UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT PUBLIC ADVISORY COMMITTEE MEETING

QUARTERLY MEETING

Alexandria, Virginia

Thursday, May 2, 2019

PARTICIPANTS:

PPAC Members:

MARYLEE JENKINS, Chair

JENNIFER CAMACHO

BEARNARD CASSIDY

STEVEN CALTRIDER

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MARK GOODSON

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SCOTT BOALICK, Chief Judge, Patent Trial and Appeal Board

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

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ANDREW FAILE, Deputy Commissioner for Patent Operations

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JASON REPKO, Administrative Patent Judge, Patent Trial and Appeal Board

BRANDEN RITCHIE, Senior Legal Advisor, Office of the Under Secretary and Director

ANTHONY SCARDINO, Chief Financial Officer, USPTO

RICK SEIDEL, Deputy Commissioner of Patent Administration

ANDREW TOOLE, Chief Economist, Office of Policy and International Affairs

VALENCIA MARTIN WALLACE, Deputy Commissioner for Patent Quality

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Other Participants:

KATHLEEN DUDA

DAN RYMAN

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P R O C E E D I N G S

(9:00 a.m.)

MS. JENKINS: Good morning, everyone. We will officially start our May PPAC meeting. Greetings and welcome.

I'm Marylee Jenkins. I am PPAC Chair and I am always delighted to be here at the office. I will note outside there is much activity by the USPTO, because as I learned walking five blocks here, it is Community Day, because they had closed off many of the streets leading to the PTO.

It has been going on according to Drew for 22 years. We I guess have been blessed to not schedule our meeting at the exact same time in my recent memory.

So, if you do notice during our meeting that PTO folks seem to be sparse, that is because they have other commitments in other areas outside where it's lovely and there's barbecue going on. So with that, we're going to start.

I am pleased to introduce the Director who will provide opening remarks to the PPAC, Director Iancu.

MR. IANCU: Thank you, Marylee, great

to be here with all of you once again. By the way, PTO folks are very busy examining patents and trademark applications as well.

MS. JENKINS: And not just barbecue.

MR. IANCU: Really great to see you all once again. We really have an impressive lineup of speakers and presentations today. There is lots and lots of activity going on at the PTO now and in the past few months, so I think you'll find today to be extremely informative. So let me just get going right away and happy to take questions at the end.

So let me start by thanking once again Congress for recently extending the PTO's fee setting authority for an additional eight years in the Study of Underrepresentative Classes Chasing Engineering and Science Success, also known as the SUCCESS Act of 2018.

This was a very significant and important bill for our agency as it will allow us to identify in advance policies that deliver a strong, reliable, predictable, and high quality patent system.

More specifically it's -- the Bill

provides us with the resources and flexibility we need to continue reducing the patent application backlog, shortening patent pendency, improving patent quality, enhancing patent administrative appeal and post grant processes, fine tuning our operations in general, and engaging effectively with our stakeholders domestically and internationally, and not to mention investing in our IT infrastructure, some of which -- some of which issues I will get to in a few minutes.

Additionally it enables the PTO to continue to build, retain, and effectively manage the highly educated and talented nationwide workforce it needs to properly serve our diverse stakeholder community.

Of course, the SUCCESS Act also addresses the rate of innovation in traditionally underrepresented communities. To that end, the PTO has recently concluded a study on the participation of women in the patent system.

Just a couple of months ago, we issued a report called Progress and Potential, a profile of women inventors in the U.S. -- on U.S. patents, and this has become a hot topic of discussion

nowadays. There have been a couple of congressional hearings already and quite a bit of media reporting on this as well.

This report was issued just days after the last PPAC meeting and it highlighted the untapped potential of women to spur U.S. innovation. Indeed, among other things, the report found that though the share of patents that include at least one woman as an investor, increased from about seven percent in the 1980s to about 21 percent by 2016. Women inventors made up only 12 percent of all inventors named on patents granted in United States in 2016.

Further, the report found that gains in female participation in science and engineering, occupation, and entrepreneurship are not leading to broad increases in female patent inventors.

Additionally the findings indicate that women inventors are increasingly concentrated in specific technologies and types of patenting organizations. This suggests that women are specializing where female predecessors have patented rather than entering into male-dominated fields or firms.

Put another way, women like other underrepresented groups are what some have called lost Einsteins or -- now folks are calling lost Marie Curies, although I will note neither one of those two folks had patents.

Nevertheless people -- they do represent people who may contribute incredibly valuable inventions and science developments and technology developments that had they been exposed to innovation and had greater success in the patent system.

That's why I've been doing a lot of public speaking about increasing the opportunities for everyone to become an inventor and other leaders at the PTO have done the same. To do this, we really must broaden the innovation ecosphere; we must broaden it demographically, geographically, and economically.

If we are to maintain our technical leadership as a nation, the United States cannot continue to compete with one hand tied behind our backs. On the other hand, these disappointing findings point to significant potential.

A recent study out of Harvard found that

if women, minorities, and children from low income families were to increase their innovation rate, the rate of innovation in the United States could up to quadruple. In today's highly competitive global economy, it is critically important to ensure that all Americans who are willing to work hard, persevere, and take risks have the opportunity to innovate, start new companies, succeed in established companies, and ultimately achieve the American dream.

As I said this is of critical importance and we must all work together to broaden the reach of our innovation ecosystem.

Now, let me talk a bit about some of the substantive policy and issues at the Patent Office.

About 15 months ago when I arrived at the PTO and also when I spoke to you all for the first time, I emphasized that we must focus on increasing the reliability of the patent grant and specifically focus on patentable subject matter, pursuant to Section 101 of the Patent Code, and post grant procedures, such as IPR, that were established by the America Invents Act and

that we must focus our national dialogue when it comes to IP on the positive aspects of intellectual property and the benefits it has brought to this nation and continues to bring.

That is exactly what we have done and been focusing on for the past 15 months or so, so let me start with patentable subject matter, it remains the most important substantive issue in patent law today, that's why here the PTO we've been working so very hard to clarify this area of law, of course within our statutory authority and traditional precedent.

To that end as many of you know, over the last year we've issued guidance to examiners regarding the conventionality analysis in the second step of the Mayo/Alice framework. We have addressed method of treatment claims and most recently and most comprehensively, we have issued new guidance for Section 101 eligibility analysis that synthesizes the law and streamlines the 101 analysis at the PTO.

Since the release of the 2019 guidance in January, nearly all of our patent examiners and patent judges have received training. Our

examiners have welcomed all -- and judges have welcomed all this new guidance. And by initial accounts, it appears it has resulted in more clarity for examination and for reviewing decisions at the PTAB.

To help keep the public informed, the new guidance and related training materials have been available, and still remain available, on the PTO website. As we begin to use this new guidance in examination into the PTAB, public comments on -- we have also received lots of public comments on this, both formal and informal.

The formal comments are available on the website as well. I should say that on balance, the public comments have been extremely well received and very, very positive.

Let me summarize and put it this way, the status quo ante, in other words, the status quo prior to the January 2019 guidance is no longer viable.

The fact of the matter is that the state of the law and the way we were applying the statutory patentable subject matter law to our

analysis for examining patents and reviewing -- examining patent applications and reviewing patents at the PTAB was no longer tenable.

It took an extraordinary amount of time on average for our examiners to study each application under Section 101, reducing the amount of time they had available for Sections 102, 103, and 112 analysis, reducing the time available to search for prior art, and on balance overall reducing the ability for us to improve our patent quality. It was also taking an inordinate amount of time and energy out of the PTAB.

The guidance on the other hand has created a framework that streamlines the process, correctly applies the law, and provides reliability and predictability.

We also owe it to our applicants and inventors to have a predictable framework that folks can understand and can follow in a reliable way. The fact of the matter is we see over 600,000 applications here at the Patent Office every single year, and examiners see many, many office actions every single month.

It is critically important that they are able to proceed with their examination in a consistent, reliable way. What this guidance does, it provides a synthesis of the law that allows for that streamlined and predictable and consistent application of the law.

Let me turn now to the PTAB. On March 14, we appointed Scott Boalick as the new Chief Judge of the PTAB and Jackie Bonita as the new Deputy Chief Judge of the PTAB, positions which they have actually been acting in since September 2018.

Additionally we've initiated a number of changes over the past year, including an update to the Trial Practice Guide, the publication of two new standard operating procedures, the publication of a final rule changing the claim construction standard in AIA trials in the PTAB to match the standard used by this strict court and by the ITC, and a recent initiation of a claim amendment pilot program in AIA trials.

In one of the new standard operating procedures, we created the Precedential Opinion Panel, which governs precedential and

informative decisions of the board. This panel will help to increase consistency of issues on exceptional importance to the agency.

As mentioned during the last PPAC meeting, we held our first, as we call it, POP Panel, POP Panel hearing on January 31st and it was in the case of Proppant and Oren Technologies. We have now issued a decision in that case and now we have announced that we have taken on our second case.

In addition, through the POP Panel and the process outlined in the standard operating procedure, we have streamlined the process for designating decisions of the board judges as precedent. And we have now increased those designations and we have a pipeline of cases, which we plan to designate as precedential, so look for more such decisions in the coming weeks.

So far, we have designated four previous decisions as precedential with respect to the topics of motions to amend and live testimony and designated one previous decision as informative with respect to applying the revised 101 guidance.

After reviewing the public comments, we recently published a Federal Register notice regarding a pilot program for motions to amend practice before the PTAB.

This pilot program applies to all AIA proceedings instituted on or after March 15, 2019, and provides patent owners with two new options. A patent owner may choose to receive preliminary guidance from the board on its motion to amend and a patent owner may choose to file a revised motion to amend after receiving the PTAB's preliminary guidance, if so requested.

This pilot program is designed to ensure that post grant proceedings are not all or nothing. It's not in the interest as I've said before of the patent system as a whole to invalidate the patent entirely if the specification actually describes patentable subject matter and the appropriately scoped claims can be drafted.

We also recently published a notice in the Federal Register to identify other procedures that already exist at the Patent Office for amending claims, for example, through

reexamination and reissue.

In any event, collectively we believe that all these changes will provide more predictability, reliability, and transparency in post grant proceedings at the PTO.

As you know, the U.S. Chamber of Commerce's Global Innovation Policy Center seems to agree. In this year's study, the U.S. moved up from a tie for number 12 to a tie for second place in the patent rights rankings for systems around the world.

The 2019 Chamber report cited our post grant reforms as the basis for the improved rankings this year, but frankly much work remains. In order for us to remain to continue our worldwide leadership, we must continue to improve our IT system, and specifically and importantly, we must keep working on patentable subject matter in Section 101. Toward that effort, as I have been saying for a while, I hope that other authorities in the United States will help us further clarify this important area of law.

Let me turn now to IT modernization,

another big focus here at the agency over the past year. We must address our IT infrastructure and legacy systems, many of which have not been upgraded in many years.

Built on a modern flexible and more stable web-based infrastructure leveraging Cloud-based hosting, our new IT tools we're hoping to enable us to leverage the latest technologies, technological advances, and better support of widely dispersed teleworking workforce.

The USPTO's new chief information officer, Jamie Holcombe who joined the USPTO on February 25th will lead these efforts and you will be hearing more from him later this afternoon.

With more than 20 years of experience building and leading teams in the IT and financial industries, Jamie is well suited to lead our system, our system improvement efforts, and transition our agency to state-of-the-art technology.

We have also had a number of successful Customer Partnership Meetings including TC Business Method Customer Partnership, a meeting

that took place on April 2nd and was simulcast in both our Alexandria Headquarters and the Texas Regional Office in Dallas.

In general, after these meetings, practitioners walk away with a better understanding of the examining process and perspective, and that's what I just said is just an example. In the months to come, we will hold more Customer Partnership Meetings and we look forward to again sharing information for mutual benefit of the IT community including the examining court.

To that end, there is a web page on the uspto.gov website that is dedicated to patent Customer Partnership Meetings where you can find information on upcoming meetings and learn how you can participate as an F&D or as a speaker.

In the meantime, as you have heard at the beginning of the day, we have another packed agenda today, including updates from our Chief Financial Officer, Tony Scardino, as well as teams representing patent operations, including Drew Hirshfield, Commissioner for Patents, who is sitting right next to me, from the Office of

International Policy and Affairs, OPIA, the PTAB, and others.

While you're here, as you've heard from Marylee, we hope that you'll join us for the PTO's 22nd Annual Community Day events, which celebrates our unique community and most notably the amazing diversity of the PTO.

Indeed the strength and success of our diverse workforce serves as a role model for companies and government agencies alike.

Finally let me leave you this, I said for a while that we are working to change the dialogue surrounding IP in the United States, so here at the PTO and everywhere our voice can reach. We focus on the brilliance of inventors, the wonders of invention, and the incredible benefits they all bring to society.

Take for example the Higgins boat, which is now displayed in front of the PTO. After this meeting, those of you who are here can walk outside and take a look. The boat will be here for quite a while. So those who are watching or listening online, you can also come and visit. It's outside the front offices of the PTO.

The Higgins boat is a patented device. And with this patented device, we were able to help win World War II, and it is so appropriate that this patented boat is in front of the USPTO as we are all celebrating the 75th anniversary of D-Day.

So let me close and thank you all for what you do, not just for this agency, but for our Nation and America's inventors. The continuing collaboration between the USPTO and PPAC is vitally important and your insight and guidance are invaluable.

Thank you. Have a great rest of the day full of meetings. Marylee, I will be happy to take questions.

MS. JENKINS: Great. Thank you. So much to cover, and he does it only in several pages, and we strive as a committee to keep up with the activities of USPTO and particularly you, Andrei. It's not easy.

I will say personally that he travels to all corners of the U.S. to spread the word about PTO and the importance of innovation, and he proudly carries the PTO flag and gifts and things

to give to inventors in all different states.

He barely touches on that and I think it's important for folks to know that he really has taken the initiatives to change the dialogue at PTO very seriously and it's something that I think as a committee we find encouraging, refreshing, and we support.

One of the things that we've done, and I've tried to do, is in small detail mirror that activity. The agenda for PPAC is very special. We have changed it to be more in tune to Andrei's mission as well as to hear what stakeholders are wanting to hear from PTO, so you'll see that reflected.

In particular, Andrei mentioned the women's report, that will be given in more detail a little later during our session, and we also are looking to encourage PTO to do more.

As chair, I will be looking to provide at least one element of diversity during a PPAC meeting, so for August and November we will look for diversity during our agenda.

I've also looked to PTO to give us more diversity as far as presentations and speakers,

so you'll note that as well for the public. We also will be working hand in hand with PTO on any new developments that Andrei may be presenting, so we look forward to that during the coming year.

So one thing we always try to do after Andrei has given his remarks is open it to the committee members to see if there are any questions. And Jeff is eagerly looking at me and shaking his head, so I pass to Jeff. Question?

MR. SEARS: Thank you very much, Marylee. Thank you very much, Director. I really appreciate your efforts to clarify 101 and definitely support your call for other authorities in the U.S. to help bring further clarity to 101.

Question for you: With respect to those other authorities, have any federal courts had an opportunity to comment on the office's new framework?

MR. IANCU: Well, they certainly have had the opportunity, but since obviously decisions issued from the Federal Circuit all the time, quite a few on Section 101, I have not yet seen any specific comments one way or the other

from the Federal Circuit on the new guidance.

So there has -- there was one decision issued recently where the Court found one example from a 2016 guidance to be questionable in light of Federal Circuit decision, such as in the (inaudible) and the like, but that's one -- it's an example, it's not a guidance, and it's from 2016.

But, no, I haven't seen any specific comment one way or the other on this guidance. I might have missed something, others might know better.

But I should say that I believe that courts can obviously help clarify Section 101. Section 101 of the patent code the way it is written now, the language is basically the same since 1793 when Jefferson and Madison wrote the -- one of the first patent laws, and the language is almost identical.

So the state of affairs within Section 101 today or as it was pre our guidance and the like, it's not the result of a statutory change obviously, it is a result of recent interpretations of the long-standing statutes.

Obviously since recent interpretations, judicial interpretations of the statute have resulted in what folks consider to be some confusion in the space, courts can fix that since -- so courts could, if they choose to do so, could address it.

Do I know that they will or that they have the will to do it, I don't know obviously. The judiciary is completely independent; they're not bound by our guidance, so I don't know what they will do. If the courts don't do it, there is activity in Congress that is afoot right now that is also attempting to address this issue as well. So there is no question that other authorities are very much attending to this issue.

I do believe, as I said, it's the most important area of substantive patent law right now that needs to addressed and for the good of the patent system, for the good of innovation in the United States, and for our ability to continue our technological leadership as a nation, it is critically important that we restore stability and predictability to this area of law.

MS. JENKINS: Mark.

MR. GOODSON: Yes, sir. I appreciate what you're trying to do with the diversity. I mean that sincerely. My background is part music. What integrated the symphonies, particularly the string sections, all auditions turned into blind auditions, it was done behind a curtain.

Then I review scientific journals, we never see the name of the person submitting the journals.

Is it possible -- I say it's possible. Would it be advisable on patent applications to strip out all but the last names on the applications so that nobody else -- so there's not even a hint of impropriety?

MR. IANCU: So we have -- and our chief economist will come a bit later today and speak to you all and you can address this and other issues with him.

We have taken a look at our operations here at the PTO to see if there is any impact of names with respect to examination and we have not found any systematic statistically evident

consequences of having the names on the patent application while here in the process at USPTO.

We're still looking at this question. Obviously if we think that there would be an impact, we could theoretically -- certainly it's theoretically possible to block out the names. We haven't yet undertaken a study as to whether it's desirable or necessary or if it's or if the cost of doing so would be justified. As I said, we have not noticed a systematic, statistically meaningful impact by having the names on there.

MS. MAR-SPINOLA: Director Iancu, I wanted to ask, and maybe it might be premature yet, but can you comment about the letter from Senator Coons or Tillis regarding serial challenges or multiple challenges at this time?

MR. IANCU: Sure. A few weeks ago we received here at the USPTO a letter from Senators Coons and Tillis. Senator Tillis is the Chairman and Senator Coons is the Ranking Member of the IP subcommittee in the Senate Judiciary committee and there are posing a number of questions regarding serial IPRs and the like and what we can do about them.

So we're looking at that letter now, we're drafting a response, and we will obviously respond to the Senators. They are posing very good questions.

Let me address briefly serial IPRs in general. We have taken quite a few steps to address the issue of serial IPRs. If you consider the General Plastic factors, for example, we have dramatically reduced the ability of a petitioner to file serial IPRs and there's a list of factors.

It's rare nowadays for a petitioner to be able to find the circumstance in which they can file an IPR, wait for a decision from the PTAB, and then for example file another one to fix what they have left out beforehand and the like.

We have recently issued the Valve decision -- decision in the Valve -- case named Valve. That applies the General Plastic factors to related -- to a party that was related to the original petitioner, so it's not the same petitioner. But in that circumstance, the facts of that case suggested that in that case we thought the General Plastic factors apply as well

and denied institution for that follow-on petition as well.

There is a -- having said that, as a general principal, I don't know that there should be an absolute bright line rule here, because many cases have different facts and circumstances and we want to make sure that we don't create a situation that incentivizes gamesmanship on one side or the other.

Depending on the case, obviously, sometimes having such a bright line rule in a situation like this as an example could incentivize gamesmanship to try to avoid it, and that's just overall not good for the system.

I think the direction we're going in as we have with the General Plastic factors and considering the facts and circumstances of each case really strikes the appropriate balance.

There's a further question about a petition -- multiple petitions filed not necessarily in series but about at the same time. Looking at our statistics frankly about 85 percent or so of the IPRs come with only a single petition, but there are a number of IPRs where

there are two petitions and then a few where they come with many petitions, three or more, sometimes five, six, seven, and the like, filed at about the same time, same day, within a couple of days, or the like.

There is a question as to how many petitions does one need to invalidate -- to address one particular patent. Now, again, there might be good reason why sometimes you need more than one petition, but in general if you -- in general one has to ask how many arguments is a reasonable number of arguments to bring against a particular claim. Petitioner presumably should have confidence in their best arguments.

There's a question of efficiency and overall balance between having the right to petition, to bring an IPR on the one hand to invalidate an issued patent while on the other hand fairness to the patent owner and the like.

If you look at other judicial bodies, it's rare to see a situation where you can bring three, four, six, whatever number of petitions or briefs on the same issue at the Federal Circuit, for example, despite the fact that you might have

a case that's very large with many, many issues from the District Court. It's rare that the Federal Circuit would allow having two or more obviously appeals filed. Maybe sometimes they will grant more pages, but even that is not very common.

So anyway, we're looking at that issue right now from a policy point of view and we -- and I don't know what the ultimate answer is, but we're studying that issue carefully.

MR. LANG: I just want to add on that issue that many of us in industry were quite concerned about some of the ideas and aspirations contained in Coons/Tillis letter to have a robust IPR system, there must be an ability of individual petitioners who are individually subject to litigation by the patent owner should be able to defend themselves.

The General Plastics decision already laid out a framework that I think has given the office the ability to crack down on whatever limited abuses did exist prior and going further will compromise the purpose of the IPR system.

MS. JENKINS: I just want to touch. I

think one thing too that the committee truly appreciates is the office is not taking the position it's business as usual. You are questioning the process. So if that questioning of process requires a deeper dive on Section 101, it requires a deeper dive on IPRs, I have only heard positive comments from stakeholders on that deeper dive and questioning that the office is doing.

So personally, I would like to commend you to continue to question. I think that's important. I think it makes a better system for us and hopefully ultimately a better patent for stakeholders.

MR. IANCU: I appreciate that and the -- and what's really important is that we are very much listening to stakeholders. We want to hear from everybody the various points of view before we make a decision on policy. So, comments from PPAC are very important and comments from a variety of stakeholders. We really do read everything that you send to us and we consider them and there's -- and not just the writings. Many stakeholders come and meet with

us in person.

I do want to emphasize that stakeholder input is critically important and other leaders at the PTO I think will vouch for that. It really -- having a robust debate on all of these issues is what surfaces the best ideas, so keep them coming.

MS. MAR-SPINOLA: If I can just -- because I asked the question, I also want to acknowledge that -- we do see evidence that the Patent Office and the PTAB are paying very close attention to all the issues, whether it's serial, whether it's serial challenges, SAS issues, whatever they are. I think the Patent Office has been very responsive in a relatively short time period, so thank you.

MS. JENKINS: In training for us, I know you talk about the importance -- I think one thing that was really -- people don't know is the training for Section 101 happened very quickly in a very short period of time for examiners, that is only to our benefit as stakeholders so then that way everyone can respond quickly and get the answers that they need, but it's also training of

us.

I know you have very busy schedule, but it is important to get the office out to train us as well, so we appreciate all your efforts in that area.

Any further questions? Barney.

MR. CASSIDY: I'd like to add my thanks, Director Iancu, for all hard work that the office has been pursuing under your leadership on many fronts.

I'd like to ask about the IT infrastructure. How serious are the challenges faced by the office today and how long will it be before you feel and Mr. Holcombe feel that you have a state-of-the-art IT infrastructure that will serve the constituents well?

MR. IANCU: Thanks, Barney, very good question and obviously Jamie Holcombe will address this in much greater detail. The IT system that we have is critically important, especially as we are moving towards almost complete reliance on IT.

We are encouraging more and more electronic filing, our examiners are almost

entirely electronic based, so having a reliable system is absolutely important to the operation of the office and then obviously for the operation of the U.S. Patent system.

But I'll be frank, our systems are old. Some of them haven't been modernized in years, maybe decades, and the status quo simply cannot stand and.

As you know, we had a partial failure in August of last year where our filing system, electronic filing system, went down and folks had to do -- go through such extreme measures as going to the post office for example.

But, kidding aside, it really was a problem for a good number of days, both for examiners and for our stakeholders. Two things, we really must reduce the number of failures and, second, because obviously you can never eliminate all failures, we must be able to have systems that can respond and get back up much, much quicker. In light of -- or after the August failure, we immediately undertook a very significant effort to address both of those issues.

Beginning with that failure itself, one

of the, not one, but the reason for the failure was a corruption in a database, and the database resided on very old servers.

One of the reasons we took five or six days to get back up is because it was important for us to use that time to move that database to newer servers, which we did. So that resulted in a more robust system for that particular database, but that's only the tip of the iceberg. We must do this across the board.

