease in terms of filings from what we had planned, that translated into a $140 million shortfall. Now, a lot of that shortfall --- $140 million this year approximately was our shortfall. We didn't have to obtain all that in terms of cuts, but we identified I think over $110 million of cuts to date. The largest piece of it would be hiring. We have put a -- we have froze all the hiring across the agency except for some critical positions, and those are just a few, and only hired attritions, I believe, and patents; is
that right -- placement? So hiring is the biggest thing.

I think you heard a presentation from our CTO earlier that we did scale back some of the IT roadmap initiatives to lengthen the time so that we could have some cash flow for this year. But those are the two big areas, as I recall.

MR. PINKOS: Thank you very much.

MR. MATTEO: This is Damon again; any further questions for Barry on this topic?

MR. PATTON: Hi, Barry; this is Doug Patton. I've just kind of been listening a lot. I've got a quick question for you. It may not be in your purview exactly. But I have a number of associates working at Homeland Security, and they have gotten substantial funds from the Obama Administration to increase efficiency and study efficiency, and has the USPTO not been able to tap into some of this, because there's a number of other agencies that have been getting funding, and it certainly seems important, you know, obviously, to improve USPTO services -- the budget cut? Is
there any future consideration or does the USPTO
strictly have to live within its own funding?

MR. HUDSON: Peggy, do you have a
response?

MS. FOCARINO: Yeah; Barry wants me to
answer that.

MR. HUDSON: Well, Peggy, maybe it's for
you.

MS. FOCARINO: Yeah; Doug, I guess what
you said was that the Department of Homeland
Security has obtained funding to study efficiency
in their organization, right?

MR. PATTON: Yeah; it's quite a
substantial amount. And is there any way for -- I
mean amid all these budget cuts and how important,
as I've learned over the past three years, how the
Patent Department is really a foundation of our
economic system; is there any way to -- for this
to be a consideration, or do we -- are you and
John, you know, aware that this has to be -- you
guys have to live within your own budget?

MS. FOCARINO: Well, we have to live
within the budget that we project, and it's based on our fee income. So we budget to the
collections that we project, and we don't get any supplemental money.

MR. PATTON: And there's no process to -- for reconsideration, you know, or -- there's no other way to do it, because, you know, obviously, in the past, the patent fees have diverted, you know, and I'm just wondering if there is any reciprocity, you know, in the process for that consideration. I'm just asking because it just seems a pity amid all the great things that are going on at the USPTO that there couldn't be some way to step outside the box and tap into something.

MS. FOCARINO: Right; and you're exactly right, Doug, and I think because of the financial situation we find ourselves in with the unexpected change in our filings, that we didn't anticipate. As you know, historically, we've had a really good model and a way of pretty accurately projecting filings, and this year was certainly an anomaly,
and I think internally, it's caused us to come up
with a lot of creative ideas on what we may do to
try to prevent this from happening in the future.
But we need an Under Secretary in here to be able
to advocate for that, and, you know, move those
types of ideas forward for us.

MR. PATTON: -- maybe by August or
September. Could that be a -- would there be kind
of a podium that that Under Secretary could pursue
that would be able to do this, or is that totally
-- so far, you know, out of any realm of
possibility that, you know, my question is, you
know, is completely just blue sky, this will never
happen?

MS. FOCARINO: I don't think it's blue
sky. I think the timing and the economic
situation, you know, may present an opportunity
for us. But again, we're looking forward to
having an Under Secretary in here so that we can
explore some of the ideas that we have.

MR. PATTON: Yeah; it just seems, you
know, the Patent Department is so important to
have all the improvements not stay at best case and all the important things, it just seems, for the amount of funding you need, based on, you know, the complete government budget, it just seems so ridiculous that that can't be done. And I guess probably everyone has accepted that reality, but, you know, just being kind of an outsider looking in, it just seems like it would be such an important thing to approach someone on, but regardless, thanks for your answer.

MR. MATTEO: This is Damon again. Thank you, Doug. In the absence of any further questions --

MR. FOREMAN: Actually, Damon, I'd like to add something; it's Louis.

MR. MATTEO: Oh, please do, Louis.

MR. FOREMAN: Peggy, you know, I think we all agree that for innovation to thrive, the patent system has to be -- it's essential in that engine of innovation, and I understand that you guys feel like you have your hands tied at this point in this process, but what can PPAC do to
assist?

I mean I understand you can't go to the Hill and necessarily lobby for dollars. There's an enormous economic stimulus package out there that seems to be generating innovation in other areas, but the engine of innovation is running out of gas. So is there anything that PPAC can do at this point to assist, or is there a way to mobilize the public to draw attention to the fact that we're starving off the most critical function of innovation?

MR. TAYLOR: Louis, this is Jeff Taylor. I think that we've, you know, we share your concern, we share your frustration, we're trying to be as patient as we possibly can in waiting for the name of the next Under Secretary. I will, you know, commit to everyone that I will do my best to move heaven and earth to get this nomination confirmed as quickly as possible and against great odds with this, again, Supreme Court nomination really being the big show and us being the little show with the Judiciary Committee. But I think
that there is very little that can be done otherwise. I can't, you know, in all honesty, advise anyone to do anything other than to be patient. And, you know, we have -- I know that John Doll and others have spoken to the Department of Commerce, we've spoken to OMB several times and had good, honest conversation with them, but really the ball is in their hands, and so we've just got to be, you know, patient and hopeful that we're going to have a name announced any time now and then we can move from there.

MR. FOREMAN: Thanks, Jeff, I appreciate your feedback. And I know you've been copied on some of the correspondence that John Doll and I have been having. There are a number of people in the public sector who would like to participate and help assist the Patent Office. It just doesn't seem like there's a forum at this point for anyone to help you get through this mess.

MR. TAYLOR: I have had conversations with John Doll about that, and I -- unfortunately, I agree that, you know, right now we're sort of in
a holding pattern.

      MR. FOREMAN: That's it, Damon.

      MR. MATTEO: Thank you very much, Louis.

Okay. So then it would appear this is certainly a
day of first, the first fully virtual PPAC, and as
far as I can tell, the first time we've ever
actually finished this on schedule. So without
further adieu, I'd like to bring the public
session to close, but I'd also like to do it with
ample and well deserved thanks to the PTO
participants, to the PPAC participants, to our web
and our live audience, thanks, everybody, for your
patience, your questions, and your kind attention,
and most importantly, your interest. Thank you
very much, everybody.

           (Whereupon, at 2:21 p.m., the
           PROCEEDINGS were adjourned.)

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