So beyond that, we decided right there and then that, that is going to become the number one operational issue at the PTO, and we now have a leadership committee at the office, the highest levels at the office. The commissioners for example are on this committee, the chief information officer is on that committee, as am I, the deputy director, the chief financial officer is open that committee as well, and obviously it's led by the IT group and Jamie Holcombe and Debbie Stevens.

We meet regularly and, importantly, we have hired one of the top consulting groups in the nation to help us lead this effort. The goal is

that we will have stabilized our systems in the next 18 months, and then beyond that begin to modernize the systems in the following 18 months.

So this is approximately a three-year goal with the most important thing, the upfront stabilization work. Obviously, there's significant overlap between stabilization and modernization, but these are the issues we're focusing on right now and it is critically important.

You'll hear throughout the day, including from Tony Scardino and Jamie Holcombe, obviously resources are critically important -- financial resources are important that we can use and address at this point.

This is part of the reason why having our fee setting authority, as I mentioned in the opening of my remarks, is so important for the office. The work that you all do to help us set fees is likewise, it's part and parcel of the whole thing.

MS. JENKINS: We need to move on, but thank you. We could spend the entire time talking to him. Thank you. We appreciate

always your input and your insight for us, to us, and keep it going.

MR. IANCU: Thank you very much. Great to see everybody.

MS. JENKINS: So we're going to next -- are you leaving us or are you going to stay?

MR. IANCU: I will probably leave, but I was going to wait for you to introduce the next person.

MS. JENKINS: Actually, we're going to introduce around the table, so Catherine, can you start?

MS. FAINT: Catherine Faint, vice president NTU 245 and member of PPAC.

MS. DUDA: Kathy Duda, president of POPA and member of PPAC.

MR. CASSIDY: Barney Cassidy, PPAC.

MR. CALTRIDER: Steve Caltrider, PPAC.

MR. SEARS: Jeff Sears, PPAC.

MR. KNIGHT: Bernie Knight, PPAC.

MR. GOODSON: Mark Goodson, PPAC.

MS. MAR-SPINOLA: Julie Mar-Spinola, PPAC.

MR. LANG: Dan Lang, PPAC.

MS. CAMUCHO: Jennifer Camucho, PPAC.

MS. JENKINS: Marylee Jenkins, PPAC.

MR. HIRSHFELD: Drew Hirshfeld, PTO.

MR. FAILE: Andy Faile, USPTO.

MR. BAHR: Bob Bahr, PTO.

MR. SEIDEL: Rick Seidel, PTO.

MR. RYMAN: Dan Ryman, PTO.

MS. HOLTMANN: Maria Holtmann, PTO.

MS. YUCEL: Remy Yucel, PTO.

MR. KRAMER: James Kramer, PTO.

MR. WILEY: Dave Wiley, PTO.

MS. JENKINS: Actually, Dave, it's now you. So we're going to talk about operations of date -- Remy, are you leading -- who's leading?

SPEAKER: (Inaudible) was going to start.

MS. JENKINS: Wonderful. Andy wants to say something.

MR. FAILE: I'll kick it off. Thank you. So we thought this would be a good time to introduce an initiative and some work we've been doing for some time now in trying to modernize our examination system.

So many parts of our examination system haven't been touched literally some parts in decades. So in the last couple years or so, we've embarked on a project to take a look at the systems, and very much as the director mentioned in looking at the IT systems and trying to modernize those systems, we wanted to do the same type of thing in the examination system to try to bring them up to date.

So we looked at three fundamental parts of our system and they are the time that examiners have to examine applications is part one; part two is the way examiners get their work, the routing of the applications, mainly on a technology basis for examiners to work on; and then three is what we call the performance appraisal plan, or the way examiners are evaluated on their patent examining duties.

So there's a natural link between all three of these major pieces and they really do underscore fundamental patent examining that 8,200 examiners are currently doing.

So we've taken on a big effort to look at each one of those pieces and we're making in

some cases significant changes in those pieces. We thought we would walk through those today. There is a lot of material here, a lot of volume, and a lot of depth.

We think we have abstracted this to the right higher levels, so folks can get a sense of what we're doing. So we'll introduce those concepts today. This will be, Marylee, I assume an ongoing discussion in PPAC for some time as we work through this.

One final note I would like to make before you kick into it is there are -- as I said, there's a number of significant changes here. For many examiners, these changes are fine, they look forward to them. We've had some briefings with all examiners on what we're doing. There's no problem there. They think this is a good thing to do.

And then we have some examiners that this is a change in the way they work and it makes them very nervous, and there's a whole change management component to this that we're very mindful of.

Drew and I have been holding town halls

recently and hearing from examiners on anything they want to talk about, and this is a major topic that they want to talk about.

So underscoring this entire effort, we are mindful of the changes and how 8,200 examiners may process them much differently. So we're also factoring into this change management ensuring that we keep people engaged and that people are going to continue to do the good work and pendency and quality that we see today. This effort is aimed at actually enhancing and modernizing that.

So with that, we have Remy Yucel, Jay Kramer, and Dave Wiley to walk us through the effort itself, a very capable and I can tell you energetic team for the last couple of years as they dove into this effort, so I believe Remy is going to start.

MS. YUCEL: Wow, good morning, everyone. Just to kind of let you know what's going to happen amongst the three of us. I will kind of be giving you a few slides of background and then Jay will follow up with some more information regarding the assignment of time for examination as well as the routing of

applications to the examiners that will be examining them, and then Dave will be talking about some of the concepts of the utility examiner performance appraisal plan.

As Andy mentioned, this is an ongoing very large effort. We've been at it for two and a half to three years now. We've gotten a lot done, but there's still a lot to do.

I think we talked to all at the very beginning, at the genesis of the project. It is significant in that it touches some very major aspects of the examination process, namely the time given for examination as well as how best to get the applications to the examiners.

Finally with those changes having an appraisal plan that aligns better with the updating and the forward looking of the other two aspects of the project.

As you know, we've been talking a lot about deeper dives, changes, and things that haven't been touched in years or possibly even decades or possibly even half a century.

When we started this endeavor, we kind of had a big whiteboard experiment -- or exercise

to really kind of get our heads around all the different things that had been significantly changing around us in the environment in which we operate and try to get a better handle of all the things that impact the examination process as Patent Office is charged to do with 8,200 examiners, 630 some-odd supervisors, and 29 group directors and five associate deputy commissioners.

This by no means is an exhaustive list, but these were some of the ones -- some of the factors that did float to the top.

We're seeing new and converging technologies and these are getting ever increasingly complex. Not too long ago, you join the office and you had -- you worked on cases that were strictly mechanical or strictly chemical or strictly electrical, and today it's not that way anymore.

You can have, for example, a mechanical medical device that has a chemical coating; you can have a mechanical device that has some sort of electronic type control.

So the art has, and rightly so, as we

would expect is converging and getting more complex. Also the availability of prior art has essentially exploded and it continues to do so in a geometric fashion year over year.

We have increased use of electronic tools. And of course, something that everybody in this room can appreciate is the changes in legal landscape and there -- they used to come and they used to be big, but now they are big and they are frequent. So we have to account for those ever changing developments in the legal environment in which we operate.

Lastly, we need to finish our transition from the USPC, United States Patent Classification System, to the CPC classification system.

We started this process several years ago and now we're culminating that the final -- everything that we've been doing in all these years has been leading up to this particular moment where we leave USPC behind and we fully devote ourselves to CPC, and that means changing the way that we determine how best to get the applications that are now classified in CPC to the

examiners.

Previously our system was based on USPC. USPC was basically a single class, subclass. We had Art Units, we had workgroups. It was very easy, one to one or one to few type of correspondence, and now CPC with the explosion of these symbols makes that more complicated to do. So, we needed to find a better and more practical way to deal with that aspect of -- very important aspect of the way we do our work.

But if you look at this list, you can kind of see that there's really been -- you look at the way we've been operating within patent ops, we really haven had any substantive changes to deal with any one of these aspects, let alone the collection of these aspects.

So doing the deeper dive and doing the study to figure out what better options we had going forward was an incredibly important thing for us to do. In fact, we partnered with PPAC early on in this process to garner stakeholder input into the various different challenges.

This slide may seem familiar to you all. You might have seen it in one carnation or

another, but these were the kinds of topics that we were engaging the public in.

Along with POPA, we studied exam time, looking where additional time was needed; in addition, we discussed what would be the best way to not use -- to get the applications to the examiners now that we were going to be leaving USPC behind.

So as Andy mentioned, the way to deal with that list of factors that affect the way we operate really kind of fell into three major areas, and they're listed here. The first one is the process for assigning time to applications -- excuse me, applications to examiners, which we call routing base on CPC; it goes by a number of different names around here.

The second area that we concentrated on was the method we used to allot time for examination of patent applications, and Jay will be talking a little bit more in depth on those two bullets.

Lastly, the evaluation of the examiner performance appraisal plan given the changes that we were doing in the previous two bullets.

So I just want to leave you here with why we felt that these changes are important and these updates are necessary for us to be effective going forward. We've recognized the landscape in which we operate has changed dramatically, even in the last decade, decade and a half and possibly even more.

So looking at ways to optimize pendency in examination time frames given the change of environment but not the change of our internal way of doing business is a great opportunity for us to get better optimization. It's also a greater opportunity for to us to align production capacity with the incoming workload.

Also while we're doing that balancing is also trying to gain as much efficiencies in the quality realm by being able to best match up our talented pool of examiners with the subject matter of the applications that are coming in the door.

Lastly, the last two bullets are also important in terms of reflecting changes in patent prosecution over at least the last several decades.

And, finally, this was also an opportunity for us to address many internal stakeholder as well as external stakeholder priorities and expectations and allow us to deliver better service on both of those fronts if we were able to kind of break free from our older way of doing business.

So with that, I will --

MR. KNIGHT: Remy, I was wondering if I could ask you a question.

MS. YUCEL: No.

(Laugher)

MS. YUCEL: Sure.

MR. KNIGHT: Anyway I was just wondering a lot -- I think these initiatives are great and looking at examiner time is really important, but I also wonder since there is such a greater universe of prior art now if you also have looked at what additional burdens or requirements you could put on the applicant to make the examiner's job a little bit easier.

I know the user community may not like that sort of a change because it puts more of a burden on them, but there also could be changes

with respect to applicants and what they furnish to the office.

THE WITNESS:

MS. YUCEL: Thank you, Bernie, yes, that is -- we recognize this is by no ways a one-way street. We have looked at our end of things, and I believe that Valencia's area, DCPQ, has talked to you guys in the past about several different studies that they're doing and possible initiatives that they're looking into in terms of application readiness, that sort of thing.

At the pendency subcommittee meeting, we discussed several things from using software -- or having applicants use software that would catch formal matters perhaps and see whether there were (inaudible) of efficiency there.

So there's a lot of great ideas that coming to the fore and we have lots of other areas that are helping us with this effort. This particular effort, we really did concentrate on those three areas, but those questions are being addressed by various other teams.

I'm sure during the course of the

day -- Maria says that she's got (inaudible). So absolutely, we are looking at that. The scope of our three -- three of us has not been in that realm, but it is being looked at.

MR. HIRSHFELD: Yeah, I'd like to chime in, because it's a great question, Bernie, and one that I really appreciate. In the big picture, I think we need to be looking at all of these issues. So what I mean by that is we need to look at we at the office can do better and how can we improve.

I do believe we need to be looking at applications as they're coming in the door. In that regard, Remy is entirely correct. We do have a lot of people looking at the factors in an incoming application that tends to make an examiner's life easier, or harder so to speak, so we are addressing this in a whole variety of ways.

We are going to have a presentation at 10:30, an international update. Part of that is access to a relevant prior art package that will work on getting prior art in a more efficient way for both the public and the examiners in front of the examiner, that's another tentacle.

So I think there's a holistic approach

to how do we improve the system. What Remy and team are working on is one subset of that. The prior art is a whole other subset and I also agree the applicant's behavior is another subset of that.

By the way, we can take this as far as the imagination can go, because -- what you can potentially do with some of the artificial intelligence tools that we're working on, some of the prior art projects to surface, prior art can actually do something. Rather than give that all to the examiner, you can you give that to the applicant, which is something we're thinking about as well for way down the road long term.

So anyway I just wanted to chime in, but I appreciate the question. In the big picture, we are looking at the full cycle.

MS. JENKINS: So I must just in, because many moons ago when I first started as an examiner -- I'm sorry, as an examiner, as an attorney the examiners did all of the work.

Over the years more and more of the work was then dumped on us, so the office in theory was doing less and we were doing more, so I must jump

in. It must be holistic, I'm going to use your word, Drew, and a balance. Because the fees are being discussed as continuing to increase and then applicants say, well, what am I really getting and then we're having to do all the work. So I really think it has to a joint effort and not just one-sided viewpoint well, applicant will just do everything so, yeah.

MR. LANG: How would you determine what the optimal amount of examination time is that will produce quality?

MS. YUCEL: So I think that Jay will be able to start getting into some of those details, but, yeah, it's a puzzle and we have to balance applicant's needs with the examiner's abilities to do things with -- there's a lot of variables. Again, we talked about it in the pendency subcommittee.

There's a lot that we don't know in terms of -- we might be able to accurately project filing rates coming in, but we wouldn't be able to tell you what areas of technology are going to get hot.

So we're always going to be reacting to

it, we can't -- so these are all things that we are trying to take into consideration as we make these types of determinations.

But one of the things that we wanted to do as we embarked on this was -- these types of changes are a long time coming. And one of the reasons why it was so difficult to do it in smaller increments is because some of these things have been -- like, for example, examination time's pegged to a particular U.S. class and subclass hadn't been changed in some areas for 40 years, because there was no really good way to reproducibly have a good methodology that would take into consideration things that at that moment are in that environment driving what's taking examiner's time.

You all have really expressed appreciation for the guidelines for -- the revised guidelines for 101 for example, well, that was a great help to the examiners as well. When the examination of 101 in trying to figure out which case it was most close to, that took up a lot of time not.

It wasn't important to do it, but in

terms of efficiencies and in terms of impacting the normal way examiners in a particular area examine, it was a huge impact. So when have you these different impacts one on top of another accruing and then you get farther and farther behind in terms of updating and figuring out the one or two or three things that really drive the examination process.

So we took a whole fresh look at it and hopefully we've come up with a methodology that we can adjust much more quickly on the fly in the future as we gain a sense of what things are really coming over the horizon that could very -- have very big impacts on large parts of our examining core.

So with that, I'd like to pass it over to Jay so he can go over our thoughts on the routing of applications according to CPC scheme as well as the assignment of time for two applications.

By the way, Jay Kramer is one of our excellent group directors in TC 2400.

MR. KRAMER: Thank you, Remy. As Remy explained and Andy explained, a lot of what we do

relies on our classification system. In particular obviously for examination purposes and search it's critical, but also we utilize our classification system as we route applications to examiners and we allot time to those applications, so I'm going to spend just a slide or two here to quickly give everybody just some basics on classification.

Many of you probably know a lot of this, but just to make sure we're all on the same page because it sort of becomes critical in understanding how we went about putting time in route applications.

The way classification works very simply -- I always analogize to like a library the Dewey Decimal System. Everybody seems to know that, even my kids.

So books come in, or applications come in, and we assign a classification based on its technology, underlying technology, and we match -- ultimately then we have examiners that match that technology, so there's obviously a big difference between an electrical engineer who's going to do electrical work and a chemical

engineer. We need to be able to parse that and split that out. And the more you can do that, the more narrow you can do that, obviously the more an examiner can specialize and understand a very narrow branch of technology the higher the quality, but obviously that becomes more difficult from our standpoint for balancing pendency. We have to project incoming applications in a very narrow technology.

So what we're constantly doing at the office is balancing that breadth of technology that an examiner can handle reasonably and perform a quality examination with an ability to balance incoming filings so that we can stay on top of filing trends and maintain low pendency. As you can see, that's one of our main goals always is driving down pendency.

So that's always a balance and really the classification of incoming application sits right at the crux of that issue.

So important in October of 2010, the USPTO jointly agreed with the EPO we signed in agreement to move from what was historically the USPC, as explained, the United States Patent

Classification System, to a collaborative one. This was kind of a critical move, because really the entire world was on an international base system, something similar to what they do at PCT. We were the only agency in the world that was still left on this older system, USPC.

So it was a critical move and very forward looking into our ability ultimately, and I think Maria will probably hit on some of this, but this allows us to start work sharing, understanding searches by other offices, really start to move to an ability to collaborate with other offices.

So it was a good move for us, but it was still a very significant one because it -- that classification as I explained sits at the heart of how we route and assign time. So moving to a system that allows us -- once we move to the CPC system, we needed to figure out how we're going to basically move that forward and handle our operations.

Another way I guess if you're going to analogize this also back to my Dewey Decimal System analogy, USPC would branch things -- it's

a different way of classifying the same thing.

So for instance one of the examples I give is USPC would look at things like here's a tree and it would say, okay, we have oak trees and maple trees and ferns, different types of trees you might have, whereas CPC will come in and say -- and it puts everything associated with the tree in this one group.

So as long as you have an oak tree, you get everything with an oak tree, the leaves, the branches, the trunk, the roots. CPC comes back and says I have roots separate and I have trunks separate, so it puts roots -- and it puts every kind of tree in the root category. As long as it's a root, it goes in there so you get any kind of tree that goes in there.

What you have -- it's still a classification system, it's just different. When it's developed differently like that, we have examiners that were historically doing trees. Well, how do I get an examiner back to trees when now the classification system breaks it up by the types of -- by the parts of the tree, not the type of tree.

So this is the challenge we face when we move the classification system. It's still grouping things by technology, it's just giving you a little bit of a different flavor to it.

I'm going to go in right now to the assignment of applications, so this is what we call the routing of applications to examiners. Really as we noted, there was some key goals and one was to finalize this transition to CPC.

We had moved for examination purposes several years ago, so examiners have been using CPC as part of the examination when they search an application, but we hadn't moved to a place where we actually routed by that yet.

So really the idea with this is how do we become blind to USPC, because once we move to examining in CPC, we stopped updating the scheme. We stopped revising the USPC scheme. We're investing collaboratively with the EPO -- the CPC, but EPO became stale and emerging technologies weren't having classification places. So it really was critical that we moved into and just sort of turned off USPC.

Also it's a burden and a cost to

maintain two systems, it's a burden to examiners to have to understand two systems. Oh, this is the system by which I get an application, but then I have to use a separate system to examine. So really the opportunity to be able to move away from and really come a one-classification system is really important for the agency.

In addition to that as we did this shift and I explained the sort of different classification, how do we maximize the retention and expertise of our examiners, some of who have been here 34 years examining the tree, how do we memorialize that knowledge and not just blow it up as we make that transition, and these were some critical pieces we considered when we went about this change.

So what we've come up with is what we're calling -- it's called an examiner portfolio based system. So we're able to take the work that an examiner has done since we've implemented CPC, so it goes back about five, six years now, we take all that work and we're able to use the work they've done on their applications putting out office actions to you all and we're able to create

a portfolio for the examiner based on the classification symbols of the applications they did and they worked on.

We can then take an incoming application and compare it to that examiner's work portfolio and we can basically rank every examiner based on their depth of knowledge in certain CPC fields they've worked on with the CPC picture of that incoming application and then sort of optimize that list to try as best we can to identify what is the best examiner to examine the application.

MR. KNIGHT: What do you do with new examiners then since they don't have a portfolio?

MR. KRAMER: That's a great question. Again I'll answer, but I'll give a quick background. I think everybody knows this, but junior examiners work very collaboratively with a primary examiner when they come in. The primary examiner is the one who oversees, looks at all their work, is ultimately the one who assigns the work. Sometimes that's also a supervisor, so it's either a supervisor or primary examiner.

So what we envision is an opportunity to sort of model out a primary examiner or a couple primary examiners' portfolios, model that into and replicate that for the new incoming examiner so that when that examiner gets incoming applications, it matches that of the person who's training them, mentoring them so that that person has the technological expertise to work with that person until the examiner's been here long enough to have their own portfolio.

MR. LANG: Do we have a sense of whether the CPC codes are more effective or less effective than the old classification system in getting work directed to the right examiners?

MR. KRAMER: So you mean by effective in terms of searching, for providing quality examination -- what do you mean by "effective"?

MR. LANG: Effective in terms of mapping patent applications to expertise.

MR. KRAMER: Again, I wouldn't argue -- it's a change. So I wouldn't argue that it's better or worse, it is an accurate technological picture of the application.

I'll tell you USPC and the way we've

used USPC in the past was it always relied on a single symbol, a single routing system for that application, and that single symbol put it into (inaudible) technology center.

The way CPC works, and this is something that Remy hit on, is the scheme in and of itself is necessarily by its own definitions a multiple symbol, it requires multiple symbols on an application.

So I think the benefit to that moving forward is that, and I think Remy used the same analogy, in the past if you had a gear, you had to have a symbol for the gear, you had to have a symbol for the gear with a chemical component, you had to have a symbol for a gear with a control system, and then had to have a separate system for a gear with a chemical component and a control system.

USPC because it needed one symbol, it needed a different symbol for each of those. In CPC we can but a gear symbol on it, a chemical symbol on it, and a control symbol on it as necessary by the incoming technology.

So by its nature moving forward, I think

it can stay more up to date without constant revisions to it because of the multi symbol nature of the way the scheme comes, which to Remy's point, gives us an opportunity to understand these really -- a lot of times when we didn't have the symbols updated, you had to make a hard decision, does this go to the control systems or the gear system, well, now I can put both of those on the application and then route to an examiner who has some experience in both, so in one way I think there's some positives and there's some advantages to it.

In addition, quite frankly, as I mentioned earlier, we haven't been revising USPC lately. So once you stop revising a scheme, the scheme you are currently revising will necessarily be better over time.

So I think those kind of things drive us to where CPC is going to be where it is. At the end of the day, it is a classification system. It's accurate in terms of defining the classification. As long as we understand what examiners can examine, it's effective, but it will be a change for examiners.

I mentioned that's how we're going to route, we have this incoming application picture, we have the income -- we have the examiner's portfolios, and we can rank and match them by the portfolio. So that's how we're going to use CPC for routing.

MR. HIRSHFELD: If I may just jump in quickly on the question for -- Dan's question, CPC -- remember we're talking about like thousands and thousands of applications, so maybe one size doesn't fit all.

But I think generally CPC is a much more granular -- there's two points I want to highlight that Jay had, one that CPC is a much more granular classification system which will enable us to have a more accurate routing and classification of any case.

Now, if you're going to ask me is that consistent everywhere throughout PTO, of course not. With the whole variety of applications we have, there's some areas that might not be as granular, but overall it's a much more granular system.

The other important point is for years

and years once we decided to transition back in 2009 or '10 time frame over to CPC, USPC wasn't updated. We made the decision as an agency that what we're going to do is we're going to focus on this collaborative effort with other countries to have a better potential for an even better classification system.

So to focus all our efforts on CPC is a benefit for the agency, doesn't make sense to try to go back to USPC, and this transition will help us completely move over to CPC and get out of the midway between both.

I think your question was is it better right where you started, and I think it is better. And again I'm sure if we took every -- 8,000 examiners some would say -- most would say it's better in my opinion, some would say it's not, but it's different. But it certainly in my opinion is extremely much more granular, that's why we changed in the first place.

MR. GOODSON: Question about timing. I've got -- several attorneys have asked me this. I said I'll ask the question.

Someone files a response to a nonfinal

office action, it's on file, what happens to it during the next three weeks where it's just lost in a black hole -- you go on there and it says hey, we got it and then two or three weeks later we send it to the examiner, what's happening in the meantime or is there anything happening?

MR. HIRSHFELD: Rick's got the pre-exam area we're --

MR. SEIDEL: Well, this is actually not pre-exam. It's OPES, or Office of Patent Examination Support Services, so it's filed presumably electronically. It comes in to a mailbox in our text support staff.

The text support staff then will allocate it to an appropriate non-examiner, a legal instrument examiner typically, and then it takes time for them to review, make sure if there's any fees that need be to charged, any other formal requirements. And once it's checked from that point, then the legal instrument examiner would forward it to the examiner. And that time, delta, it's not just sitting, it's actually processed work.

MR. GOODSON: That's what's not clear

on -- appreciate it. Thank you very much.

MR. FAILE: Just to add to that, Mark, all of what Rick described is tracked through status updates in our PALM system. So when it comes in, certain work is done, transaction is done, we capture that as a certain status.

As it moves through, eventually it gets to an examiner with a different status and queued up on their docket. I wouldn't say it's in a black hole, I would say it's being tracked and processed. And the status, at least internally, we know the workflow of that particular piece of work from its inception in the office through getting docketed -- or put on an examiner's docket to work on.

MR. KRAMER: Now I'll move on to the assignment of time. The first piece of assignment of time is based on the classification, so as you can imagine we describe classification. There's a difference between electrical, there's a difference between chemical and mechanicals, so the classification picture defines that sort of difficulty of technology or the examination time. So at the

crux of even USPC, that's a very critical piece knowing the classification, because time is assigned based on that classification.

So again, we went through a process of converting and identifying basically a bulk or a root piece of time to the classification, that's going to transition as part of CPC.

So for every USPC symbol, there was a time assigned to it. There will be a time assigned in CPC. But one of the things we've done in addition to that based on the technology and in response to many of our examiners in talking to them is they also identified that individual applications have certain traits or attributes which require more time.

They've indicated to us that when applications have a large number of claims or a large spec that just takes more time than your normal run of the mill application.

So one of the things we're adding when we move to this is we're adding what we're calling application attributes to allow examiners to get more time. For instance things like when the claim numbers are large or when the spec is large,

when there's a large IDS to be reviewed, we're going to give an extra bit of time to examiners for those cases.

I did miss the first bullet under -- the first sub bullet under the second bullet. One of the things we did as part of this also is raise the minimum hours. Currently the minimum hours in some places -- and again these are some mechanical areas that probably had their time set in the '50s or '60s, so many, many years ago.

We raised them in like '13, '14. We've raised those all up by about five hours. So we just raised -- nobody's going to get less than that. We raised the minimum or basically the floors for hours almost five hours as part of this adjustment to make sure that everyone has at least a base amount of time.

Then we're going to come back in and add time to these individual attributes for things like high number of claims, large spec sizes, and large number of IDS pages.

MR. LANG: There is I think a broad sense in the public that more examination time would be good and that in general patents aren't

given enough time to be examined. Examiners are too rushed and there's recent academic work that backs it up I'd like to commend to the committee and the public.

Michael Frakes and Melissa Wasserman published late last year a paper called "Irrational Ignorance at the Patent Office" making the case that we as a country would be better off investing much more time in examination and having more reliable and certain patent rights later that would not waste as many resources in litigation and disputes.

MR. KRAMER: Thank you.

MR. CALTRIDER: Can I add, because I have a comment similar to Dan's, in the sense that my view quality is most important I think to most stakeholders, and secondarily is time or pendency, but you got to get the quality right first.

My question is how do you measure success? So, the last guidance on time and the time necessary for quality examination you said had been in place for years or decades.

How do you know when you got it right

and how do you measure success in this to know a year from now, two years from now, five years from now that you -- the time allotted is the appropriate time for examination?

MR. HIRSHFELD: I can jump in a little bit. In the interest of time, ironically talking about that clock, not the examiner time, we're at the hour that we had for this where the first one of the day a little worried that there's so much information here that we can go on and put us way behind for the day.

Your question is actually, Steve, in my opinion the perfect transition to the last segment of this, to the performance appraisal plan, because all of these changes were done in conjunction.

And if I may, can I kick it to Dave, but I'm going to ask Dave to give a very high-level view. We'd be more than happy to have more detailed follow-ups with folks, but maybe a high-level overview of what the changes were to the PAP. The performance appraisal plan of course is how we rate every examiner, and so I think it goes right to your question of quality.

MR. WILEY: Thanks. I don't have many slides, so I'll go pretty quickly. The last leg of the stool is the PAP. You have the time and the routing and then the last part was the -- is the PAP and the PAP is -- Drew said it's the 20-page document that outlines the examiner's responsibilities and the performance standards that they have to work on.

So updating the PAP will give some consistency throughout all the 8,000 examiners that we have, and we made changes in all four of the elements of our PAP. Our PAP has quality, production, document management, and stakeholder and professionalism.

We made updates to all of them to try to balance out a balance, but to update them and add things in there that would -- the first bullet here says that we wanted to create clear roadmaps of expectations and best practices for examiners.

I'll explain this a little bit. The current PAP that we have doesn't have a lot of detail when it comes to what is outstanding work for a patent examiner. This particular PAP that we have, we've gone from one paragraph that shows

what outstanding patent examination work is.

The current PAP has one paragraph. The PAP that we have created now has a page and a half of different responsibilities that an examiner can do to reach outstanding levels in quality.

So that clear roadmap of showing examiners what they can do to reach outstanding levels in and quality is something that we added to the new PAP moving forward.

We hope that -- most people want to come in and know -- most people come into work and say I want to be good at my job, so we want to give them a clear blueprint on what it takes to do that.

So we spent a lot of time updating the indicia of outstanding and commendable in the quality element to focus on what examiners can do to be outstanding and commendable in a particular element, so that was one major thing that we did in the PAP.

As I said before, the emphasis on search compact prosecution and clarity, those are the three pieces of our quality indicia that I just spoke about, placing the best prior art of record in the case, and then our stakeholder

interactions as well, the last element of our PAP is stakeholder and professionalism.

We also updated that to be more of a 21st century adding collaboration tools and the like there, so we spent a lot of time updating the stakeholder interaction portion of the PAP as well hoping that that would help with the interactions with all of you, the stakeholders.

MS. JENKINS: Dave, is the PAP available online to the public?

MR. WILEY: I don't know if it's to the public. We have given it to all of our patent examiners and shared it with all of them and trained them on the basics of it, but I don't know if we put it online.

MR. HIRSHFELD: We certainly can and will. As we progress forward all of this information, we'll make sure everybody understands what the changes are.

MS. JENKINS: I think the big problem for stakeholders is the misconception of what examiners do and don't do. I think the more information that you provide to the public is helpful to get rid of some of the -- one of my

themes, the fact and myth, "this is fact, this is myth". I think this is a really common area.

MS. MAR-SPINOLA: I also have a question for David. How often is the assessment made under PAP with the examiners? Is it just informative or is it a built-in process for helping the examiners in terms of tracking how they're doing over time?

MR. WILEY: That's a good question. We have lots of reports, we have biweekly reports that track the performance of examiners, how much work they do and how timely they do it, so every day they can click on a button and find out how well they're doing in those.

As far as quality goes, we have midyears and we have end of years, which we sit down with the examiners and talk about their performance, but any time an office action is given -- you're giving feedback. If you're reviewing an office action, you give that feedback to the examiner.

So I think it just depends on the grade level. I mean, primary examiners, you're probably not giving them feedback every day. But junior examiner if you're assigning their work,

you're giving them quality feedback every time you review one of their office actions.

So there is a lot of feedback that we give and a lot of resources for the examiners to check on how they're doing at particular stages of the fiscal year.

MS. MAR-SPINOLA: Do we have a process by which, and this is kind of a follow-on to Marylee's point, do we have a process in place where the stakeholder after interacting let's say with an examiner can complete a brief survey on the quality of their experience?

MR. HIRSHFELD: Andy and I just chatting quickly to make sure. We do in a very small subset, we do in a limited subset of interviews, and not all interviews. I think when people are using the AIR form, sorry about the acronym, I don't remember exactly what it stood for, but that we've done summaries and then otherwise we don't have a formal process to have a survey for the quality of applications. Of course, we always have the informal process with the supervisor, but not a formal process.

MR. RYMAN: If I could jump in there.

We have a survey that goes out to look at the perception that applicants have, so it's not looking at a specific application. But we do ask them to think about the applications they reviewed in the last three months and give us their overall perceptions about the quality of those applications.

Although we don't get down into individual application basis, we do pull our -- survey our stakeholders to see what their perceptions are of quality.

MR. HIRSHFELD: Thanks, Dan. We do that twice a year and do you offhand -- if you don't, I do. Do you offhand remember the results of the most recent survey just from -- that was given in January, because it was really good actually?

MR. RYMAN: It was very good, so we actually saw the largest increase in perception of quality that we had ever seen since we've been doing the survey for about the last decade, and it went from 51 percent to 61 percent.

MR. HIRSHFELD: I apologize for the shameless plug.

MS. MAR-SPINOLA: I understand we're going to hear a little bit more about that, so we're eager to hear the details of that. Thank you.

MR. FAILE: So, Julie, just to add in to your question about the PAP. So just for background knowledge, the reason the PAP's very important is it basically accomplishes two major things for the agency: One, it lays out very specifically the duties that a patent examiner does in all of the elements. In quality these are your duties, in production this is how many widgets one needs to produce in a given time frame, and then workflow, or what we call, docket management, here the time frames in which an examiner should adhere to for a piece of work that comes in, and then in professional and stakeholder interaction, pretty much self-explanatory, how you interact internally and externally with stakeholders.

So that's very important to have all of that dialed in, because you've got 8,200 people accomplishing those duties. So at the aggregate level, you get the performance you want.

The second major thing a PAP does is it delineates exactly how we're going to measure your performance in each one of those areas. Some of those are empirical measurements and some of those are more on the subjective wavelength.

So the PAP gives us a chance to lay out and paint a pretty bright line or roadmap for examiners these are the duties we want you to do and then here's how you're going to be evaluated in the performance of those duties.

MR. WILEY: My last slide is here. We're starting the transition process starting next fiscal year. We still have a lot of work to do with the unions and trying to finalize some things. There's some procedures and some processes that we still need to work out, but we will be starting that very soon as well.

We've already gone out with initial training to all 8,000 examiners and 700 managers. We've done that a month ago and then we will continue to give more and more specific training to all of them.

Then the last thing is, it's a theme we've been talking about, is to ensure the IT is

ready for this transition. There are a lot of IT changes that have to happen for this, so that will determine when our actual transition happens, making sure that the IT is ready. We're not going to try to go in with the partial solution.

We want to make sure that the IT is working well, so that it's less burdensome on the supervisors and the examiners when full implementation happens.

So we will have more information to come when that IT will be finished, but that is probably the thing that is going to be the biggest factor on when we actually flip the switch and go full transition on this.

MS. JENKINS: We're going to stop there. Maybe what we'll do is make a note for the August meeting to drill down on a particular topic. I think it would be helpful to give a specific example or steps -- one particular part of the process and hone in on that to give stakeholders a little bit better understanding of what's going on and then that will be a couple months.

Can we now transition to international?

Maria, great. Who's starting, Maria, Shira, who's starting, Maria? Go, girl, go.

MS. HOLTMANN: Thank you, everybody. Good morning. I wish we had more time. Because in light of all this discussion of the role CPC is playing, the office is doing a lot to ensure the quality of the classification system and also the quality -- the precision of how applications are classified when they come in so that they do get to the right place. But we don't have time, perhaps it's for another day.

But relevant to the discussion we were having earlier based on Bernie's question, this next topic is the access to relevant prior art. It's a project we've undertaken and it will ease the -- one outcome of this is to ease the burden on applicants and also to get prior art in front of examiners earlier in the exam -- as early in the examination process as possible.

So with that, I'm going to ask my colleague, Michael Neas, who leads this project for us, to take us through it.

MR. NEAS: Thanks, Maria, good morning, everybody. We didn't plan this, but

Dave Wiley had a slide up that said, hey, we're trying to put the best art of record in the application as early as possible and this is one of the ways we hope to do that.

So we've talked about this project in the past, so this is really a bit of an update. As a quick overview, the idea of the project is to leverage available electronic resources to bring important information, mostly relevant prior art, from sources such as related applications or could be other things, I'll talk about that in a minute, into the application file for the examiner as early as possible.

The relevant electronic sources we're talking can be USPTO's own IT systems. That's relevant for Phase 1 that I'll describe in a second. Other relevant sources are things like Global Dossier, Common Citation Document, things that allow us to access the prosecution of patent families and the prior art that's been discovered by the examiners that are prosecuting those other applications.

Just a quick slide on outreach efforts. To date a lot of this was done -- well, all of it

was done really before we started Phase 1 and was a lead up to where do we need to go in kind of developing a roadmap and understanding what both examiners and applicants would like out of this effort.

Some research that we've done to date and continue to do, especially in relation to the first bullet, is what information really is available to us and where is it available from.

Most of you should know about the Global Dossier, which is a set of business services set up about the IP5 offices to allow access to patent families and their prosecutions and the relevant prior art that's discovered during those prosecutions.

Common Citation Document was a bit of a predecessor to the Global Dossier. Of course we have our own systems. We have systems out there like PATENTSCOPE -- actually PATENTSCOPE is the source. If you go into Global Dossier and you pull up prior art documents from the prosecution that are patent documents, those patent documents are actually sourced from PATENTSCOPE.

In preparation for the project, we also

did case studies, so we looked at over 400 applications to say what if. So we took 400 applications in which prosecution had concluded, whether that was abandonment or grant, and said what if we had taken the prior art from related applications and moved it into the application as soon as it was available to us and we discovered a few things from there.

One of the things we discovered is that there's a percentage of applications where the prior art from related applications never gets into the file and that's a little disturbing.

Other things you discover, and which maybe are obvious, is that there's always some delay. So if you have a related Japanese case and you have prosecution occurring there, the delay from when the prior art from that prosecution ultimately gets into U.S. case is something that we can minimize by doing this in a fully automated fashion.

We also found that there were inefficient prosecution procedures occurring that we could potentially avoid, one of those is RCE for the purposes of providing prior art from

related prosecution.

So all of this leads to the development of Phase 1. Phase 1 began November 1st of 2018 and the tool was released to one Art Unit. On January 1st it was released to another eight Art Units. What that means is there's one Art Unit in every TC, including designs, that has this tool or the project is implemented with respect to (inaudible).

There's a bullet on the bottom about subsequent phases, I'm going to hold off on that for just a second. I want to describe to you exactly what Phase 1 is.

Really the last bullet might --

MR. SEARS: Mike, I got a question for you before you go on. I appreciate that it's one Art Unit in every TC, how did you choose the Art Unit?

MR. NEAS: Oh, boy. It's complex. How do we choose the Art Units, so what we wanted was we wanted to, number one, control the volume of applications that were eligible for the pilot in Phase 1, so we looked at what is the rate of continuing application filing. These are the

applications that are part of Phase 1. I'll talk about that in a second.

We also looked at what's the pendency time for continuing application in those Art Units so that it's not too long, so that we hoped shortly after the application is filed, or as soon as possible, we would get a first office action without taking the application out of turn.

Additionally we looked at Art Units where the citation rate of non-patent literature in those prosecutions was generally low for that technology center, because the processing of non-patent literature is a problem for us. This is one of our hurdles. So we took a lot of data like that to figure out which Art Units would be best. In the end who knows if we picked the right ones, but we'll see.

MR. SEARS: So I guess we'd call that a multifactor analysis.

MR. NEAS: I'll write that down. So let me tell you the big bang for the buck in Phase 1 is the development of what we're calling the master reference list. This master reference list is in the examiner's docket and application

viewer, otherwise known as DAV. It's not in every examiner's DAV, it's in examiners that are in these Art Units and for which they have an eligible application.

So this master reference list is to some extent, or will one day, be a living, breathing list of all the prior art in the prosecution. So this master reference list does something today that examiners haven't had in the past, which creates a correlation between the citation of the piece of the prior art and the document itself.

Today what we have is we have image-based IDSs, image-based 892s, and separately in the record of the application we have these documents. For non-patent literature and foreign patent documents, the document descriptions are completely generic.

So should anyone want to figure out or look at a particular piece of non-patent literature, a particular foreign patent document that's in the prosecution, they have to do a bit of a hunt to find that document.

The master reference lists ends that, at least for patent examiners, in that a single

click on the citation brings up an image of the document immediately.

So master reference list, again, the place where we will move away one day from image-based IDSs and image-based 892s such that there's a living, breathing collection of the prior art in the application file. So that's the big bang for the buck in Phase 1 is the development of that.

Now, what applications are in Phase 1 and it is -- these are continuing applications, any type of continuing applications, and we are importing prior art from the immediate U.S. parent application, that's the only source today is the immediate U.S. parent.

Why did we pick this source? Number one, we don't have to reach outside of our own IT systems. We own all this information. We're not having to reach out to Global Dossier to -- anything that anybody else might own or support.

Additionally for patent examiners, patent examiners already have an obligation to consider the prior art in parent applications.

The MPEP puts that obligation on them. Even if you -- even if applicants don't cite this on IDSs, the examiner has this obligation. So there's no new obligation for the examiner in Phase 1.

Additionally let me say that -- so we have kind of a new category of prior art that gets into the file, which we're calling imported citations. So we have applicant-discovered prior art, we have examiner-discovered prior art, we have a new category.

These documents if considered by the examiner will be printed on the face of any U.S. patented issues and there will be a unique identifier given to these, so everybody will know how did this prior art get into the file.

MS. CAMACHO: Mike, I have a question about that. If it's not cited on the 892 and it's not cited on the 1449 1949, will it have the same weight as art already considered in the application as to --

MR. NEAS: Yeah. Prior art that's placed in this master reference list will be considered by the examiner in the same way they would consider anything you list on an

information disclosure.

MS. CAMACHO: So it will be signed off on by --

MR. NEAS: Yes, we'll talk about the mechanism for doing that in just a second.

So going back to the content of this master reference list just to review what's on there. From the parent application, it's all of the prior art that are on IDSs or 892s. The only thing that wouldn't be there is third-party prior art.

Also in the master reference list at the time we build this list, which is on the front end of prosecution, there will also be all the prior art from any IDS that the applicant may have already submitted.

So if you're filing a continuing case on day one, you're giving us an IDS, we're building this master reference list shortly after these applications come out of pre-exam. So all of that, all the parent prior art, plus all the prior art from the IDS goes into that list so the examiner can leverage the list to consider that art.

So it's possible that the prosecution and the parent is still ongoing at this time. It's rare, but it's possible. And the import of this prior art occurs today in Phase 1 once, shortly after it comes out of pre-exam and we identify that it's an eligible application.

So if by chance there's additional prior art made of record in the parent application after this import occurs in the child, that won't be coming into the master reference list. That's something we'll be dealing with in the future as we expand our import times.

MR. SEARS: I have a few questions for you. So you say the immediate parent, so if there is a con of a con, if there's a grandparent, refs from the grandparent are not being considered in this phase?

MR. NEAS: So eligible applications for Phase 1 are applications that have a single non-provisional parent. The reason we did that is because if you have a grandparent relationship, it's possible that the copy of the document resides in the grandparent. So that complicates it greatly, because we're importing

the citations from the immediate parent but the document itself might not be there and so that creates a complication.

So for Phase 1, it's applications, any type of continuing case -- CIP, divisional, straight continuation -- in these Art Units that has a single non-provisional parent. So we get rid of the possibility that the document itself resides in a grandparent.

MR. SEARS: Second question, assuming prosecution in the parent is closed at the time of importation, it should be the case that everything that was in the parent is imported into the child?

MR. NEAS: Other than third-party citations.

MR. SEARS: Other than third party.

MR. NEAS: Yes, you're correct.

MR. SEARS: Last question: Is there going to be any notification or rule making about Rule 56?

MR. NEAS: Oh, boy, isn't that the question --

MR. SEARS: Well, that's the important

question.

MR. NEAS: The project does not, even though I think on Slide 1 it says, listen, reality is this may reduce your burden -- your duty of disclosure burden. There is not today an intention by the agency to change Rule 56.

In discussions in that regard, one thing to consider is even if the agency did change Rule 56, what would the courts do, and we don't know. So today we don't have an intention to look to give you some type of safe harbor in relation to this project and Rule 56.

I'm sure that discussion will continue as this project grows, and so we will certainly revisit and certainly listen to stakeholder input in that regard as we go on.

MS. JENKINS: I think Bob --

MR. BAHR: I just want to point out with respect to rule changes. We're in the beginning of stages of this project and we have to really have it up and running and see how it works before we would want to change a rule as important as duty of disclosure in view of this. So that's why -- we're not contemplating anything right

now, but we'll see how it works and we'll think about it.

MR. KNIGHT: Hey, Bob, even though now the references are not automatically put into the child application, doesn't the examiner still have a duty to look at the references in the parent application under existing rules?

MR. BAHR: Yes, it's something of a hybrid matter is that under what's our current procedures, the examiner has an obligation to look at the parent and, as Bernie says, look at the references. However, those references are not automatically printed on the face of the patent.

Many applicants feel much more comfortable about seeing the references printed on the face of the patent. If an applicant wants that, then the applicant has to send in the IDS, basically just the form when the case is filed.

MR. KNIGHT: So you don't really need a change to Rule 56, because the examiner -- I mean the requirements for the examiner are basically the same; right?

MR. BAHR: Well, that's one of the

points is that we have to see this work. We don't know whether we need a change to the rule. We have to have this work and see what the lay of the land is then and then you can make a decision as to whether or not to change a rule.

MS. JENKINS: But I think to be fair for future, though, this is a much bigger project than just looking at a parent application. So obviously they are going to be needing to look at Rule 56, so, yeah.

MR. NEAS: Let me talk to you about -- very quickly about the mechanics. So as I mentioned, the applications come out of pre-exam, there's a determination of whether these are applications that are part of this program or not.

If they are, the prior art is imported, text support staff assists in creating the master reference list by creating the association between the documents and the citations themselves. They also then mail what you see on the screen, which is this notice of imported citations. And so this lists everything that has come in, you don't need to respond to this, and

the presence of this form of the application is really your official indicator that the application is part of this program.

The text at the top will tell you, listen, as long as Rule 98 is satisfied, most importantly copy of the application was present -- copy of the document was present in the parent, the examiner will consider these and will notice you of that.

So examiner consideration, which I missed -- so, again, they're going to consider all these, unless by chance in the parent there's no copy or for some reason it fails other aspects of Rule 98. They'll use the master reference list to do this consideration.

As far as citations that have been or prior art that's been listed on a IDS in that application, the examiner will continue to follow IDS practice, which is they will initial and annotate that IDS. Even though they're using the master reference list to actually do the consideration of the documents, documentation of their consideration continues to be on the IDS, which is different from the imported citations.

The imported citations will in fact -- there's a tick box that they can use in the tool and then the tool auto generates this form which goes to you with the next office action, which is the first office action.

This is the Notice of Consideration of imported art. It looks a lot like an IDS. It looks a lot like an 892, but it tells you the examiner has considered these documents that we have previously imported, unless there was something that led them not to consider it. If that's the case, they're strucken through on this form.

MR. KNIGHT: I'm just wondering in the future, picking up on Marylee's point, when you're going to import references from a foreign counterpart application, is there an indication to the examiner that the examiner in the foreign office found the reference to be helpful or important or are the references all just going to be imported with no indication?

MR. NEAS: Well, to be determined to be honest with you, but the thinking is that we will leverage things that exist in Global Dossier

today, one of which is what we call enhanced citation, you might call them citation categories. It's what we use in PCT practice to indicate the relevance of the prior art.

So the discussion today is that the master reference list would be updated to include a column to show the examiner at least what the highest level of relevance of this document was by the office that considered it.

That would be true also for the documents coming from our own parent application, because we are now supplying enhanced citations to Global Dossier.

So, yes, we want to -- and we'll work with examiners to see what else they might need in that regard or what they think is helpful, but the idea is, in the very least, we would want to give citation categories.

So let me talk quickly about going forward. So there's two important things going forward, one is expansion to users, and that's the last bullet on this slide. That means more applications are eligible, we release a tool to more Art Units, that's job one for us, that's our

next mission as far as next steps.

The biggest hurdle in doing this is creating this association between the citation and the document itself. Today that's being done by text support staff.

So we're doing two things, one we're analyzing really how long it takes the text support staff to do this task, how good are they at doing it, and can we leverage labor to do some level of expansion, but more importantly is the development of an algorithm to do this in a fully automated way.

We have an algorithm that's been under development that's in testing now on real cases and real pieces of prior art to see how well it does. The results initially are quite good, so that's really the hope is that we can automate this process and then release it to all.

The second task for us --

MS. JENKINS: Can we stop. That was my exact question is how much as a stakeholder can you rely on this process without having to check to make sure it's done correctly.

So it sounds like initially it's being

done manually, but you're working on an AI solution?

MR. NEAS: So the import of the citations themselves is an automated process. The citations that are in an IDS and 892 are OCR'd anyway, that was happening before this process occurred. We're leveraging to bring the citations in.

But it's the taking of that citation and actually associating with it its document, that's what the manual part is and that's what we're going to try to do in a fully automated way so that we can expand to all Art Units. That's the real labor intensive piece.

MS. JENKINS: But you're not there yet?

MR. NEAS: No. You probably heard already Director Iancu talk about IT priorities and where this will land on it, I'm not sure.

Second is to look at other sources, so the master reference list creates a landing space for -- at least now what we envision is probably bringing in prior art from related prosecutions, so that's related PCT applications, related applications maybe from the IP5 office is still

to be determined, but it could be other things.

I think you heard him talk about artificial intelligence searches. If we ever got to a day where we thought the results of those were so good that the examiner really needed to consider that, we have a landing spot for that prior art now, that's the master reference list.

MS. JENKINS: Any other quick questions for Mike? No. Seeing none, we shall move on. Thank you, Mike. Very exciting to watch this whole process, because I was there when you were initially starting the discussions and it's great that it's getting implemented.

MR. NEAS: I think you were there when we had a unique name for it at an offsite and this is kind of the origin for it. We won't say anything more about that.

MS. JENKINS: Nope, nope. Shira.

THE WITNESS:

MS. PERLMUTTER: Great. Thanks, Marylee. We have three topics to cover, and I know we're running slightly behind, one is an overview of OPIA's role, one is the China IP Road Shows, and one is an overview of the Hague

Agreement. We're where changing the order slightly from the agenda.

So to start with OPIA's role, so that's the Office of Policy and International Affairs, and we were specifically asked to address what -- how what we do impacts all of you as practitioners and as litigators and as innovators, so we'll focus a bit on that.

So before we really look at the slide in any detail, I would just say the overall goal of OPIA, if you could put it in a nutshell, is to improve Intellectual Property Protection worldwide. That's obviously a big goal, it doesn't happen overnight, and a lot of it very long-term work.

We do cover in OPIA all areas of intellectual property, so obviously that includes patents and trademarks, it also includes copyrights and enforcement, because there's a lot of policy issues involved in enforcement as well. I should say it also includes a number of areas closely related to the interest of patent holders and practitioners, which are trade secrets, regulatory data protection, and also plant

protection and plant variety protection.

So I wanted to start by just making the point that many of the matters we work on do affect practitioners and innovators, not always directly, but certainly in the respect that we are helping to set up frameworks to permit international filing and enforcement. And also a lot of the work we do assists you and your clients on how to use those frameworks and those means of enforcement.

So just to give some examples, we spend a lot of time making sure that the various registration systems that WIPO administers are up to date and are functioning well.

Obviously there's lots of changes happening all the time that require adaptation and adjustment, so that includes the PCT and Hague Agreement, and we've been working -- and Dave might mention this in his presentation on a proposed Design Law Treaty, which would streamline formalities for applying for international -- for design protection internationally.

We've been working, for example -- and

I know we've presented on this here before and a number of you have been interested and involved in this proposed treaty -- Hague Convention, for the recognition and enforcement of foreign judgments where the United States listening to practitioners tell us what the impact would be. We've been working to exclude intellectual property from the scope of the convention because of a lot of concerns about forum shopping and competitive disadvantage that might be obtained by those who would call on this treaty to enforce patent and trademark rights abroad.

We also interact and communicate very regularly with the private sector, and in particular, with professional organizations and trade associations representing patent owners and litigants.

We are very careful to ensure that practitioners' perspectives and the practical implications of anything that we're working on are taken into account and guide our thinking and the U.S. positions.

So that includes AIPLA, the ABAIP section, the IPO, the Chamber of Commerce, and

various trade associations and user groups as well. We do that through numerous different formal and informal mechanisms and we welcome participation and input from all of you, either through those mechanisms or separately of course.

Very specifically for individual practitioners and companies, what is it that OPIA can do for you. Well, among the things we can do we can answer questions about what's happening in other countries or at WIPO. We try to keep our finger on the pulse of what's going on. We get reports regularly from our attachés who are based abroad and from other agencies. So often we can tell you -- you can say to us we've heard that something is happening on this issue in Australia, what can you tell us.

We can also, and we spend a lot of time doing this, serve as a conduit to the rest of the U.S. government on problems that are arising in other countries, and we often get early alerts from individual companies or from litigators about problems that they're facing in something that might have come up in a particular country and then we can take it to the appropriate place

and the appropriate level and try to see that the U.S. government weighs in and tries to do something about it.

We also provide a lot of information and education through our outreach and training programs, so that often involves how to navigate the intellectual property systems in other countries.

In particular that can be helpful to American businesses who are looking to establish markets abroad or who are looking to prevent infringement taking place abroad.

Some of that is done, for example, through our China Road Shows, which I'll talk about a little bit more in more detail. And then last but not least, our Attaché Program.

So we now have, as I'll talk about a bit, 13 attaché positions in ten different countries around the world and they work in not just the countries where they're based, but regionally, so they cover the other countries in their region.

They can help American stakeholders, American companies, and inventors with particular problems and issues that may arise in

that country in helping them understand how things work there, putting them in touch with the right people to talk to, that type of thing.

So what I'd like to do is to just give a very brief overview, I don't think we need to spend a lot of time on this, on OPIA's structure and activities just so you get an idea of who does what.

We presented to this to PPAC before, but I think it was a couple of years ago, so obviously some of you have seen it and some of you have not, so just to quickly go through the slides.

The first slide shows you our organizational structure, so we've got -- in addition to my position, there's two deputies, one for operations and one for policy; and then the Office of Governmental Affairs is part of OPIA as well, and we have a chief of staff who makes sure we get everything done in time and appropriately.

Under the chief -- deputy chief policy officer, you'll see there's five different substantive policy teams, and these are lawyers with expertise in patents, trademarks, copyright

enforcement issues, and China, which is its own separate team because China has been so important internationally.

Under the deputy for operations, we've got the administrative staff, which enables us to do our work; we have the Office of the Chief Economist, and that's now Andy Toole, you'll be hearing from him immediately after our presentation; we have the Global IP Academy; and we have IP Attaché Program.

Then you'll see in green experts from each of these substantive areas participate in cross-disciplinary regional teams that cover all of the areas of the world, so we make sure we have expertise in each region on each topic. Then below that, you can see the attaché post again in 10 cities, that cover those regional areas, so that's the structure.

In terms of our statutory basis of what we do, the PTO has three primary statutory areas of responsibility running the patent system, running the trademark system, and then this third piece, which is assisting the Undersecretary and director of the office and advising the president

through the Secretary of Commerce, and other parts of the administration on national and international IP policy issues, and on IP protection abroad and also providing guidance on assisting foreign governments and international organizations on IP protection and then conducting programs and studies.

OPIA is dedicated to this part of our statutory obligations, obviously working very closely with other parts of the office on all of these as well.

I will say I'm not going to say anything more about governmental affairs, because you'll get a separate presentation from Dana and Brandon later on.

So IP and trade engagement, we don't --

MR. SEARS: Shira, just a comment for you as you go on. Fabulous overview, really appreciate it. One of the things I think about from the user perspective is this: When we think about prosecution activities, things like PCT, PPH, we know what those are, we deal with them every day, but sometimes it's harder to make the connection on what OPIA does that affects

innovators and I just wanted to really compliment you on the presentation, a really great overview of what you do day to day that affects all of us in the international space, so thank you very much.

MS. PERLMUTTER: Thank you very much. I think sometimes we can get so absorbed in the day-to-day necessities of what we're all doing, that there isn't always time to have this discussion and try to communicate on this level about what that relationship is, so thank you for suggesting it and inviting us to do it.

I would say on this slide what's missing a bit is just the IP engagement other than trade. We do negotiate rules and standards in intellectual property agreements notably at WIPO, but not solely at WIPO.

We work with other countries individually and with their IP offices to try to educate them and persuade them of positions that we have in the U.S., show them why we're doing things the way we do it, and also to cooperate with them of course as OIPC spends most of their time doing, as their very title indicates.

Then we also do a lot of work on the trade area. We work closely with USTR and other parts of the government. We serve as their technical advisors on IP issues, and I think we represented on some of that work here before as well.

The Office of the Chief Economist, this is an office that was established nine years ago and it's been incredibly useful to us, because they really provide expertise on all the economic issues that touch on IP. And very important for OPIA's work, they support evidence-based policymaking.

So when policy issues come up, we can go to them and they can give us the data that shows we're not just operating on a hunch or an idea, but we actually have support for what we think is the right answer.

And then they work very closely with the operational side of the PTO side as well analyzing data that's relevant to operations and to budgeting and planning, and they make a lot of data available to the public through programs like -- initiatives like PatentsView if any of you

have used that.

They put on a lot of roundtables and conferences in part to get input from practitioners and innovators, so that's another avenue to give input and work with us.

You will be hearing from Andy Toole, as I said, just after this on their recent study of women inventors in the patent system.

Then on training and outreach, I mentioned the Global IP Academy. So they do a lot of capacity building and training programming, some of it we do here and some of it we do elsewhere in the U.S. and some of it we do abroad. We do it in person, we do it virtually. We are more and more trying to do distance education and we have online modules that you can look at.

These participants include people from governments around the world, policymakers, judges, law enforcement personnel. We also train U.S. government enforcement personnel, and importantly you'll see U.S. Stakeholders there. We do a lot of outreach to U.S. Businesses around the country, in particular small and medium size enterprises that may get less information from

their trade associations and may be less sophisticated about the international landscape. As you can see it's pretty extensive work. Just last year we trained over 7,000 people from 83 different countries.

Then finally we have a slide on the Attaché Program. These attachés a lot of them come from our ranks from PTO. Some of them have come from law firms as well, but they are all IP experts and they help promote our IP policies and initiatives and goals.

They encourage high IP protection and enforcement in our trading partners and they do a lot of outreach in the countries where they're based as well to educate people about IP.

Then importantly as I had mentioned, if you have an issue, you have a client that has an issue, contact our IP Attaché. On the website, we have information about how to reach out to them and we send them -- we bring them back to the United States every year, and they have increasingly been going around the country to help do outreach and tell people about what they can do to help them so that it's not just people

who are based in Washington who know about their services. And they've been going to, for example, the INTA annual meeting, to AIPLA meetings, so they've really been spending a lot of time reaching out to stakeholders.

So why don't I just take a break and see if there's questions before just describing the China IP Road Shows. Nothing right now. Okay.

Just to give you an idea of these road shows, this is something we really have been doing bits and pieces of but started focusing on in the last two years. These are either full-day or half-day programs to help U.S. Rightholders navigate the IP landscape in China. They're free, they're open to the public, anyone can attend.

Since 2017, we've done 23 different road shows around the country, and the topics have included how to file patent and trademark applications in China, they've included things like trade secrets as well and data protection, then obviously a great interest how to enforce IP rights in China, both through administrative and civil and criminal proceedings, and we try to

tailor the presentations to the interest of the particular locale.

So for example when we did a program in Detroit, we talked a bit about counterfeit vehicle parts, car parts, and in Silicon Valley we spent a lot of time talking about software-related issues.

These road shows involve a lot of different participants, it's not just us. So we have PTO experts who give an analysis of the IP landscape in China. These programs are run by our China team, which has tremendous depth and expertise.

We also bring in IP practitioners who have done a lot of work in China, so they can talk about what they've done and how U.S. companies can protect and enforce their rights.

We also bring in our counterpart officials from law enforcement agencies that talk about what they do whether it's ICE or the FBI or CBP or the Department of Justice, and then we bring in Members of Congress from that region who will talk to their constituents and federal judges as well who will talk about their

experiences.

I think what people have found is not only do they benefit from the expertise of this very wide range of participants, but it's also an opportunity to meet people and to network. So it's -- they've been very well received, these programs.

This last slide just gives you a visual image of where all these 23 past road shows have been and the five that are coming up this year, which are, if you look starting at the top on the right, Princeton, Pittsburgh, Durham, Atlanta, and then over in Los Angeles. And that's not necessarily in order, but those are the five that we have planned for this year.

MR. SEARS: Two questions for you.

MS. PERLMUTTER: Sure.

MR. SEARS: Why did you pick China? I can think of some reasons, but I'm curious to hear what the obvious reasons are, and do you plan to do road shows on other jurisdictions?

MS. PERLMUTTER: We do a lot of road shows on various topics and in other -- dealing with other areas besides China. We do a lot of

those through the STOPfakes Program that ITA runs and we participate in.

China we've done partly because we have a China team here that has that capacity, but mostly because China is of such high interest both to the government right now with the trade discussions that are going on, the IP discussions that are going on, and also it's a tremendous interest as a potential market or a worrisome (inaudible) of infringement for so many U.S. businesses.

But we do have programs that go beyond it as well, but these are very specialized programs that have been a subject of great interest, so we wanted to make sure we told you about those particularly.

Any other questions or comments, we can turn to the Hague.

MS. JENKINS: It doesn't look like it, why don't we go ahead.

MS. PERLMUTTER: Dave.

MR. GERK: Thank you, Shira, and good morning, everyone. Perhaps a good segue in understanding the Hague will be a good example of

just one sliver of what we do. I reside as an attorney and advisor in the patent box that Shira showed of patent attorneys and experts there, and of course the U.S. protects designs, industrial designs, under that.

So while I cover the western hemisphere in the green boxes for patents, I also cover industrial designs and design patents. And as our role in OPIA and behalf of OPIA I led the USPTO team in implementing the Hague Agreement, both in leading up to legislation and deposit of our instrument of ratification and then coming out of it, working closely with crosscutting team here at USPTO, including folks from OIPC and patent operations in a number of different aspects.

So the Hague system if you were to describe it in a nutshell, these are couple key points I think to visualize it. It's a centralized acquisition and maintenance of industrial design right system through which applicants can file a single international design application, as we refer to it in the U.S., and receive a single international registration.

Through that, they can designate one or

more countries or jurisdictions to essentially perfect those rights or pursue those rights in that registration.

Of course that should sound very familiar to many of us. Of course, that's a general kind of concept that we see pervasive in some of the other WIPO treaties and systems of PCT in Madrid. Folks are probably familiar with at least PCT, but also Madrid.

There's some distinctions. Each of these systems has a little bit of its own flavor. Just briefly, like PCT and Madrid, the Hague system is a procedural system and treaty through which applicants navigate. Like Madrid but unlike PCT as mentioned, you are given a registration, you acquire essentially a right from WIPO and you can maintain those rights through WIPO. Of course each country gives them effect in their respective jurisdictions.

Then also unlike Madrid, the Hague system is centralized through WIPO. There's no basic application where you file in one country and then off of that you pursue rights. It's housed all through a single centralized one shop.

Self-designation is possible, something that's not in the Madrid system of course because you have that basic application, and there's no office of origin role, again playing into that WIPO being a central shop.

The Hague Agreement is actually a series of acts. At the oldest London act listed there is actually frozen. There was a 1960 Act, very European centric and only accounted for registration system, so countries like Japan, the United States, and Korea that have substantive examination, it didn't sync with their system. To grow the system and make it a fully global system, the Geneva Act was negotiated and our office participated in that as well back in that time period and the U.S. heavily negotiated to account for our system, our design patent system.

The U.S. became a member and it took effect with respect to the United States on May 13, 2015, so not so long ago.

This a snapshot of the Hague system as to where it's in effect. The reason for the two colors is the two different acts. I'll get into why that may be important for applicants a little

later, noting the blue and the red.

The blue is the most current act, the Geneva Act which the U.S. is a member of. I will note over the last year two notable additions to the Hague system was Canada and the UK. The UK was already part of the Hague system through its EU membership. But of course with the Brexit discussions, that is noteworthy as something such that UK will continue to be a jurisdiction in which the Hague system can be used to pursue rights.

Of course note China is not yet a member and of course that's something folks are eagerly awaiting their membership, which may drastically change the use of the Hague system once they participate. We'll note that on the horizon China, Mexico, and a couple jurisdictions in South America are notables on the very, very short-term fuse to hopefully become members, and WIPO is actively working with them as they look to potentially become members there.

This slide from a very high level gives a little bit of a blueprint of how the system works. An applicant can file an international

application through WIPO as a direct filing. And in some instances, they can file through some offices as a Office of Indirect Filing.

Those Office of Indirect Filing serve somewhat as a fancy courier, mailbox transmitting over to WIPO. They do some checks. The USPTO has elected under our extension to that Hague system to be an Office of Indirect Filing, so you can file through the USPTO through the EFS web. There is a transmittal fee to transmit that, but other than that essentially that's the only extra cost associated in that regard.

Then once WIPO performs their formality's review, make sure you've met all the formal requirements of a Hague filing, then they will transmit it to each of the designated contracting parties you've selected.

There's of course much -- as you're familiar in these international systems fees associated with the more countries you select, fees change accordingly, and there is a varied fee structure with substantive examination countries having the highest fees, whereas registration countries have the lowest. And there is quite a

bit of variety on the WIPO website and WIPO has a lot of information in that regard if you're looking to pursue that.

Interesting to note what the Hague system doesn't cover is that again the Hague system is -- the Hague Agreement is primarily a procedural treaty. So things that aren't dictated or aren't addressed are conditions for protection, so things like novelty, nonobvious, and sufficiency of disclosure, those are left to countries to apply according to their law.

Also the refusal procedure, or even if you give substantive refusals, is also something left. So there's both registration countries and then substantive examination countries, you can choose what you want to be, and then the rights that result from the protection under the Hague system also something left to the respective countries in implementing the Hague system.

It's important to note that the Hague system is a closed system and, therefore, you have to have an entitlement as an applicant to file or use the Hague system, and that entitlement is a connection essentially with a contracting party.

The first three makes sense of course. You have to either be a national or a domicile there or have your habitual residence there, so that's commonly understood as ways you would have a tie with a country.

But then the last one is interesting to note is that you can establish your entitlement through a real and effective industrial or commercial establishment.

Before the U.S. was a member of the Hague system, U.S. companies were filing through the Hague system but they would use their entitlement through Europe or other places to use the system.

So it is possible to use the system if the country you're from is not a member of the system, but that may not be satisfied if you don't have a real and effective commercial establishment in other countries.

Turning to the use of the Hague system, just a couple quick slides and then we'll wrap up. But to show how applicants are using the Hague system, the graph on the top shows there had been a continual increasing trend in applications for

the Hague system, although there was a pullback in 2017 following two years of 40 and 35 percent increase in growth. Of course it's tough to keep up that kind of trend of growth and just a bit of a stabilization.

The reason for the second slide is to show that through the Hague system, you can file up to a hundred designs in one application. So while the number of applications pulled back, the number of designs actually being pursued has continued to grow for the 11th straight year in use of the system.

This slide just to highlight where applications are coming from under the Hague system, it's coming from -- focused in a few areas, which aren't surprising, the United States, Europe, Japan, Korea, but then you see China, Canada, and Australia, and these are 2017 stats.

At the time, none of those countries were members of the Hague system. So this demonstrates use of that fourth prong of entitlement to use the system where companies are using their ties to these other jurisdiction.

I think this is also probably a good predicter to suggest when China and now Canada, who is already a member, have joined the system, we can expect to see a continued growth of the system. There seems to be an appetite, even without those countries being a member of the system for applicants from those jurisdictions to want to use that.

A similar image of the world, but this one's highlighting where are people designating, where are they looking to get protection, and currently the Hague system is being used really to pursue protection in a few jurisdictions -- Europe, the United States, Japan, and Korea mostly.

Again now that Canada has been added as well as looking to the future with China, we think the system has a likelihood to expand quite a bit as we continue to add countries.

Finally this just again highlights the point of the difference between international applications and the number of designs. The U.S. was the second most designated place after the European Union with regard to applicants for

applications but actually the fourth designated for a number of designs. What that suggests is that examination countries, applicants are taking different tactics. If they're designating examination countries, they're putting fewer designs in a single case, because they want to tailor it to the rules and procedures and also because of the unity of design requirements in some of those jurisdictions.

Then finally I know -- I think I may have snuck it in pretty close to the time for the session, just kind of a summary of some of these trends we're seeing.

As I mentioned, the Hague system continues to grow in a number of different aspects from number of designs, membership, and geographic participation, as far as jurisdictions and countries as well as applicant use.

There is great significant variance in use, depending on the applicant's country of origin and where they're choosing to designate. So the Hague system has a lot of flexibility in how you can use it, and applicants are taking

advantage of that to tailor their use of the system in that regard.

One stat that's interesting to note is that there was no priority claim in about half, 47 percent of the applications in 2017 stats year, which suggest that these Hague applications in about half the cases is either a second filing or either a solo filing or a first filing.

So again very diverse use of how the Hague system is being used. As I noted, large examination offices tend to have small numbers of designs in each applications they're seeing, so applicants are taking into account the nuances of the Hague system.

Finally for -- just to note that the USPTO and WIPO both have great websites on the Hague system under their patent initiatives. The USPTO site under the patent and initiative headings, there's a Hague page which has a wealth of information, including forms, frequently asked questions and fees, tips, and also further contacts, including myself and Boris Miller from OIPC to provide some guidance.

Secondly I do note that we talked

previously I think about the WIPO DAS system as a priority mechanism, electronic priority filings. The Hague system does allow for that. So if you use the Hague system to file an application, you can use that system and just identify your DAS access code in your filing, and the form priority documents will automatically theoretically be sent to the -- or pulled in the correct jurisdictions, assuming that the countries are participants of the WIPO DAS system. So another achievement that I think, as Shira was explaining, how it can be helpful to applicants in those jurisdictions.

Also Shira mentioned, the Hague Working Group is a regular body at WIPO where developments of the Hague system take place. We participate in those discussions.

So to the extent there's improvements desired from the public, we're happy to take those on board and see if we can accommodate those and if they make sense and things like that as the system grows.

So I appreciate your time today. If there's any questions, otherwise I yield the time

back. Thank you.

MR. SEARS: Yeah, I do have a question. To the extent you know, are there any industries that tend to be very large users of the Hague system?

MR. GERK: Sure. We were a little limited on time, so I didn't want to go into a ton of stats. For example, I'll note the top filers of the Hague system, according to the last few years, Number 1 was Samsung, Number 2 was LG, but as far as U.S. companies, Number 4 was Proctor Gamble; 13, Gillette; and 14, Microsoft.

There's somewhat of a wide usage and I think some of it depends on the countries that are members, especially with the Eurocentric field, and then Japan and Korea and ourselves, the industries that use design a lot in those jurisdictions.

So I don't think there's one particular area, although electronics and those sorts of areas, as you can see from that list, certainly tends to be a user of that system.

So the Hague system provides great stats at WIPO, so there's a yearly review, all

kinds of deep dives for those into analytics to look at that sort of thing, which we can share.

MS. JENKINS: Any other questions? I think it's important -- I think all of these different types of mechanisms that we have for filing are important.

I think that the user community sometimes isn't aware of all of these different possibilities or maybe sometimes is a little overwhelmed by all the different possibilities that are out there.

So I think it's very important. I haven't seen a huge uptake of people filing under this protocol. So I think it's important for the office to keep getting the message out, because it is a very valuable service that maybe people just aren't taking advantage of, and they should. So thank you, thank you, thank you, thank you.

So we're now going to segue to the presentation of the study that was done by the office on the profile of women inventors and obviously this is something that the director mentioned in his remark, so funny how this all happens. So we welcome Andrew.

MR. TOOLE: Thank you. My name is Andy Toole. I'm the chief economist here at the USPTO and good morning. Soon the slides will be up.

I want to thank you for the opportunity to talk about our new report that we published back in February, so it's very -- pretty hot off the press. So it's called Progress and Potential: A profile of women inventors in U.S. patents.

Our work really builds on some prior work that's been done in the academic environment and by other international IP organizations, such as WIPO, and what that research has found in the past is that women represent a very small minority of patent inventors, and that fact alone suggests that the U.S. innovation ecosystem is not as inclusive as it could be, nor as diverse as it could be or perhaps as it should be.

The individuals who are unable to participate in the U.S. innovation system are really untapped potential. So the extent to which we can broaden the innovation system to include women and other underrepresented groups, we have an opportunity to enhance innovation and

economic growth in the United States.

So it would be ideal if I had some slides to accompany my comments. I'll just go on to say that the -- that the fact that our research builds on past research, there was a new study that came out by an individual named Alex Bell. I guess that's what I need to do. It's my responsibility. Thank you.

MS. JENKINS: It's appropriate for a woman to help you with this presentation. Yay.

MR. TOOLE: We need the talent. So thank you very much.

So some recent research by Alex Bell and coauthors, which has gotten a lot of press because it's very interesting and informative, suggests that in fact it may be that early exposure by children, early exposure to inventors, can actually increase participation as inventors later on in life.

So one of their key findings in their study, which is written here, is that the current gender gap in innovation could be reduced by one half, which is a very large fraction, if girls were exposed to female inventors to the same

degree as boys are exposed to male inventors in their childhood.

So it's a very interesting study. I would urge folks to read that in addition to our own report, because they're both complimentary and supportive.

So with this backdrop then we went about preparing a comprehensive overview of the participation of women on U.S. patents. So what we do is we look at U.S. granted patents from 1976 through 2016. Among U.S. granted patents, we look at only the subset that have at least one U.S. inventor, that is to say one inventor on the team is located in the United States, so this study does not look at inventors from abroad with foreign residents.

Our study asks several basic questions that are quite informative. For instance, how many women participate in the U.S. patent system, what technological areas are these women participating in, how has that changed over time, what geographic regions do we see women inventors coming from.

So before I turn to some results, and

I will -- this is a very quick overview. I know I'm sitting between you all and lunch and it's been a long morning. But before I give the results, I would like to talk a minute about the methodology that we use and our key metric, which is called women inventors rate, so this slide and the next slide and then I'll move on to results.

So it's known very broadly that USPTO does not collect demographic information about inventors, not at application nor at grant. So by that fact, we need to infer the gender of inventors based on the name of the inventors.

So what we do is we go through a four step -- we go through a multistep process for this, and I won't go into all the details. But once we've identified the patents that we're interested in, the next thing we do is we disambiguate the names of inventors, that is to say if there were three patents that one said Andrew Toole, one said Andy Toole, and one said Andrew A. Toole, the disambiguation process would allow us to know that that's one unique inventor. That's not in fact three inventors, that's one unique inventor, that's what disambiguation

does.

So once we have our patent and our inventors on those patents, we disambiguate to identify unique inventors. Then we apply an algorithm that infers the gender of the inventor based on the inventor's name, and that algorithm has a couple of very sophisticated databases behind it. All of that information is available in the appendix of our report. It's not too boring of a read, so it could be worthwhile.

MR. GOODSON: Real quick.

MR. TOOLE: Yes.

MR. GOODSON: Terry and Terri, what is it?

MR. TOOLE: With gender attribution algorithm there is a probability associated with every name. So when the name is John, we're going to have a very high probability that it's a male and Susan a very high probability it's a female. When it comes to other names -- Leslie, Dana, Terry, and others, there's not as much as certainty that the name actually represents a man or a woman, so there's two aspects to that.

The probability score that we look at,

we only take the names where we've identified the gender with the highest certainty, so we have a cutoff of 97.5 percent confidence in that.

MR. GOODSON: So if you knocked off all the Terries, you'd knock off proportion of same number of males and females, got it.

MR. TOOLE: Right. So for instance -- that's right.

The other aspect of what I want to say here is that one of our databases that we use in the gender identification has immigration data, so what we do is we link the individual's last name with where they came from.

So for instance if you have Andrei, that's another example, Andrei is typically a man's name in Italy but it's not typically a man's name in many other countries around the world.

So for instance -- and Spain. So by using the information on where the inventor's name and background comes from, we're better able to identify the likelihood that the name represents a man or a woman. It's not a perfect process, though, and I'm not certainly suggesting that.

So we use the disambiguation of inventors to get these unique inventor names from PatentsView and that's available to everyone publicly, so that information is able to be used.

So we also -- we bring in two novel contributions into what we do here that's above and beyond what others have done in the past. Like I said, we're building on prior research here.

So as I was mentioning a second ago, we leveraged the origin of inventor's last name to classify the inventor's gender. So again this is the Italy Andrei, Italy -- or Spain Andrei example where in Italy it's a man and in Spain Andrei would be a woman.

But the second aspect that I want to emphasize in this slide and the next one actually is that we really want to focus attention on people, not just on patents. And so we have a metric called the women inventor rate, and the women inventor rate is a critical concept we use in this study.

So the share of patents that have at least one female inventor, that will be the

percentage of documents counted that have at least one female as an inventor on the team.

But the women inventor rate is not about counting patent documents, it's about counting people. So the women inventor rate is actually the share of women among all of the inventors in a particular year. So again it's about counting patent -- people versus patents.

So let me give a quick illustration. We have two patents represented by the ribbons and we have two inventors, one is a male, the green, and one in the bluish gray is a female.

In this case you would say we have 50 percent of the patents with at least one female inventor. We would also say that we have 50 percent women inventor rate, but here's where the difference come into play, and this is critical for thinking about the results that I'm going to give you in a few minutes.

If we take two patents again but we change the number of inventors on the patent, so when the first patent now has five male inventors but the second patent has four male inventors and one female inventor, in this case the percentage

of patents with a female inventor is still 50 percent. In fact, the women's inventor rate when you count people, it's only 10 percent.

So when you want to talk about the representation of women or other minorities among inventors, it's important to talk about people and not just count documents, because that is the way we understand the representation more carefully and more accurately.

MS. CAMUCHO: Andy, before we go on and look at the data, I just wanted to make one comments and it harkens back to the quote that you had on your very first slide that talks about the gender gap in innovation.

The data we're looking at today is the gender gap in patent inventors and that's very different than a gender gap in innovation, and it refers to little girls having exposure to female inventors and the innovation would increase.

There's no population more inventive than children. I think the issue is when these young girls grow up and they go into the world and they start inventing, you need resources, you need to be able to found a company, to be able to

get a company off the ground, you need investors, there's a lot more that goes into whether or not they make it onto a patent application than be if they're exposed to women inventors in their childhood.

I think it's important to make the distinction that we're looking at women who have made it onto a patent application, not women who are inventive and innovative and otherwise in a different world, for example, or if they have additional resources and met the right person on the right day would have founded a company full of patents with her name on it and many others.

MR. TOOLE: That's a very important point. In fact one of our slides and part of our report makes that very same point, so I agree with you completely and we're going to see that in just a minute.

The study that you're referring to, they did do -- I don't want to go into it. We don't have time. They did a broader analysis and they just identified this one mechanism that's particularly interesting that something as perhaps a policy intervention that one might

consider is the exposure of children to inventors in terms of mentorship and that kind of thing.

Certainly that's not the only answer to the situation, and certainly I'm not suggesting that that's the cause of the gender gap.

MR. LANG: Another potential issue is that even when women are inventing, they're not necessarily coming forward at the same rate to the Patent Office or within the organizations to the teams that are responsible for patenting.

MR. TOOLE: So it's important to keep in mind the distinction that was just made between innovation generally speaking, because that's a broad-based term. You can think of innovation inside corporations, someone could be innovative in a corporation, someone could be innovative in many different respects, and inventors.

Inventors are certainly a subgroup of innovators in broadly defined sense and one might imagine a very important subgroup and we just don't know exactly what percentage of innovators are in fact inventors. So that's an important question, an important distinction, so thank you for that.

This is kind of the headline result here. What we show are 40-year trend of women in U.S. patenting and the top purple line is in fact counting documents, that is the share of women on U.S. granted patent, and it's gone up to about 22 percent, 21 percent in 2016.

If you go below -- so that shows you how you can get a distorted view if you only count documents. If you go down to the green line, which is the second line there, that's actually the women inventor rate. The women inventor rate is only at 12 percent in 2016, not 21 percent.

If you go down to the yellow line, that's where we fractionally count patents, so now we're counting documents by sharing them. So if there were two inventors, one a man and one a woman, we give 50 percent of a patent to the man, 50 percent to the woman, it's called fractional counting.

With the fractional counting, you can see it's much more inline with the women inventor rate. It's actually a little below, and I want to get to why that is in a minute.

With respect to the performance and the

opportunities for women to become patent inventors, one way to think about this is to say well, how -- what is happened with respect to STEM occupations for women, are women in STEM occupations at parity with men; if they are, which ones are they.

So this graph shows us women in science and engineering occupations taken from the National Science Foundation data and compares it with the women inventor rate.

The women inventor rate, by the way, is that solid green line at the bottom of this graph, which being at the bottom is not a good thing. At the top of this graph, the diamonds, the purple diamonds, that represents women, the share of women in occupations in biological and life sciences.

You can see that women participated biological and life sciences to almost a parity extent here. We're getting close to 50 percent if that's our number for parity.

If we move down from there, we see that other fields of science also have higher percentage of participation and then finally at

the bottom, the women inventor rate. What this says to us is that even though women are getting the education and participating in occupations that are most associated with becoming a patent inventor, there is some kind of disconnect with the transformation from getting that job degree, getting that job, and getting into the pool of inventors. There's some kind of gap there.

So this suggests that there are other factors. It's there are factors with respect to perhaps financing opportunities and other types of factors that are driving this gap.

MR. GOODSON: I'm unclear on the graph. Biological and life sciences or scientists, you're talking about people in the lab, test tube, are you speaking of physicians, veterinarians, the life science practitioners or not? I couldn't tell.

MR. TOOLE: The biological and life sciences occupation for NSF definition does not include physicians practicing I don't believe. I will need to check on that to be a hundred percent sure, because I can't recall the definition at this time, but my recollection is

that that does not include practicing physicians in clinics. It's really -- but let me check on that.

MR. GOODSON: Physicians, nurses, vets, probably not included is what you think?

MR. TOOLE: Let me check on that. Again, I can't remember the definition. I don't want to lead you astray, so let me check on that. I'll be happy to supply that information to you.

So what we're looking at here is a breakdown of women inventor rate by technology, so we have four groups of bar graphs here. On the far left, that group is for 1977 through 1986. As you move to the right in the graph, you go to other groups of years, so now we have four decades basically of patenting. On the far right is 2007 to 2016.

If you look at the bar graph on the far left, the talk -- the heighth of the bar tells us the women inventor rate, so we can see right away with our eyes that women are inventing in chemistry and design and other areas relatively more than they're inventing in electrical engineering, mechanical engineering, and

instruments.

Now, that tells us something about the distribution of women in the patenting environment by technology. Now, if we look at how that's changed over time, it's a very interesting question.

We see that the purple and the green bars representing both chemistry and design have gotten taller and taller as we move across from the left to the right. Other areas have shown improvement as well, but you can see visually that most of the improvement is in the area of chemistry and design.

It just so happens that that was the area that women were already participating heavily in, which suggests that women are entering into areas of patenting that women already are doing a lot of patenting.

So as the headline kind of says here, women are specializing in technology fields and sectors where female predecessors have patented rather than entering male-dominated fields or firms.

MS. CAMUCHO: Andy, did you say are

those normalized -- is that the percentage of the women who are involved in the chemistry field that are on patents or is that the percentage out of all people involved --

MR. TOOLE: So the women inventor rate tell us the percentage of women of all inventors.

MS. CAMUCHO: Of all inventors, so it includes the male --

MR. TOOLE: This is an average over the period. So 1997 to 1986, you would take the average of -- which is all women over that period over all inventors over that period. That's the women inventor rate.

MR. GOODSON: You used the term design, are you talking about design patents there or --

MR. TOOLE: Yes.

MR. CALTRIDER: Just to clarify that I understand your last point. Are you suggesting that chemistry on slide, whatever number this is, fits into the biological and life sciences on the prior slide?

MR. TOOLE: Yes. So the technology categorization here are based on the World Intellectual Property Organization technology

classification, so it's not USPC. As we know, that's now dated. But this is what we -- WIPO technology classification.

So each of the labels there, chemistry and design, are broad labels representing a number of different technology classifications that -- based on International Patent Classifications being aggregated into groups. So, yes, the biological is in the chemistry area.

MS. MAR-SPINOLA: Andrew, does this chart suggest that if in other corporations, let's say for example large employers, were to level the ratio between men and women that more women would be in those fields that were male dominated previously; is that what this suggests?

MR. TOOLE: It might suggest that, but I can't say that it does. Why, why can't I say that? Because when we observe the data, it's when the patents come to the door of the PTO.

How those individuals got picked to be on that patent inventor team before arriving at the PTO is a function of a lot of different circumstances. It could be that 50 percent of the scientists at a particular company are women,

but when we look at the patent inventors it's only 20 percent. Something happened. So in some sense it was a parity, but somehow in the company selection process, fewer women made it on to be patent inventors.

So we can't know for sure what's happening outside in the companies themselves and what's determining whether women get an opportunity to be an inventor. We can only say what do we see when they arrive at the door of the PTO.

MS. MAR-SPINOLA: I think that's a good start, but it really doesn't solve any problems in the sense that we recognize where the issue is or where the gap is, but there's not a deep dive in there.

I'm not so sure that the Patent Office is the one to do that, but I do -- with all that, I'm not criticizing -- actually I do applaud the Patent Office for focusing on this, but the charts are what we already know to a certain extent and I think it would help if we can get information, voluntary information, as to how companies do select their inventors.

MR. TOOLE: Actually what you're touching on is really what's happening now. So the report came out in February and we're still gathering information, we're still talking about it like I am doing here today, but actually what has happened is it's opened the door to new opportunities to engage with companies individually in such a way that we can learn much more about what's happening inside the companies. We can also improve our algorithms and our methodologies for identifying women.

There's lots of new opportunity that's been created by this report. It's certainly not supposed to be the end. It's really just the beginning, I would say.

MS. PERLMUTTER: Just to jump in, I think it's also initiated a lot of reflection within a lot of corporations looking at this data, translating it into their own -- comparing it to their own internal data, and thinking what changes they might make and what it means about how they operate.

MS. JENKINS: I think that's so important. I think that's a message that you

should maybe do on your first slide is saying this is our first foray into this review and we're going to be expanding, probing, trying to get more information to give a more complete picture.

Because I sit here and I think about the women inventors that have come to me and they have been few and far between. They generally don't have a lot of money, they may want to get patent protection, but they can only afford to do a patent on a design because they can't afford to do a utility application. They don't have technical backgrounds, they have really good ideas, and they have no funding.

So that is not shown -- my experience is it's not shown in these slides, so that's where I struggle with. Everyone wants to have a chart and how do we analyze the data. I think that if the office is more, Drew's term, holistic in the way they look at it rather than trying to find an answer right out of the box this is the problem, I think you will do a better service to women inventors.

MS. PERLMUTTER: I agree completely. I think we are trying to do exactly that. This

is just a start, because we didn't actually have the data until now and this has really shown a light on a problem that -- I think there was a general understanding that women were not obtaining patents as much, but now we actually can see what the numbers are and how they differ from industry to industry and that's kicked off a much broader discussion, which has included the Hill.

The Hill's asked us to look into these issues more on the SUCCESS Act, and I think Brandon may talk about that later on.

MR. GOODSON: I just add the comment the law firms I interviewed to do my patent work, not one has come forth and suggested a woman practitioner, never.

MR. TOOLE: That gets at the sources that are underlying the information that we have available to us. Again this is an opening of what we need -- to solve a problem, first we need to characterize the problem.

So we have identified and characterized the problem, now we can start thinking about -- and we can go deeper too. We can start thinking about how to address the issue. So

that's what kind of the role that this report plays.

I'll move very quickly through the next couple of slides. This is -- we have information on the women inventor rate across different states in the United States, and that's available in the report. We talk about that in the report more carefully.

One thing that's quite interesting I think is to take a little bit of a look at the business sector. It turns out among the sectors, that is to say government university versus business, business sector is the sector with the lowest women inventor rates.

What we did here is we took the top 100 IPO companies for filing patents and then we identified the women on the patents and now we see the women inventor rate. We see Proctor Gamble has the highest women inventor rate. It's still below 30 percent, about 28 percent. If we move down and -- of course think about that, that's biological, that's chemistry, medical. Those are the areas women are concentrated in.

If you go down to the bottom, we see that

we have (inaudible) company identified. This is more mechanical, areas that women haven't entered.

We actually had a conversation with these companies about this -- these data and we are working with some of them to learn more about what's going on and to learn about best practices. So this is not news to them, but it's very interesting to see what's going on.

This slide tells us how are women entering the patent system. Women are entering the patent system by -- in that large purple area. What does that represent, that represents mixed teams of males and females.

So women are entering the patent system through mixed teams of males and females. The all-women teams, the gold or yellow at the bottom, is relatively flat if not slightly declining, suggesting that all-women teams are sole women inventors. It's not the way that women are coming to the patent system. That is an important point, especially when you think about counting patents versus counting people.

This gives us one final look at the way

teams have broken out between males and females. So on the left we have all-inventor teams. The purple line at the top that's dropping dramatically are inventor teams of one, that is to say sole patentors. The other three lines on the left, the green, the yellow, and the orange are increasing.

But if you look to right, that is -- those are for only the female, patents with at least one female. And you can see that the (inaudible, audio interference) trend is down dramatically, but also down is the two -- is the inventor team for two to three inventors.

What's rising rapidly here for women are inventor teams with four to five or six plus inventors. Women are joining large inventer teams to become part of the (inaudible). I don't think it's good because it represents -- what we find is that women are joining male inventor teams instead of forming new teams just with females.

So the patent system has been dominated by male only teams for a long time. We're seeing some progress against that, but it's not dramatic as you can see here.

So what am I saying, I'm saying that women entering the patent system through teams is only one possibility and we should have women also coming in sole inventors and women inventor teams and it highlights the importance of counting people versus counting patents. If you count patents, it suggests that women are doing much better in patenting than they really are if you count people. So this is again the people patent (inaudible).

MR. GOODSON: Thank you.

MR. TOOLE: So this is just a brief summary of women comprise small minority of patent inventors, 12 percent in 2016. Women inventor rates don't reflect the gains that we saw in the STEM occupation fields, a big concern. Women inventors have concentrated in specific technology areas, not distributed evenly across different technology areas.

Women inventor rates are higher in patent technology intensive states, that's also in the report. Business sector we pointed to that as one that has the lowest women inventor rates of all the different sectors. Then finally

the last point we just discussed and that is women are entering the patent system through mixed inventor teams. Thank you very much.

MS. JENKINS: Any other questions? Thank you. An important initiative (inaudible) are considering it and reviewing it and something we can (inaudible) come back to (inaudible). To segue I asked Elizabeth to (inaudible) women entrepreneurs. I asked Elizabeth to give us a short update (inaudible).

MS. DOUGHERTY: Good morning and thank you, Marylee. I appreciate the brief opportunity to address you very quickly about an upcoming and annual USPTO outreach event that fits very squarely within the conversation and the Progress and Potential report that Andy Toole just shared with you.

I do have hard copies of the agenda for the upcoming program to share with those of you in the room, but recognize we also have an online audience and the agenda for event is also available on our USPTO event page.

To step back for just a second, my name is Elizabeth Dougherty and I currently serve as

the Atlantic Outreach Liaison for the U.S. Patent and Trademark Office, which translates to I conduct outreach for the agency for the Eastern U.S. for the states of Maine to Florida, including Puerto Rico, so it's my pleasure to get to work with stakeholders of all walks of life within the Eastern U.S.

But it's my pleasure to tell you today about an upcoming event. It's occurring on May 14, which is barely two weeks away. It will be hosted here at the U.S. Patent and Trademark Office in the Clara Barton Auditorium. It was our annual women's entrepreneurship symposium.

This event has been held annually since 2011 with only one or two exceptions due to budget issues, but it's traditionally been positioned as a nuts and bolts one to two day event for women entrepreneurs who are looking to start, build, and grow a business.

This year we've transitioned the program to be more of a thought leaders conference. As you can see from the agenda, which again I will start those passing around for each of you to have a copy, we are looking more

at various aspects of the innovation life cycle, so those women in academia, women in STEM, and women in industry to get their thoughts and their input on how women are fairing in those various aspects.

It will be a half-day program on May 14. Again, it will be held here physically at the U.S. Patent and Trademark Office Headquarters, but people can participate online through Facebook Live.

Our previous women's entrepreneurship symposiums have featured fantastic inventors, innovators, and entrepreneurs, people such as Laurie Grenier of the television fame of Shark Tank. Laurie Grenier having over 150 patents in her own name as well as being a television personality. We also featured Lisa Cook who is a great inventor and entrepreneur -- I'm sorry, Lisa Price of Carol's Daughter hair products.

This year as you can see from the agenda, which is circling, we're going to have a number of fantastic female speakers.

I'd like to highlight just two of them for you to kind of whet your appetite that this

is a program that you would like to attend and certainly share with your networks, one of which is Lisa Seacat DeLuca. I know a few of us in the room have had the pleasure of meeting Lisa, but if you haven't I'd encourage you to attend or tune in.

Lisa is a master inventor with IBM and between issued patents and pending patent applications has approximately 600 to her name. In addition to being a fantastic inventor, she's a mother of two sets of twins and has written two children's books, so we certainly all have a lot we can learn from Lisa DeLuca.

I would also highlight Jane Muir. Jane was previously with the University of Florida where she was responsible for setting up an incubator that was featured and highlighted and encouraged women entrepreneurs. That incubator is now over 20 years old and is known as EWITS, empowering women in technology startups. So Jane has a wealth of experience, as well as the other participants on all three of the morning's panels.

I'd ask that you share this program with

your networks, attend yourself if you can, and certainly look to use it as a resource for finding more about what women are doing again in academia, in industry, in STEM fields and see how we can in fact move the needle.

MS. JENKINS: Any questions for Elizabeth?

MS. MAR-SPINOLA: Elizabeth, I have a question. So this only available if you attend in person or is this going to be videoed?

MS. DOUGHERTY: So it will be available online through Facebook Live.

MS. MAR-SPINOLA: Facebook Live?

MS. DOUGHERTY: Correct.

MS. MAR-SPINOLA: Is there a link that can be shared?

MS. DOUGHERTY: So if you go to our USPTO event page to the registration page, you can find that information there.

MS. MAR-SPINOLA: Great, thank you.

MR. TOOLE: Can I also add that one of the coauthors of the Bell study that I just talked about in my work, Neviana Petkova will be on a panel at that event. So if you want to talk about

the details of that study, she'll be there.

MS. JENKINS: Thank you. Great morning and we'll also have a great afternoon. I am letting the committee go eat and we will start again at 12:50. Yes. All right. Public session will start again at 12:50. Thank you so much.

(Recess)

MS. JENKINS: Okay, we will start again. So I think I am going to say welcome to Scott. Congratulations, Jackie.

MR. BOALICK: Okay, thank you, Mary Lee. So we have got quite a bit happening as usual at the Board. We are going to go over, you know, the current events. You actually heard about a lot of those from the director this morning. So we will do a little bit deeper dive into some of those topics. So here is the agenda we had.

I'll just start out with a few opening remarks, talk about some of our current goings on and we also just had an update about oral hearings at the PTAB so without any further delay.

So something I wanted to say, people have asked sort of what is, you know, your vision as the chief judge of PTAB so I thought this would be a good opportunity to talk a little bit about that. So what I'm really aiming to do as chief judge is to, you know, aid in bringing the vision of Director Iancu to, you know, to fruition.

I think we have done a lot in that vein already as you have heard from him but so my goal is to help make sure that our proceedings at PTAB are predictable, that they are fair, that they're transparent and that we will increase the ability of parties to rely on the PTAB in its decisions.

So in those veins, we have done -- we have undertaken a number of initiatives already. I'll speak a little bit to those and again you've heard about some of these this morning from the director but for example to help increase the transparency of our operations. We back in September published our standard operating procedure number one about how we panel cases which is something that we have been doing but we just wanted to make that clear to everybody, how we put the panels together.

And we did just to, you know, make things even more transparent, start a new procedure that if we replaced a judge on the panel we would let the parties know both who the new judge is and the reason why the former judge was replaced. We have in order to increase the reliability and predictability, we put out standard operating procedure number two which has to do with the change in the way we make our cases precedential.

Again the director talked about these and the idea is that we are looking for areas of the law and our procedures where there is uncertainty and looking to clarify that and unify our approach so that parties know how things are going to be handled when they come before the Board.

As far as fairness goes, really what I want to do is make the Board proceedings, both our appeals and our trials, such that even if you don't prevail which, you know, happens well, in every one of our cases somebody doesn't prevail, but even if you don't prevail, that you feel that you have gotten a fair shake at PTAB, that there

is nothing structural that's going on that has, you know, biased the proceedings towards one side or the other. We want to be very fair, give everybody the opportunity to tell your, plead your case, to advocate for your position and you feel like, you know, you as I say got a fair shake.

Of course then it would be up to the Federal Circuit to decide if we were right but I really do want us to be a place where you due process is understood and observed and so that's really my goal is to make PTAB more fair, transparent, predictable, reliable, that's what I'm endeavoring to do. We have been working at this for some time. We are going to continue doing that.

Sort of the future after we talked about all the current initiatives, sort of what the future holds at PTAB is essentially more of the same. We are going to continue to gather data on the changes we've already made and there has been quite a few of them. We are going to look at how that has played out, has it played out the way that we thought it would and if it hasn't, are further changes necessary and so we really view it as kind

of continuous improvement to our proceedings.

And so with that I would like to go ahead and start talking in a little more detail about some of these things that we have been working on. I'm not sure what happened to this, I just want to speak a little quickly about the Board unfortunately the fonts have gone a little crazy here. But we have in the office of the chief judge at the Board, Jackie and myself are responsible for the overall operation to the Board. Both the judges which we have 267 judges currently and we have about 100 support staff from paralegals to IT specialists, personnel specialists, those are the folks that actually make the Board run. They're the ones that actually get our decisions processed, mailed, posted, circulated and take care of the IT and personnel needs of the Board and that's under the Board operations division.

We have four divisions of judges, each headed up by one of our four operational vice chiefs. And then we have a familiar person, Janet Gongola our vice chief judge for strategy. You all recall her from the AIA implementation

days and she helps us with long terms strategic planning and strategic needs.

So I'm going to skip over the next two slides which basically show the Board has steadied in terms of its size and talk about precedential informative decisions. You had heard this morning from the director about precedential opinion panel and we have talked about this in the past as well so I won't spend too much time talking about it.

But just to know that this is really for, you know, very important questions. Most recently the case that we did decide had to do with the statutory interpretation of a provision of the AIA and we currently have a POP request out for an issue in AIA trials relating to what you need to do to establish the date of a prior art reference as a printed publication. So --

MS. MAR-SPINOLA: Scott?

MR. BOALICK: Yes.

MS. MAR-SPINOLA: Oh, I'm sorry. Can I -- let me ask a question.

MR. BOALICK: Sure.

MS. MAR-SPINOLA: In terms of having or

identifying decisions for precedential opinion, who can submit the request?

MR. BOALICK: Sure. So happy to say so for this POP panel process which only applies to live cases, the parties or somebody at the PTO can nominate those. So, you know, a judge, somebody in the undersecretaries office for example a, or one of the parties.

For the second process we have to make things precedential which is a process by which we just designate already decided cases as precedential, anybody, any member of the public can make a request for a case to be designated as precedential. So it depends on which path you're going down.

MS. MAR-SPINOLA: Okay. So if it's live, then the decision will be made by POP? Is that --

MR. BOALICK: That's right. Well, it can be made by POP so you can request the POP panel which is really a panel, let me just flip to the next slide.

MS. MAR-SPINOLA: Yes.

MR. BOALICK: That comes in on

rehearing and consists of the director, Drew Hirschfeld, and myself but the -- but we only sit on cases that are actually susceptible to rehearing.

MS. MAR-SPINOLA: Okay.

MR. BOALICK: A case that's already decided and, you know, already beyond the rehearing phase, then that goes to the second path which is the designation and anybody can request a already decided case to be made or designated as precedential.

MS. MAR-SPINOLA: And is there a time period by which you have to make that request?

MR. BOALICK: So not for the ones that are already decided. So an already decided case and you can see, some of the ones -- I'll flip to that shortly. Some of our decisions that we recently designated as precedential were actually decided some time ago on particular issues.

But if you want to make a request for a POP panel, consisting of the director and the commissioner and myself, that has to be done within the time for rehearing of a decision.

MS. MAR-SPINOLA: Okay, thank you.

MR. BOALICK: And so here are the two cases that we have had with POP decisions and orders. The Proppant Case which we already decided on the joinder statute in AIA and the Hulu Case which the first round of briefs were due yesterday and we received the party briefs and about five AMICUS briefs. So we have got another two weeks till response of briefing is ready and then we will, you know, see what develops in that case.

I'm just going to skip over what Proppant decided and show you the cases that we designated as precedential. And you can see there is quite a few that we have already designated through that second process. These were cases were already decided. If you take a look for example at the K40 case down near the bottom, you can see that was decided in 2014 but it had to do with live testimony and oral argument and so it was on point to something we wanted to make precedential.

So even though that case is fairly old, it has just recently been designated as

precedential. So something that we are also trying to do in these designations is we are trying to come up with a number of cases on the same topic if they happen to exist like any, you know, collection of case law, the case has to be there, it has to have actually had the issue in it and it had to have been decided. So we are somewhat limited in what we can choose from.

But within that limited set of cases, we found for example you can see we had two cases on live testimony K40 and I never pronounce this one right but Depuy, I don't know. I always get that one wrong. And we have had for example two cases on amendments, Electrosonics and Amazon, both had to deal with the subject of motions to amend. And then we have three at the top, you see on real parties and interest so we are trying to come out with a number of cases.

And of course as more cases get nominated, we have a whole screening committee that looks at all the nominations and makes recommendations for what should be nominated. Ultimately it's the director's call as to what cases get nominated and or as to which cases get

designated rather as precedential or informative. We have had -- I'm just going to skip by what each one of these did. These materials are loaded up.

But we have designated a couple cases as informative starting out with ex parte Smith which was designated informative on the topic of 101 just to show a case where not so much for its holding but just to illustrate a case where the PTAB was applying the new subject matter eligibility guidance and in that case there was actually a dissent so it just illustrates that using the same framework, it's still possible to come to different conclusions based on the particular facts or arguments in that case and that sort of illustrates that point.

The other two cases just showed institution factors. These were cases where under SAS because the Board as you know has to institute on all grounds and in claims or none, there were so few meritorious challenges in the petition that even though there were a couple, there were a whole lot of grounds that the Board found were not meritorious and on hold didn't seem

to be a good use of the agencies resources to institute so those were two cases that showed that.

MS. MAR-SPINOLA: So recognize that this is a hypothetical. So if it were the other way around, 20 challenges let's say 15 or 18 were made, the challenged two were not. Do you think and maybe this isn't a fair question, you can say that. But do you think that the outcome would have been different if the ratio was different?

MR. BOALICK: Right. So one thing I do want to say at the outset is there is no mathematical formula that we are applying to this which is why we wanted to be, you know, careful and, you know, not imply that it's a, you know, 20 bad challenges and two good ones we don't institute but if it was, you know, 18 and 4 then it would have been different. That's not at all what we are trying to say.

So it's really sort of a balance of the strength of the merits for example and sort of an overall look as to whether this is something that is -- something the agency should be spending its resources on.

So now certainly if there had been say 20 meritorious challenges and two that weren't, then I think that's a pretty, you know, clear case that the Board would go ahead and institute but, you know, there really isn't a mathematical formula and there are obviously shadings of where it you might institute and where you wouldn't.

So those and I'll just skip over these other ones because we have a lot to get to in our motions to amend area and so I'll go ahead and turn this over to Jackie to talk about what we have been up to in motions to amend.

MS. BONILLA: Sure. I also wanted to add one thing. One of the questions that we get about the precedential cases and informative cases is how do you find out about them? And you can actually sign up to USPTO subscription center. You can designate that you can get decisions about PTAB and we generally sent out email blasts when something is getting announced so that's a way to find out about it in real time.

And also on our website if you check it out, there's a section that has all of our precedential decisions. It has a section for the

ones that are most recent and it also has them divided up by subject matter so you can go and take a look at it if you want to find out what the latest and greatest is there.

MS. MAR-SPINOLA: So to help navigate on the website, I think you have to -- correct me please. You have to put in the search line, this is how I find it the easiest is you have to put in PPAC and it will take you to your home page, your page.

MS. BONILLA: You can actually and maybe it's because I do this search a lot. You can actually just search for PTAB and one of the first hits will be the PTAB home page.

MS. MAR-SPINOLA: Okay. I misspoke. PTAB. Not PPAC.

MS. BONILLA: Yes. Yes. You find it -- when I do that the first hit I get is our home page and then you look at it and you will see all sorts of things and one of them is about our decisions and then you can start linking to the precedential informative decisions.

MS. MAR-SPINOLA: Thank you.

MR. BOALICK: Right. From the front

page you can also find us under the patents tab. There is a PTAB link under the patents as, you know, patents, trademarks, I forget the other area but if you go under patents you will see PTAB as one of the links there too.

MS. BONILLA: So I'll switch gears a little bit. The last time we were here we talked a little bit about this request for comments that we had sent out back in December, sorry back in October relating to motions to amend. Whoops, excuse me. And as you know, back in October 29, we sent out this request for comments. It had a proposal for a new motion to amend process and a pilot program. And we had outlined a very specific process, we really got in the weeds in terms of what was getting filed, when it was getting filed, we had timelines and things like that and we did that on purpose to, you know, hopefully get some really specific feedback which we did.

And so we asked about the motion to amend pilot. We asked about the burden of persuasion after Aqua Products, about substitute claims and we asked a number of questions. And

we received 49 comments by the comment closing date of December 21 and we read all of them and we took those into account and we then revised our pilot program in response.

So what you saw back in March, so it was a little over a month ago, we issued a notice about the pilot itself, the new pilot program. And it in addition to talking about the new pilot, it also provides responses to a lot of the comments that we got. So you see that we talked about one of the things that was raised was issues about the timelines that were proposed and about retroactivity, what the preliminary decision would look like and so on.

So and as I'll talk about a little bit, it also asked for clarification regarding existing reissue and reexamination practice. So we issued two notices, one was the one that went back -- went out in March about the motion to amend pilot and then just a few weeks ago on April 22, we issued a notice relating to options for reissue and reexam while an AIA trial is pending.

So overall, I just wanted to say that there's two hallmarks of the motion to amend pilot

that we tell people. The fist one is that we do expect to be able to get our trials done within the statutory deadline of 12 months absent good cause and we don't consider the filing of a motion to amend to be good cause all by itself. So we are generally trying to get these things done in 12 months and that's what you'll see.

And then also of course these are inter parties' proceedings so both parties get to brief and respond. And the new program provides patent owner with two options. The first one is that they can request and receive preliminary guidance from the Board on its initial motion to amend. If they ask for it in their motion to amend that they file, we will give feedback on the motion to amend and the opposition.

And they also as another option if they wish they can choose to file a revised motion to amend after seeing the opposition to the motion, the initial motion to amend and then also our preliminary guidance if they requested it.

Now one thing to note is that patent owner has the option of choosing neither of those things and if they do that, the AI -- the whole

trial including the motion to amend practice will look pretty much what like it looked before we did the pilot.

So one of the comments that we got was this option to opt out of the program so patent owners can effectively opt out altogether if they wish, just simply by not requesting preliminary guidance and not filing a motion a revised motion to amend. And so what you'll see, I'm going to go over it in a little bit is that the timeline that we have for the different options.

And generally speaking, unless somebody files a revised motion to amend, the timeline is going to look very similar to what we used to have but you'll see that its due dates -- that we have done it in terms of weeks. Let's see. Yes, we have done it in terms of weeks instead of months that gave us a little bit more play in terms of how we were doing things. But again, if patent owner chooses to file a revised motion to amend, then the schedule changes a little bit.

So upon institution, we will issue a scheduling order that looks similar to what

everybody knows and only if patent owner chooses to file a revised motion to amend will we amend that scheduling order.

MS. MAR-SPINOLA: Jackie, are there any other pros or cons for opting out besides the time? You were saying that if the patent owner decides to opt out of the pilot, right, that I think on your other slide you show the exception that the date, the timing could be a little delayed but it, are there any other pros or cons of between doing the pilot versus opting out and doing the usual way, the old way?

MS. BONILLA: I think the main advantage is that, you know, when we thought about this, and we have been thinking about it for a long time as you know, was to try to give patent owners a more robust opportunity to amend if they wish. So we are not trying to promote amendments unless people want to do that. We are really just giving them options if they're serious about amending their claims that they have options.

So I think the real advantage is that they can file their motion to amend, they can

request preliminary guidance if they want it. There may be strategic reasons why they don't want it depending on the particular party so they can think about that. And then after they receive the opposition and then the preliminary guidance if we give it, then they can decide whether they want to file a revised motion to amend or not. They may not want to and if they don't then what you'll see is the timeline that you see here.

So sorry, trying to take a look because I can't see that far. You know, basically what happens is if they -- so whether they file, whether they request preliminary guidance or not, this is the timeline that you'll see. This is the scheduling order that goes out with the decision to institute if there is one. And you'll see that the motion to amend is due at 12 weeks which is appropriately three months, what we used to do before. It's due at the same time as the patent owner response. And then 12 weeks later is the opposition, and thereafter the patent owner reply .

So we worked hard to make the timelines look very similar to what people were familiar

with and also to line it up as people understood it before with the petition track. And then what you see is after, there is an opposition, there may or may not be preliminary guidance. If they've requested it in that initial motion to amend. And if they choose, they can just file a patent owner reply, then there will be a sur reply and that will be the end of the briefing and then we will have that oral hearing at nine months, which again looks very similar to what people understand.

And we did in the -- previously it used to be that the reply in relation to the motion to amend and the sur reply, they were due a month apart. So we actually extended that a little bit by two weeks so that they have six weeks for each of those.

MR. BOALICK: And something, you know, Jackie had mentioned is that some folks actually had asked to please keep amendments the way that they currently run so there is that option, you know, so it really depends. And something we are going to talk about in a little bit is the federal register notice we put out recently on options for

reexam and reissue during the pendency of an AIA trail. In fact the next presentation also will go into a little bit of data on those parallel proceedings so there is a whole host of options.

MS. JENKINS: Jackie, I think you all know that we, I try to take comments from the ether so to speak. They will email me or email the PPAC and I encourage that, I do. I try also to figure out is there a question. So I ask people who are watching you need to give me a question that I can ask. Please. But I read the whole email just so you know.

So and this doesn't, I don't think this ever going to time right as a question but one thing that you might if you could think about answering maybe right not now but is there is a perception that the PTAB is probably not fair to individual inventors or just small companies. And is there -- are there things that -- and I know you -- I know the office is very sensitive to a lot of different questions but are there aspects or procedures that the office is trying to put in place or trying to be aware to try to make this a level playing field for everyone?

So what comes to mind is when you are doing amendment process if you're a small company you might not really be able to afford this if you're trying to defend your patent and then this means you have to hire more people to do more prosecution and so that's one thing. That's one question. How do you try to make this all fair?

And then another question is do you think that you have hired too many judges and that if you had fewer judges there would be fewer instituted decision because you would have fewer people doing the work and they wouldn't be able to spend as much time on each decision (laughter) because you would have more work you would have to get done. So those were two questions so. And ether, I tried.

MR. BOALICK: Okay. So I guess let me just start with the second one. So we have, you know, had the same, about the same number of judges for the past I don't know, three or four years and it has enabled us to handle all of the proceedings, you know, within the statutorily mandated timeframes as well as bring the ex parte appeal backlog down to under 10,000 cases. In

fact, now I think we are actually under 9,000 cases. So we are well on our way to the goal of a 12 month turnaround. Don't forget we do appeals too, not just trials. So we have got enough judges now to where the appeal backlog is on its way towards our 12 month goal. It sits right now at about 14 months from the time ewe take jurisdiction till we decide the case and we do have a goal of 12 months that we have been striving for for some number of years. We are getting very close to actually achieving that.

I don't think we have too many judges. I can assure that the decisions to institute or not institute are made on the merits of the arguments and the evidence that are presented. Not, we've got plenty of work to go around. We have a lot of judges who are, you know, fairly overworked and that's an understatement. So it's not that we have judges sitting around going gosh, what can I write today? Let me do a 20 pages when two would suffice. That's not what's happening. Our judges are actually very busy as it is.

So I don't think we have too many. I

think we are right about the right size. You know, it -- to the extent we were going to do any hiring it would really just be to backfill for attritions but I think, you know, our workload with the judges working pretty hard is about right sized.

On fairness, you know, to small companies and so forth, I mean, you know, we do strive of course to be a lower cost alternative than district court, especially if the district court action is stayed. I understand if the district court doesn't stay then you're paying, you know, for two proceedings.

But, you know, one thing that you know, we are starting to do is we have been working, you now, with patents on, you know, some more information in their inventor assistance center. There's not much right now on PTAB and so we are working to help provide some more information about PTAB, you know, in that area and do a little bit more outreach there so they're are more aware of what we offer.

So you know, I think that, you know, to the extent that something seems, you know, overly

imposing too much of a burden, if you are in a particular case, I would suggest having a conference call with your panel to let them know that something is overly burdensome for you or your resources and, you know, depending on what that is, see if there are other arrangements that could be made.

For example, something we will talk about at the end of this presentation say with respect to hearings, you might not have the budget to fly out if there is a hearing in D.C. We have regional offices around the country where somebody could appear in the regional office and argue your case and we have even made, you know, arrangements for telephonic or video hearings, you know, from a home location in some limited cases. So we have done that as well.

So that's just an area of where you might be able to, you know, lower costs instead of having to fly to D.C. or have somebody else fly to D.C. to argue the case for you. I'm not going to say it's, you know, dirt cheap, it isn't, but it is less expensive than a multimillion dollar district court litigation. You know and --

MS. BONILLA: And then I would just follow up that, you know, we are open to suggestions along these lines.

MR. BOALICK: Yes.

MS. BONILLA: Particularly in cases where, you know, the vast majority of our AIA trials have co-pending district court legitimation which is multimillion dollar stuff. What we are doing is considerably cheaper than that. But in situations where that's not the situation and you're dealing with a small inventor and it really, and cost really is an issue, we are open to hearing suggestions both in terms of reaching out to the panel and reaching out to us to hear about ideas of how we can address that. So we understand that it's an issue so we are open to suggestions.

MS. JENKINS: I think just from my own practical experiences, I think you have to be careful though in saying that you're a cheaper alternative. I think you are an alternative. Cheaper is a relative term and sometimes you can get settled in district court and still have to fight it out with your PTAB. So --

MR. BOALICK: There can always be exceptions and I think that --

MS. JENKINS: Yes.

MR. BOALICK: I think on average it would be fair to say it's cheaper but in individual cases we might be more expensive. And that's not to say if you have a district court case and a PTAB case running in, you know, together, then you know, you are spending money on both. But if you have only got one going on I don't know, I think it's fair to say on average we are less expensive than your average district court. But I get your point.

MS. MAR-SPINOLA: I can attest to that, right. So but I do think that Mary Lee brings up a good point. I would adjust the perception a little bit that it's not about which one is more expensive than the other because more often than not, and probably all that I can think of it's in the aggregate, right. And Scott, you just mentioned it.

It's hardly ever just an IPR proceeding or, you know, something that is taken up just in the patent office. It's usually in addition to

that and whether it's an amendment or a reexam or an IPR, those are all added on to that very expensive litigation.

MS. BONILLA: Although some of those litigations are stayed. I mean, a significant number of them are stayed as well.

MS. MAR-SPINOLA: Sorry?

MS. BONILLA: It is very -- there are a certain number, a certain percentage of the litigations that are stayed pending the outcome of the IPRs.

MS. MAR-SPINOLA: Yes.

MS. BONILLA: And then those --

MS. MAR-SPINOLA: That's true, some are. Some are. But usually what happens is once a decision is made from the PTAB, then the stay is lifted. So what it does is that it might defer the cost which actually is more expensive, right. And so that becomes a tactic as well. But that's not what we are focused on here.

I think that we are mindful as a group at PPAC representing the public is that there are the small entities that the offerings from the patent office or the proceedings before the

patent office are as Mary Lee was mentioning, it's expensive, period. Right. It could be 100,000 and for individuals like myself that would be expensive.

So anyway, I think the fairness issue, leveling the playing field, predictably, all of those reactors will help us wage some of those concerns to be sure. But if you don't have access because of the cost, then that becomes a real issue.

MR. BOALICK: Right and that's something I think --

MS. JENKINS: All the things that -- I'm sorry. All the things that you are doing, you know, it's -- we think you are betting the process but you are also, there's an element where you're expending more money because now I get to decide am I going to amend this patent? And so that's just, you know, it was supposed to be a much simpler process than what it actually has become in all fairness so and the public is aware of that so. Yes.

MS. BONILLA: I mean, the good news is it is an option. It's not something you have to

do.

MS. JENKINS: Exactly. Yes.

SPEAKER: May I make a comment form the audience?

MS. BONILLA: Sure.

MS. JENKINS: The chair generally does not recognize comments from the audience but if you would like to send me an email then --

SPEAKER: Okay.

MS. JENKINS: If you would like to send me an email I will try to get you into the process. Okay. Yes. Thank you.

MS. BONILLA: Should I keep going or are there any other questions? I was just going to keep going.

MR. BOALICK: Right.

MS. JENKINS: I think you can --

MR. BOALICK: I think I would like to say, you know, along the lines --

MS. JENKINS: I have two questions over here.

MR. BOALICK: -- of what Jackie said if there are specific suggestions you have, certainly like to hear those. I mean, one thing

that I think might help a little bit for example the claim construction standard now, you know, we have adjusted to be the same as district court so you don't have the case where you're making different claim construction arguments or arguing a different standard at PTAB then you would be if you had a district court, you know, proceeding.

And if you have your PTAB construction you can take that to the district court and it will be the same standard. You know, we hope it will be persuasive to your district court judge. Likewise, if you have got a claim construction in the district court, you can bring that to PTAB, point that out, and we will, you know, also consider that. But, I'm sorry, it looked like there were a couple of other questions.

MR. KNIGHT: The only thing -- hi, Scott. The one thing I wanted to mention is, you know, is regarding accessibility of the trials to small business and independent inventors. There is no small entity discount for the trial fees. And the PPAC has brought that up before that, you know, the Congressional affairs staff might want

to look at that just to make the proceedings in the front end more accessible to small business and more affordable.

MR. BOALICK: Sure. And I think that's something as, you know, you are familiar with the, you know, the wording of the AIA which our understanding was did not permit the small entity discounts of the trials and that's something that could be fixed congressionally.

MR. KNIGHT: You're 100 percent right. It's nothing you have done or the Board has done.

MR. BOALICK: Right.

MR. KNIGHT: Its --

MR. BOALICK: We would be happy to do that.

MR. KNIGHT: -- in the statute. Yes.

MR. GOODSON: I don't think the problem is the perception the fees are high. The problem is that inventors are getting shafted by the PTAB. That's the reality. My phone is live right now with messages, people wanting me to bring up stuff.

How did the PTAB construe crude oil as the same as gasoline? Well, I have not read the

case. And I understand the issue of ex parte. I, you know, I'm -- what is the mechanism to bring this kind of stuff up when the public brings it up and, you know, I --

MS. JENKINS: Mark, that's the chairs prerogative so I'm also on those emails so, you know, just be aware of that.

MR. GOODSON: Oh, no, no, no. Not some of these. But --

MS. JENKINS: Yes.

MR. GOODSON: That one we are.

MS. JENKINS: Yes. So --

MR. BOALICK: Right.

MS. JENKINS: Okay. It's something that I offer, just to be clear, procedurally, hello ether, it's something that no other chair has done, it is something that I incorporate into the process. This is not a public session, this is not a public accountability. So we are here as a committee to discuss what is going on before the PTO. Just to be clear.

MR. GOODSON: No, I understand.

MS. JENKINS: Okay. And that's not for you. That's for them.

MR. GOODSON: I understand.

MS. JENKINS: So, yes.

MR. GOODSON: But you know you said this is, you know, the public access is right here. How is this brought up if not and believe me I'm not asking for ex parte, I don't know how to do it. People are saying these are legitimate complaints we have. What do we do?

MR. BOALICK: Right. So, I mean, one thing that you can do is, you know, if you have a case here on appeal and you feel the decision was not correct, we have a, you know, mechanism where you can point out where the Board overlooked or misapprehended something if you think for and I don't know, I'm a double EE not a chemist, so, you know, crude oil, gasoline, I'm not going to get into, you know, are those the same and of course its particular case.

But you know, you can, you know, file a request for rehearing and point out that hey, Board, you really blew it on this claim construction, you know, here is where you went wrong. There is always of course the error correction mechanism of the Federal Circuit which

I realize we are talking about small inventors and companies so that's also, you know, appeals are an extra cost but that's sort of the ultimate error correction is to take it up to the Federal Circuit. If you can't convince the Board that, you know, it had made a mistake in the rehearing so.

MR. KNIGHT: I guess I would add that, you know, the complaints that I have heard from the small, you know, small business or independent inventors has just been you know, that they are the ones that their patents are basically being attacked a lot in IPR's. And for what it's worth, I mean, I think that your new claim amendment procedure is really beneficial to small businesses and the independent inventors because they can get a preliminary determination now from the Board and actually have a much better chance of saving their claims than they could under the original procedure.

So, you know, I want to commend you for the new procedure even if it is more costly. I think it is really beneficial for the small business and independent inventor.

MR. BOALICK: Sure and we are certainly open to other, you know, suggestions as well so.

MR. CALTRIDER: I hesitated slightly to turn my microphone on since you, we are disrupting your flow of your presentation and I apologize for that.

MR. BOALICK: No, that's no problem. We are happy to take questions.

MR. CALTRIDER: But while we are raising stakeholder feedback, you know, this one piece of stake holder feedback that I have heard over and over again is the panel that hears the petition to grant or makes the decision on petition to grant is that it often time or almost always as far as I know the same panel that hears the merits ultimately. And I think there is a perception by some stakeholders and patentees that the opinion is formed at a stage when the evidence really hasn't been developed. And then it is really to the disadvantage of the patentee to have that same panel hear all the evidence and decide whether they got it wrong or whether they aren't hearing it objectively at that point. And so I don't know I think this must be a criticism

that's come up before or at least a concern --

MR. BOALICK: Sure, we have --

MR. CALTRIDER: -- but if you talk about fair, transparent and reliable, you know, it has a perception of fairness there whether in fact there is an issue in fact or not I don't know but there is a perception there that the panel is no longer an impartial body at that point.

MR. BOALICK: Sure, and I'll thank, and thanks for that, you know, that comment and you're right. You know, we have heard this well, I think as long as we've, you know, been having the same panel do the institution and the trial so just a couple of thoughts on that.

And, I mean, it's something that years ago we did go out with a request for public input on a pilot where we would keep one judge on the panel and have two judges swap out. I think that was sort of universally disliked. I don't think we got more than one or two comments that thought that that was a god idea. It seemed like it either didn't go far enough or went too far depending on, you know, the points of view.

But so what I can say, you know, about

the way that the judges approached this is they realize, you know, the institution phase was set up by Congress to only present limited evidence and, you know, the judges realize when they're looking at an institution decision you don't have the full story. You only have, you know, the opening, you don't have any, you know, cross examination, no testing of any of the evidence. You know, you may not have had all of the evidence that's going go come in of course because, you know, patent owners, you know, case in chief only comes after you institute.

So all you have is petitioners case in chief, the petition, you have a preliminary response from parent owner. You know, there is -- they know when they're making that decision and hopefully you will see in the institution decisions they're worded with terms like on this record, at this point in the proceedings, so it's signaling a recognition that there might be more to come that where we can change our mind.

One other thing to consider is if we were to do -- well, there's two things to think about if you were to do what was suggested is have,

you know, one panel do the institution, an entirely different panel do the trial. Think about what that might mean for consistency of results or predictability because you kind of knew where that first group of three was coming from and you knew what you had to do to convince them or what hurdles you might have to overcome. When you get a new group of three, you know, hopefully they would have the same view but, you know, people can sometimes look at the evidence and view it differently. I mean, we have concurring and dissenting opinions like any other tribunal so it wouldn't be as constituent as you would like.

The other thing is that it would be a pretty big strain on our resources. So that's another concern that we might have is would we be able to finish the trials on time given the extra resources we would have to put getting three people totally up to speed because they come in with nothing except, you know, hey this was instituted. Well, we have to learn everything about this case. They don't have the procedural history.

You know, some people may think that's a feature not a bug but so we have thought about that time to time and, you know, but I do see the point of okay, it would be nice if you had, you know, three brand new people who haven't seen this before. But, you know, on the other hand we have pointed out, you know, district courts for example handle pretrial motions and, you know, motions to dismiss and so forth. And there is not really a perception that the district court judge is biased against you if you didn't get your 12 B6 motion, you know, granted.

So, you know, hopefully, you know, what I wanted to do is, you know, to assure people and, you know, not only through the words but hopefully you will see it in the decisions that the judges do reverse themselves sometimes from the full evidence comes in, there's a fair percentage of the time where they may have instituted on a ground or found its more, you know, there is a reasonable likelihood its unpatentable and in the end, they find that the case wasn't proven by a preponderance. So that's one -- that does happen where the judges do change their mind, you know,

based on the evidence.

MS. BONILLA: And I don't think I would even term it as reversing ourselves.

MR. BOALICK: Yes.

MS. MAR-SPINOLA: Scott --

MS. BONILLA: I mean, a lot of times when we institute we haven't made a determination. All we have said is that there is a reasonable likelihood of success based on the record we have and then we go forward and the record is different. So it's not even changing your mind, its making a different assessment based on the record.

And there is no pre-conceived bias by the panel in terms of what there doing going forward. They are just making the best determination they can at the time when you're determining whether to even institute a trial. And then you go through the trial and you do it on the entire record. You have the oral hearing and things like that.

MS. MAR-SPINOLA: So I seem to remember that there was I think there was some stats that you all had about how many cases were instituted

and then maybe how many were denied or, you know, whatever the outcomes were.

MR. BOALICK: Right, we have that. It's sort of at the back of this, this presentation.

MS. MAR-SPINOLA: Right.

MR. BOALICK: But it turns out that right about, I mean, and this is just very rough numbers but, you know, about a third of the cases get denied institution, you know, just right off the bat.

MS. MAR-SPINOLA: Right.

MR. BOALICK: Now of course of those that, you know, get instituted there is some portion that settle out. By the time you reach final written decision, you know, that's where we have and I am kind of forgetting the exact percentage of somewhere on the order of I believe like 20 percent where all claims are found, you know, patentable in the end. And there is about another, you know, 10, 15-ish percent where there is mixed results and then, you know, the rest were found unpatentable but a lot had to happen before you got to that stage including opportunities for

settlement, non-institution.

MS. MAR-SPINOLA: Right.

MR. BOALICK: Et cetera.

MS. MAR-SPINOLA: Right.

MR. BOALICK: So, you know, they first had to clear because remember, in order to institute the had to clear a threshold although with SAS now it's a little bit -- some of this is our stats are cumulative and we might end up wanting to go back and kind of do pre and post or really post SAS because --

MS. MAR-SPINOLA: Post SAS, yes.

MR. BOALICK: -- before what we would do of course we would partially institute so the only thing that got into the trial, you know, the only grounds that we would have in our trial were those grounds where we had found a reasonable likelihood.

With SAS, ones that we would not have instituted before, you know, particular grounds now get swept into the trial regardless of, you know, their merit. So it may be something we even want to go back and, you know, look at the statistics.

MS. MAR-SPINOLA: Yes, I think that would be an interesting analysis for us to see. I would say that, you know, when I first joined the PPAC there was this discussion about the death squad, right. And I have not --

MR. BOALICK: I don't say that word but.

MS. MAR-SPINOLA: Sorry that I did. But what I wanted to point out on that was that I don't think that that exists anymore. And I think that the PTAB is making great efforts to really look at the merits, follow the law and SAS is certainly to a certain -- to some extent a game changer and we know that you're following that.

So I know some folks think there is bias and maybe some, in some cases there are to the extent we are all human but I do think that there is improvement so I wanted to mention that.

MS. JENKINS: And I had said earlier to Andrei I think it is important not to do business as usual. It is important to question. And can we make the system better and it's not going to be better for everyone but at least if you look like you are trying to improve it. I know the

questions that come up and I'm getting them is, you know, conflicts of interest with response to PTAB judges, that was a -- I have raised that question to David two years ago. You know, that issue, serial petitions is very hot right now. So and I know the office is looking at all of that and so --

MR. BOALICK: Right.

MS. JENKINS: We encourage you as a committee to continue to do it.

MR. BOALICK: And there was also an attempt to show you that when we panel we and we have a whole, you know, paneling team. The first thing that our paneling team checks are the conflicts that have been identified by the judge. The panel under a whole bunch of factors but that's one of the first things they check, you know.

And we also in order to try to be more transparent about that have published on the website the ethics rules that apply to PTAB judges which the PTAB judges follow. So, you know, that's something that we did want to be transparent about. What are the rules, we follow

the rules, our paneling folks, you know, also, you know, panel with respect to conflicts and a whole bunch of other factors. And the judge ultimately is responsible for checking the case to see if they have got a, you know, a conflict of interest.

And in fact, that's in the SOP 1. If we have a panel change due to a conflict, you know, we will tell you that happened and it can happen. For example our ethics rules, you know, do have provisions for conflicts of people's spouses. So if a spouse changes jobs and, you know, works now for a company that it would conflict a judge out of a proceeding, the judge will recuse themselves even if they had already, you know, they were originally paneled before the spouse change of jobs. Changed jobs, now they have to recuse themselves. We will tell you that under SOP1 that a change was made and it was due to a conflict.

So, you know, those are the sort of things we are trying to do to be transparent. Of course if a party does believe that there is an ethical problem they are free to raise that. I will just note in the incidents that have been

reported, no party ever complained of any ethical issues but parties are free to raise that in a motion for recusal just as you would before any other tribunal if you thought the judge had a conflict then you can and should raise that as a party so.

MS. BONILLA: So --

MS. JENKINS: I think we should maybe move on at this time.

MS. MAR-SPINOLA: Right. So I was --

MR. BOALICK: Certainly the petitioners we can talk about but we, you know, I'll just mention that because there are of course have been and that's been ongoing so something, I don't know why my mic keeps turning off. I think that -- are you doing that Mary Lee? (Laughter)

MS. JENKINS: No. I have a lot of control but not that.

MR. BOALICK: Yes, we will try to see if third time is the charm. Maybe it just gets stirred. Anyway, so I would -- oh that's --

MS. BONILLA: Much better.

MR. BOALICK: Really strong. So for

serial petitions, you know, of course we had the General Plastic decision back in 2017 which I think was somewhat of a game changer in terms of, you know, follow-on petitions. I think you really have to look at the world as it existed before General Plastic and the world as it exists after. And we have come out with, you know, some additional, you know, cases.

They haven't -- and there are cases that I think I can say have been nominated for, you know, institution, you know, modal petitions and institution and if you see one that you like, please dominate it for precedential or informative.

For example we have had cases that have looked at what is going on in parallel district court litigation and where they same claims and the same references were due to be adjudicated before the district court judge before we would ever reach it. We have not instituted. So there have been, you know, developments like that that I think have happened and, you know, we, you know, continue to, you know, issue those cases and, you know, we are happy to consider those for

nomination. So it's something we have been sensitive to.

We realize that while the number of times this happens is small, typically what seems to drive that when you see case with lots of multiple petitions flying around is that it has to do with the litigation and what is going on in the district court litigation be it that multiple parties were sued. That there have been some cases where the judge said, you know, if you want estoppel, you know, everybody has to file a petition.

So we have had cases where what looks like a very high number of petitions turns out to have its apparent roots in what is going on in the litigation. But and I think you have seen through General Plastic we are definitely on the lookout for cases that are abusive. I have seen, you know, some articles. One of them even recently and Law 360 counseling petitions and I think it is good counsel that if you've going to follow or you're going to file more than one petition you need to pay attention to General Plastic and the factors and other things are going

on. Basically tell your story for why do you need more than one so, you know, what are the reasons why you need this?

MS. BONILLA: And I would just add in addition to the General Plastic factors and some of the subsequent cases that have talked about it, we also have some informative cases that relate to when we apply 325(d), when something has -- is the same or substantially the same as something that has been at the office in whatever capacity. So there are factors that we consider there too. So I just wanted to make sure to include that.

MR. BOALICK: Right, yes. Becton and Dickinson for 325(d) but yes.

MS. JENKINS: So I have always joked with Drew that I could spend the entire PPAC meeting on you guys.

MR. BOALICK: We could go all afternoon.

MS. JENKINS: So I think the other side, other parts of the office would be a little unhappy with me.

MR. BOALICK: Yes.

MS. JENKINS: So is there anything, we

are kind of close on time. Is there anything in your presentation that you would like to just highlight before we move eon?

MS. BONILLA: Sure. Let me just --

MS. MAR-SPINOLA: I was thinking on the reexam and reissue we should cover that.

MS. BONILLA: So I was just going to say, I was just going to go through the second timeline but the main thing I wanted to tell people is that we actually did a webinar on the motion to amend notice. We did that last month. If you go onto our website it has both a nice set of slides and a presentation that we gave on the motion to amend notice. So if somebody is interested in filing a motion to amend or think they're going to be part of a proceeding where there is one, I would encourage people to take a look at that to get more in the weeds. So I won't spend too much time on that.

I did want to touch a little bit about the notice that we just put out on April 22. And basically it's a really nice summary for people who may not be as familiar with reissue and reexams generally in any event. And also we did,

this is in response to comments that we got in relation to the motion to amend pilot that people wanted more information about them generally and how they interplay with the AI trials.

So we have some background in there that puts it all, you know, it's not meant to be new information. It's not necessarily even meant to be something that you would cite per say but it's a nice putting together of a lot of information relating to reissues and reexams. So you can see just background information of current practice.

And it also notably indicates when we might stay a reexam or reissue for example pending the outcome of an AIA trial and when we might not. And then also when we might lift such a stay or a suspension of a reissue. So we talk about that.

This just talks about the timeliness of it. Basically you want to make sure you still have a live patent, you want to make sure that all the claims haven't been cancelled in one fashion or another through a certificate. And this just talks about when we, what it takes for us to issue a certificate.

And the main gist of the notice is that

we wanted people to know that you can file a reissue or reexam at any time either before or during or after an AIA trial and including after a final written decision even if there is an appeal to the Federal Circuit. We wanted patent owners to know about that option. If you get an unfavorable decision in a final written decision you have the option of doing reissue or reexam under certain circumstances.

And the general gist is that if there is overlap between what is going on in the AIA trial and the reissue and the reexam there is like I said there's a bunch of factors we take into account. But generally especially because they're on a statuary deadline for an AIA trial will probably stay at pending the outcome of a final written decision.

But after a final written decision, we may lift it if certain things have changed and particularly if the patient owner is engaging in what we call meaningful amendments. Meaning they're really trying to be responsive to what they've learned in the final written decision, they want to amend their claims further, they have

an opportunity to do that.

And we have been telling people that if they ask for it and they want to do both an appeal to the Federal Circuit on their original claims and then go through for example reissue at the office, to go for narrowing claims on the off chance that they don't -- they don't succeed at the Federal Circuit, we will allow them to do that under certain circumstances. This is just noting that all the different factors that we talk about.

So basically if a patent owner files a motion to lift a stay after the final written decision, again if they engage in meaningful amendments, we probably will lift and go forward and this is, this talks a little bit about that. A meaningful amendment is one that, you know, narrows the scope or is responsive to something that was not favorable to them in the final written decision.

And again we just want to reiterate we can do that during the appeal. One thing that we talk a little bit about in the notice is the difference between what happens in reissue versus

reexam. And that can be kind of important. For example --

MR. BOALICK: Right, and I think the notice, you know, does a great job of laying out those subtle differences.

MS. BONILLA: Right.

MR. BOALICK: So I would commend that for your reading, you know, because it does a good job kind of --

MS. BONILLA: Right.

MR. BOALICK: Telling you the differences and it may make a difference tactically to you what you do because of those differences.

MS. BONILLA: I mean, for example you can abandon a reissue anytime. So if you have a reissue going on while the Federal Circuit appeal is you can either file an RCE, you can abandon or you can allow it to issue. So there are some distinctions there between reissue and reexam.

MR. BOALICK: I have just one other slide I would like to show here at the end on our hearings because we do have that, not the camera, but because we have hearings in just a couple more

here. We have hearing rooms in Alexandria, the regional offices, it's one more I think.

MS. MAR-SPINOLA: Scott, actually I was going to ask that you --

MR. BOALICK: Okay.

MS. MAR-SPINOLA: -- you address because there is an interest on the use of the regional offices.

MR. BOALICK: Okay.

MS. MAR-SPINOLA: And if you -- and we in particular how maybe in house counsel if they can access the regional --

MR. BOALICK: Sure.

MS. MAR-SPINOLA: -- or anybody, right.

MR. BOALICK: Right.

MS. MAR-SPINOLA: To observe proceedings here and for PTAB.

MR. BOALICK: Right. So I can speak to that. So there are the four regional office hearing rooms, one in each of the offices. I'll note that Denver was recently renovated so the column of justices that was known for those of you who have been to Denver is no longer there. If

you don't know I'll tell you about it sometime.

So we have had quite a few regional office hearings. You can see that, you know, we have had over 170 proceedings, mostly ex parte but we have had a fair number or AIA trials, you know, there as well. And, you know, so we are having some initiatives right now.

The chief clerk of the Board along with our chief hearings clerk is looking for example at maybe making some changes in the ex parte appeal form that you fill out when you respond to, you know, the notice for oral hearing where you might be able to indicate a preference of hearing location. You can do that now but you just have to contact the chief clerk's office.

And in AIA trials, the parties can jointly get together and notify the panel of a desired location. We will try to accommodate that, you know, if we can. And we are working on and we have done this in particular cases so if yours was one of those cases, please let us know where if you have somebody, say an in house counsel, who can't fly out to the location of the hearing, you can set up an arrangement to observe

the hearing from one of the regional offices. It will be sort of a direct video link into the hearing room and we can set that up if we have advanced notice of it.

It's something that we are bandwidth limited so there is only so many of those we could do simultaneously but if we are able to do that our hearing staff will try to do it and they're in the process of coming up with some enhanced documentation about how to request this which we are going to try and, you know, get posted up on our website to, you know, more formally tell you about it.

What I will say is if you have case and this is something you want, please reach out to either your panel in an AIA trail or to the hearing staff for ex parte appeals to try to make those arrangements which was the last thing I wanted to say other than --

MS. MAR-SPINOLA: Yes, thank you.

MR. BOALICK: -- the subscription center which is where we will notify you of all of the happenings at PTAB.

MS. JENKINS: We only have 10 minutes.

Any other questions? Yes. No, don't do that to me. All right. Should we move on? Yes.

MR. BOALICK: All right. Thank you.

MS. JENKINS: Scott and Jackie, thank you so much.

MR. BOALICK: All right, great.

MS. JENKINS: Don't leave yet. Why don't we just, you never know.

MR. BOALICK: So we have got -- yes, well those are --

MS. JENKINS: It's kind of related, right.

MR. BOALICK: -- that's what we used to talk about. Yes.

MS. MAR-SPINOLA: Well, we should mention that those stats are available as part of the --

MR. BOALICK: Yes, the statistics are available on the website.

MS. JENKINS: The website, yes.

MR. BOALICK: So if you want to go have a look, you can go to the PTAB website and you can find them there.

MS. MAR-SPINOLA: Yes, as well as

the -- your summaries of the precedential and informative decisions. I think those slides are very helpful as well. They're good summaries and so I would recommend that folks who are interested access it through the website.

MR. BOALICK: All right. Thank you.

MR. COTTINGHAM: Good afternoon. I'm John Cottingham, the Director of the Central Reexamination Unit. I'm here with Jason Repko, Administrative Patent Judge and we are here to talk about a parallel proceeding study that we conducted in conjunction between the CRU and the Patent Trial and Appeal Board. Let's see here.

We set out to explore how often the parallel proceedings were used between AIA proceedings, reexaminations and reissues all involving issued patents. We looked to determine how many patents had overlapping proceedings and what was the timing between the proceedings and where they fell out. We attempted to identify trends in the use of the proceedings by the parties. Oops.

When we set out, we set out some methodology that we wanted to use. We wanted to

look at since the AIA trials came into being on September 16, 2012, so that was our start date. So we looked at AIA filings from that date up to March 31, 2018 and we also looked at reexamines and reissues within that timeframe. And we actually went a little bit before hat timeframe before the reexams and reissues to see on those issued patents of how many were involved in like either IP reexams or reexams, reissues prior to the AIA creation.

We analyzed 5,056 patents that were have been challenged I AIA proceedings and their corresponding reissues and reexams. Oops. Here is some of the definitions we used so we could kind of cabin in what we were looking at. A reissue is a an explanation to correct an error of an unexpired patent. We defined reexams as any ex parte reexam, any inter parties' reexam, and supplemental examinations.

I'm going to hand it over to Jason to actually go through the actual study of findings.

MR. REPKO: Thank you. So what we found was 89 percent of patents challenged both at the AIA proceedings and have associated

reexams or reissues there is only 89 percent had only just the petition itself. And overall that's growing because a decrease in the percentage of patents that have received both.

And kind of we have also looked at the timing as well. We have found that typically the reexam request came before the AIA petition when we did have that overlap between the AIA petition and the reexam. And the reissue is sort of the opposite where the reissue application was typically filed or 71 percent of the time filed on or after our first AIA petition. So and also in terms of the ratio between the reexams and reissues about four times as many patents that had an AIA petition and a reexam request and those that had a reissue.

Now taking a look at the breakdown here, this pie chart kind of shows the 5,000, over 5,000 patents that have been involved in these AIA proceedings. You know, here, this is the number on the first slide. 89 percent have just had that AIA petition. The slices on the right show the overlap with the AIA proceedings and the reexam requests.

And I want to make a point to say really this is not necessarily a timewise overlap. This is when the reexam request or reissue application was at any point in time in relation to the AIA proceedings. So in about 8.5 percent of the time we had a petition and some reexam request at some point with respect to that patent.

And that green slice in the middle shows that only about 20 of these patents, 20 out of those 5,000 patents have had a petition, a reexam request, and a reissue. 91 have had just the petition and the reissue. So we are talking about a small number of patents that have been involved in these overlapping proceedings.

And this is the first issue that we looked at was reexams, kind of drilling down a little bit more. I'm not advancing here. There we go. So we will take a look at the number or patents with the reexam request and that were challenged in the AIA proceeding. And kind of what has the trend been over time? That's our first question and as you can see we have seen an overall decrease in the overlap between the patents that were challenged in the AIA

proceedings and that had a corresponding reexam request.

FY '12 was a year when we had very few petitions so you kind of even though it's an outlier, there wasn't much going on at that time. And since FY '15, its ben relatively flat. FY '18 shows partial data and so you can see it's about in FY '16 and '17 you're looking at about six percent, five percent over that time. So overall just a general decrease and this is what attracts in general this decrease in number of reexams.

In fact, a lot of these came before a lot of the reexams where there were overlap came before, they're pre AIA reexams so to speak and we will take a look at that in a moment. And so we also kind of looked at the timing, you know, when was the reexam filed in relation to the AIA proceeding milestones?

The first one we looked at was actually the filing date of the first AIA petition and the first reexam, kind of comparing those two. And so out of the 449 patents that had both a petition and a reexam request, the reexam request came before the AIA petition in about 321 of those.

And this is where I mentioned on the previous slide, a lot to those reexams were pre AIA. And really only about 28 percent of those actually had a reexam filed after the AIA, I mean, after the first AIA petition. And again the denominator here is the number of patents where there was overlap.

We had the on the previous slide we saw there was about 5,000 patents that were challenged in the AIA proceeding so we are talking about 128 patents out of those 5,000 that have had a reexam filed afterwards.

And the next milestone here is really the decision on institution. About 112 of those patents have had the reexam request filed on or after the decision on institution. And that, we kind of grayed out the rest of that pie chart because not all of them have had any decision on institution, only about 409 out of those 449.

And in terms of not all of them have been instituted either, really only about 273 of those 449 patents have had at least one petition instituted.

Kind of looking on the second half of

an AIA proceeding, looking at terminations, again this number has gotten smaller, really 50 out of those 49. 50 out of these 5,000 have had the reexam field on or after. And so far only 31 on or after the first final written decision. So here we are talking about very small numbers and we had in the previously slide showing the trend is going down. It's a downward trend overall in terms of the overlap.

We also looked at stays. So this is where we would almost have sort of truly parallel proceedings in a way and that timewise overlap. You know, how often is the reexam stayed? And this is again the percentage of patents that were involved in both. So that overlapping set. We found that about 34 really had a stayed reexam.

The rest of, you know, 92 percent there were no stayed reexam and as we saw in the previous slide, a lot of those reexams came well before the petition so really there wouldn't be an opportunity to stay anyway. And this is basically just the raw numbers.

We are not looking at the stay percentage because like I said before it's, we

didn't really consider that the timewise overlap. This is just showing you a total of the number we have stayed. Small number. All right.

MS. MAR-SPINOLA: May I ask a question there?

MR. REPKO: Yes.

MS. MAR-SPINOLA: If reexams can't be terminated once initiated, right, that's correct right? Then why would a reexam be stayed?

MR. REPKO: So --

MS. BONILLA: Sorry, what do you mean by terminated?

MS. MAR-SPINOLA: So on a reexam once it's been, I'm going to, you know, initiated or instituted that that proceeding, that cannot be terminated --

MS. BONILLA: So the --

MS. MAR-SPINOLA: -- early before decision.

MS. BONILLA: Right. A reexam will go to completion and it will go under special dispatch until it finishes.

MS. MAR-SPINOLA: Okay.

MS. BONILLA: Unless it's stayed.

MS. MAR-SPINOLA: And so why would it be stayed?

MS. BONILLA: It might be stayed for example if issues overlap between what is going on -- sorry. It might be stayed for example if there is issues in claims overlapping between what is happening in the AIA trial and the reexam.

MS. MAR-SPINOLA: Okay.

MS. BONILLA: There, the Board might stay the reexam pending the outcome of the final written decision.

MS. MAR-SPINOLA: Okay. Thank you.

MS. BONILLA: If the resolution of one would, you know, simplify the other for example. And so there is not two parallel tracks going on at the same time.

MS. MAR-SPINOLA: Okay.

MS. BONILLA: On the same thing.

MS. MAR-SPINOLA: Thank you.

MR. REPKO: Finally turning to the reissues, we have looked at how many patents had a reissue application and a corresponding AIA petition. And how has that changed over time?

As you will see, these are very, very

small numbers at this point. We are looking at, you know, four percent to, you know, less than a percent and so you -- it's almost relatively flat. Not a or, you know, you could say a decrease overall. I'm only talking about 35 maximum. FY '18 is a partial year with two. So a very small percentage, very small overlap between reissues and reexams. And as we said at the outset, really four times as many reexams as reissues in our set or patents with the both.

In terms of the timing in relation to the AIA proceeding milestones, a little bit of an inverse of what we saw before. A lot of these reissues are being filed on or after the filing date of the AIA petition which is probably expected here.

111 patents here, about 78 were on or after and out of that 58 were actually on or after the first decision on institution. And so you will see the institution rate is a bit higher than our typical institution rate. We had 90 of the 11, 111 patents have had at least one petition instituted.

So in this set looking at terminations

as well, and terminations we mean really any termination for any reason. That could be a request for adverse judgment, settlement or seem sort of final written decision. And in here we have, you know, 29 out of the 111 on or after the, you know, any of those terminations.

Out of that set you will see it's again a larger group as Scott was mentioning earlier. About a third ended up getting the final written decision but her we have about 64 out of 111 have had a final written decision in any of their corresponding AIA proceedings.

And so again we look at stays so if that reissue is filed, how often is that suspended or stayed? And you'll see we had 29 out of the 111 with a suspension, suspended reissue. And its notable that we can, you know, suspensions or stays can be done by the examiner or PTAB here.

But again, we are looking at 29 patents out of the 5,000. It's a very small umber that actually end up getting involved in both and also subsequently are stayed.

That's sort of the end of our data presentation here. Just to sort of recap, you

know, we had basically 89 percent of patents challenged in AIA proceedings have really not had any reissues or reexams so that's really the big takeaway here. Any questions?

MS. JENKINS: Any questions? Well, thank you. Thank you very much. So that now leads us I think to customer experience. Chelsea, yes.

MS. D'ANGONA: I don't know if you -- how does this work? Oh. Thank you. I don't know if you all want to just stand for a meet and shake out your legs or something? I know you have been sitting for a while and I'm near the coffee break time of the day so if you would like, please take me up on it and shake out a little.

MR. HIRSHFELD: That is true customer focus right there.

MS. D'ANGONA: Yes. I realize it's a warm day and they've had you sitting here learning a lot of interesting stuff but please if you need to stand or stretch your legs, please take advantage of that. It's an open invitation. I also get restless legs sometimes so I understand.

We will go ahead and jump in since I know

your agenda is very full. I wanted to give you an overview today of customer experience here at USPTO. Did you want -- I'm sorry, Drew, I just jumped right in, is that okay? Okay.

I wanted to share the key terms of customer experience and get us all talking at the same language, focused on the costumer experience background here at USPTO specifically in patents, share what value customer focus brings to organizations as well as the individuals working for those organizations. The link between employee experience and customer experience and then contrary to what it says right there, kind of share the current state of affairs here in the federal government and why customer experience is coming into sharp focus.

So first we will dive into the terms. So customer experience is more broad than just customer service and I'll touch on that in a moment. It's really what a customer thinks, feels and does during an interactions with that organization throughout the entire lifetime of their relationship with that organization. It's throughout any touch point or channel that they

engage with.

A great example of this to bring it to kind of light for most individual in the U.S. is the Social Security Administration. From almost birth you receive a Social Security Number. And as you become an earner in the economy, you have part of the Social Security funds withdrawn from your paycheck. So weekly or biweekly they're reaching in your pocket. And then as you go later in life and mature and get ready for retirement or perhaps need to draw down on disability benefits, you also engage with them then and then of course your survivors may receive benefits from Social Security Administration after you have gone.

So that's a very full life cycle relationship with an organization. I thought it was as good one for federal sector. That could be you are talking to them on the phone, it could be through email, it could be in person. A lot of the time it's actually like a virtual thing. You may even go on a website to engage with their information or find out more from them but that, all of that encompasses really customer

experience.

Customer experience is different than customer service and I think that term is very familiar to many in the room and many throughout the USPTO. Service is really very -- it's very quick. It's not throughout the duration of your experience with an organization. It's one time, it's through a specific channel, it's one touch point kind of thing.

Customer experience is that thinking, feeling and doing. We often measure attitudes and behaviors of our customers and separate that from the feeling. So it's the -- it's bringing that feeling and the person back into the equation.

And you'll see there are four elements of customer experience. The product, what service or product you are providing to a person. The value that that product has to that individual. The service or how well you support those interactions and then the brand or the association they have with you. And this of curse and many of you are very familiar with this I'm sure in your own organizations but I'm just

making sure we are all on the same page at first.

So patents customers are people who are paying for a product or service, right. So for us that's the inventors and entrepreneurs, small business owners, attorneys, those folks in the corporations, paralegals and other IP professionals.

People who use our information are much, much broader group. And so that's our own employees and internal groups, other federal agencies. As you can see, you know, the list goes down.

We also have other stakeholders like Congress and GAO and OIG industry and it gets very wide including our other colleagues in international IP offices.

So here at USPTO, there has been some work in the past to understand more broadly the customer experience. There was an effort in 2016 to bring in an outside group to measure customer experience for trademarks, for patents and for the other kind of mission support business units.

The result of that was an understanding of who those customers are, and the focus is

really on applicants and domestic applicants. So what the group did is they defined what the core personas, or basically like sub-types of our customer set and then identified the pain points that those customers have, and mapped out from soup to nuts those interactions with the patent office.

And I have a picture in my office, it's this kind of convoluted highway looking thing at the top. And we broke it out into the super users, the people who are super familiar, they're on the highway. And then we have a little bit of bumpy road for those who are less familiar, usually the pro ses and the novice inventor type folks. So that came from that study.

Since that group was assembled there has been an effort at the Department of Commerce as well as here from the front office, to incorporate customer experience into the values that are outlined in our strategic document. So Department of Commerce highlights delivering customer centric service excellence in their plan, and then we at USPTO specifically within Patents, one of our goals is to enhance patent

customer experience, which is why I'm here.

In our vision we outline where we want to go, so by 2022 USPTO strives to be a leader in enhancing its customer experiences in the areas of value, good service, quality, reliability, consistency, and ease of doing business. And so we often talk about quality consistency and reliability here, you know, and Marty Rader will come in and share his stats. That's really what he's seeking to in many ways. And then we outline some of the qualities or kiosks of good customer experience.

Recently the Patent's Organization has defined its own vision and mission. The vision is kind of where're we driving to. And the mission is why are we going there. And these very closely align to what I just showed you in the USPTO Strategic Plan. We are committed to being a customer oriented organization that applies customer and user feedback to continuously improve our products, processes, tools, and communications in order to deliver an outstanding customer experience.

And why are we doing that? Well to

contribute to the overall mission of the organization, to be the Number One in IP.

Now how are we going to get there? So we have also developed strategical fees very closely in line, and you'll see the first four are almost identical, if not identical, to what we outlined in our USPTO Strategic Plan. We're going to be creating a CX strategic plan which will have under it our objectives and our actions that we're going to take to actually get to where we want to go, and our mission and our vision.

I wanted to share this with you all to let you know that this is an evolving thing that we're taking on, but it is a fundamental part of the business.

The impacts are many actually. So in customer focused organizations one would see a nine times increase in mission achievement. Also a nine times increase in the competence or trust in that organization. Which is, as you can imagine in government, trust is at -- let's just say there's some room to grow generally for government organizations. So focusing on our customers is one way that we can bridge that gap.

There's an increased likelihood to purchase products or services. And this is great because in the ease of doing business, if people rely upon your product they're more likely to spend more time and money with you. I know this is seeming like maybe a mismatch with government, but unlike many of our peers, USPTO actually has fees that we assess for the products and services that we provide. So this actually fits more with our business that we do here.

Increased customer loyalty. Not only will you likely purchase with us or apply for more patents through us, but you're more likely to stay a customer and come back repeatedly. And we are more likely to realize deeper employee engagement because if there's unity and purpose in mission and people see the value of that in customer outcomes, they're more likely to be productive, which is on the second line. So there's a tie between customer focus and employee focus. I like to think of them as two sides of the same coin.

Employee focused organizations see likelihood of people staying there, being

productive, being happy, they're more likely to recommend the product and services that they work on each day. And this leads to lower turnover, lower cost to actually on board people and retain people, all of those good things. It drives our production numbers and all that good stuff.

Any questions here? Yes?

MS. JENKINS: So this is new, right, I mean new, not like new, new but --

MS. D'ANGONA: Customer experience at USPTO. There is another -- there is a woman that's like me in Trademarks, and she's been for two years, been here for two years. But I am new to USPTO. So I've been on board for about six months.

MS. MARTIN-WALLACE: So Chelsea has been here as our CX Administrator for about six months. But prior to that, since 2016 we really have had this focus on customer experience versus customer service. We've had a team that's been working on driving forward in the Patent side and working with Trademarks as well since that time. But we were lucky enough to have Chelsea come on board, who had just this wealth of experience in

customer experience that can now help us really move it forward.

MS. JENKINS: I was just thinking, well have I missed something? But I know behind the scenes you were doing a lot. So I think it's important.

MS. MARTIN-WALLACE: Yeah, we have been doing a lot, but this really helped us really accelerate everything that we were doing.

MS. JENKINS: I think it's important for the user community to know that. And, you know, I applaud. I think it's a great idea to do, and I think it's needed. And I think that people, when they're asking questions and trying to have issues across the board for PTO, it's good that they know that there is something like this going on.

MS. MAR-SPINOLA: Marylee, I have a quick question.

MS. JENKINS: Sure.

MS. MAR-SPINOLA: So Chelsea first, let me applaud you for a really nice presentation, especially for a newbie. It's great, like your style, and appreciate the substantive aspects

too.

I did have a question. In your slide that's the 2016 CX Study, the last bullet point was identified seven major pain points along customers' journeys. Can you share any of those seven pain points with us?

MS. D'ANGONA: Yes, I can.

MS. MAR-SPINOLA: Thank you.

MS. D'ANGONA: Yes, I'm happy to. I won't remember all of them off the top of my head, I'm sorry. But some of them are related items. So one of them is how do I get started? Basic, you know, understanding of what the patent application process, how to get in the door, and which one to file and all of that kind of stuff. Just very, very basic awareness of that.

Another one is how do I find out my status, and make that accessible and transparent to folks. And there's one about perhaps this perceived disconnect between, you know, my examiner and I don't really seem to be on the page, why might that be? Again, that's an opportunity for more transparency and communication.

Those were like ones you had alluded to.

And we have on the side, those are from 2016. I know there have been a number of different efforts across not only patents but across USPTO and particularly in partnership with OCIO. And folks in Rick's shop have been doing a great job in trying to bridge some of those opportunities to make things more transparent through MYUSPTO, for example, MYUSPTO.gov, for example, and through connecting some of the dots with the contact centers and other opportunities like that. So there are things that have been in the works for a long time, but I think a lot of it just hasn't been as coordinated perhaps because a lot of those folks are doing it, you know, they're doing their regular job and they were doing some of these things on the side.

MS. MARTIN-WALLACE: And we can get the list of all of those pain points to you. We'll follow up with you on that. But Chelsea is right, you know, it's the simplest thing. So we live in a very legal driven community here, society, so it was very difficult at times.

A very simple example for everyone is the ADS. It does not matter what your customer

persona is, whether you're the novice that's never been here before or you've been working this field for 20 years, that form will trip you up. So in working towards this, and specifically in Rick's area, they've developed an instructional form to help people get through the ADS as well as some changes, some revisions have been made on it based on feedback from our customers, and delivering better customer experience.

MR. HIRSHFELD: Yeah, I'll just add, you know, two themes that I took away from that 2016 Report were first, and Chelsea hit on this in her remarks, but I'll just repeat it for completeness.

Is one than our less than frequent users are where a lot of the pain points are. The people who aren't familiar with the system, don't know who to call, don't know where to go to. And Valencia and her team and many others throughout PTO have done an awful lot there with the pro se assistance center and other types of approaches.

The second main point was we really needed to have, and this isn't so much as a pain point as it was a take away from the larger report,

we really needed to have a more concerted focus on customer experience, excuse me, and that's where Chelsea comes in and how she ended up getting to the office.

MR. LANG: This sounds like very valuable work in making it easier to interact with the Patent Office and Rene's presentation, Chelsea. But I want to be very cautious about, you know, how we define, you know, customer experience. I recognize that there's, you know, I think there can be some hidden traps in analogizing the work of the Patent Office and improving the experience of the customer to the work of a corporation. The Patent Office, even though it's funded by user fees, is a very different animal and in making legal determinations, it's deciding who is getting a legally sanctioned monopoly in using a particular invention. It's making decisions in the PTAB about which patents should stay in force and which ones should be cancelled.

And inevitably in making the right calls on balls and strikes there are going to be people who are happy and there are going to be

people who are unhappy. And if we over metric people's satisfaction we can do an injustice to what the primary mission is, to make these call accurately rather than make sure that everybody is happy. So if we make a decision, if we were to grant everybody's patents as they were initially filed, we might have a lot of happy applicants.

MS. D'ANGONA: If I could speak to a little bit. I have familiarity with that, and I think what often happens is you're very right, it's one of several different elements that we would be looking at as we're thinking about the helpful organization, the effectiveness of our organization at the mission. And that's why the consistency, reliability, and quality are so high on the list for people when they're thinking about how satisfied they are. It's not that you're going to get a 10 out of 10 when you get rejected, but it lessens the blow if somebody knows exactly why and they understand how to do a better job the next time or can take themselves out of, you know, not have to spend that time and energy and those resources up front if they know that they are

going to get caught in a trap in the middle or something, they can better prepare. And so it's on us to figure out how we can best prepare them and set those expectations realistically for them up front so that our examiners don't waste their time and they have better things to look through. It's more rich information to look through so they can make a better determination faster. Go ahead.

MR. LANG: That's great. You know one question would be would you consider, you know, collecting feedback for example from litigants, both plaintiffs and defendants who were enforcing and defending against patents, how they feel about the work of the office after they've been through that experience?

MS. MARTIN-WALLACE: I love any kind of data I can get. That's a conversation Marty and I will have to figure out. But, yes, I think that's a good point. Sorry, sir.

MR. GOODSON: Real quick. The one thing I hear, biggest complaint, and I don't know how hard it is or easy to fix, is some consistency in prediction of when an application will

actually be examined. They say, well, you go to the dashboard things like that. No, if we knew, you know, what month. And I know we're going to slip up, but that is a common complaint.

MS. D'ANGONA: Thank you. Yes. And we have so much information. Oh, I'm sorry, Valencia.

MS. MARTIN-WALLACE: I can speak to that a little bit. So you're absolutely right, we get a lot of feedback about that. We do have a calculator that can automatically calculate for an applicant for about when they will get a first action. But some of them don't like using it, they like to speak to someone. One of the services we have at the patent ombudsman is our representative ombudsman will talk to application and give them that calculation, as well as explain to them where to find it if they would like to do it themselves.

But you bring about a great point in that our web page is not necessarily the most easily manipulated or user friendly. And that's one of the thing that Chelsea is working on right now with other areas of the Agency to make sure

that it's a lot easier to find what's needed on our web page.

MS. D'ANGONA: I did want to touch a couple of slides back. I haven't quite finished my presentation so I did want to give you a little bit of the grounding and why customer experience now is really coming into focus. And I'm happy to take any additional questions as well but just at the very end.

Oh, yeah, you all know this, bad experiences drive customers away. I know that we have a very captive audience, but making it difficult or not including them in co-designing things that are for their benefit, may hurt us in terms of getting that cooperation and having a more, yes, cooperative set of interactions during interviews and throughout the rest of the process as well.

So you all will have this stack. I encourage you to kind of look through this list. We talked about consistency and reliability and how important that is. That's Number Two. Transparency is Number Three. Simplicity of the ADS form, for example, Number One. Or, you know,

the notice of missing parts forms, right? Being simple, being clarified for people what's going on with their applications is of utmost importance. And that's based on perceptions from customers who are served by public institutions in 2018. So you can see it's timely information.

Now to the external drivers, we have two branches of government that are really pushing us to look at customer experience. We have the Legislative Branch, who's passing bills most recently in the end of December, there were two bills that were passed. One is about digital experience improvement, leveraging, customer feedback and information to drive enhancements to websites, to simplify forms, to digitize those forms and make them compliant for audiences that have accessibility needs.

And then on the other side we have the Executive Branch which has been trying for over 10 years to formalize customer experience improvements for Federal programs. You could even say the concept really even goes back during the Clinton/Gore years when they were doing

different things like that. But it hasn't really crystalized into what we have now, which is in the present management agenda that was last spring of 2018, one of the transformative areas where they wanted to drive improvement was through customer experience. And so they set a cross-Agency priority goal, it's Goal Number Four, to improve customer experience with Federal services. And the teeth part of it is codified in OMB, or the Office of Management and Budget Performance Requirements, which is called Circular A-11.

And it's all kind of dry, Tony Scardino knows more about the A-11 than anybody else, he could tell you about it. Essentially it codifies these reporting requirements that we are on the hook to deliver. And so we are designated as a high impact service provider in government. We're one of roughly 30 Agencies or offices that have been picked because we have a high impact to the population that we serve. As such we're required to submit a self-assessment annually to the Office of Management and Budget. That does not get published. However, it does form an action plan that will get published. Our first

action plan is due at the end of June.

We also are required to collect information on customer experience and then aggregate and report out those data on a quarterly basis. And so we're doing our second report on that.

Because of the nature of our agreement with OMB about what can be collected and what can be publicly released, we do have something prohibiting us from sharing it publicly right now, but we're in the process of removing that blockage so that we can have our ability to share data publicly and leverage those data to inform our products, processes, services, guidance, and all of that good stuff.

So that's why we're really focusing on it now. We have these two levers really honing in on this topic. And the good news is there are a lot of us across USPTO, myself, my colleague in Trademarks, and others in CIO and our communications shop and our other areas of the Agency that are working together to address these different things.

MS. JENKINS: All right. Thank you.

Now we're going to have to move on, sorry.

MS. D'ANGONA: Okay.

MS. JENKINS: Chelsea, thank you. Welcome to your first PPAC meeting. So where's my legislative folks? You're going to get me back on time. Thank you.

MR. COLARULLI: Two for the price of one today, Marylee.

MS. JENKINS: I'm sure you've told Brandon all the ins and outs for PPAC. And how you're always helping me catch up on time.

MR. COLARULLI: Often that is my task, or Tony Scardino's task. He's also very skilled at that. And we'll try to make today no exception, although we've got a couple things to talk through.

So you get two for the price of one today. I'm here with Brandon Ritchie, who has been a Senior Advisor in the Undersecretary's Office, and we're here essentially as a transition. As all of you know, I'm leaving the Agency as of tomorrow is actually my last official day. I've been here at PTO nearly 10 years. I've been honored to serve PTO and the country in

this role. And it's been a tremendous, tremendous experience for me.

And mindful of your guidance to try to keep on time, if you'll indulge me. I've had the opportunity to support enactment of major IP legislation that's addressed substantive issues, that's harmonized the system, and certainly that supported PTO operations. And all of those things, I think, have fundamentally improved the system. I hope added more certainty, although there have been, whenever there's legislative change there's some uncertainty for a bit. And it's the role of the office, and frankly with the help of the PPAC to try to address those things as best we can.

I think this body, I've always said, and you all have heard me talk about the challenges up on The Hill now for the past nine plus years, plays a critical role to help the Agency figure out the best path forward in some of these things. Frankly, as a voice piece to say whether it makes sense or it doesn't. And, Marylee, you've not been shy to say what you think made sense, and to really look at some of those issues, and I think

you should continue playing that role.

Between the American Events Act, supplemental appropriations, the Defend Trade Secrets Act, TEEP in 2010, including an extension, major implementing legislature for treaties, I really have had an amazing, amazing ride here at PTO. And I think Brandon will be able to hopefully take up the mantel, look for opportunities to make PTO more visible, create opportunities to outreach, particularly to The Hill, which is such a critical body. Both which asks many, many questions about PTO, and require that basic education, but also can help the Agency really do its work.

So I just wanted to say to all of you, thank you for your support of my team. And I hope that you'll -- I'm going to pass it to Brandon. I hope you'll give him the same support. The Agency still has many challenges up on The Hill to come that he's going to need to advocate, you'll need him to help you to advocate as well. So. Thank you.

MS. JENKINS: Dana did me a favor. I found out that he was leaving and I asked if he

would come back for our final PPAC meeting. And we, as a committee, we would just like to thank you for all your insight and support and knowledge and just keeping us on top of all the activities and strategy and everything that the PPAC does try to do. So thank you, thank you, thank you. So.

MR. COLARULLI: Absolutely.

MS. JENKINS: Brent, welcome.

MR. COLARULLI: Happy to do it.

MS. JENKINS: I don't know if you were behind, so you just heard me talk about we're behind.

MR. COLARULLI: Now you're a little bit further behind.

MS. JENKINS: Yeah. But, no, important, obviously your role is important to us and to the user stakeholder community. And we welcome you and your depth of experience and expertise. And I think we should just punt it to you. So welcome.

MR. RITCHIE: Okay. Well my first order of business is to work with you to make this go quickly, but also be informative. So that's what I'm going to try to do. And it's a pleasure

to be here. I echo the thanks to Dana, he's done a tremendous job, and it's big shoes to step into, and I'm going to be in communication with him as we move forward.

I'm not going to go through the background, but I'll just say for me, I've been on The Hill for 16 years, and on the House Judiciary Committee serving as their Chief Counsel for the past six. And before that, 20 years ago I started as a Trademark Examiner here at the PTO, so it's nice to be back. And so with that we'll move on.

You know the 116th Congress is up and running. Since the last meeting, the Senate has stood up a subcommittee on IP. That's a new thing, they reinstituted that. And on that subcommittee Senator Tillis from North Carolina and Senator Coons, are the leaders. So we've had some interactions with them. But that was the first note, first development.

I'll go to the next slide. The focus so far of this Congress, it's been an interesting one. So far they've focused on oversight, and in the Senate they focused on oversight and

nominations. They're really trying to crank through many, many nominations, presidential nominations over in the Senate, and then of course legislation.

So the first topic we wanted to just quickly go through is some of the oversight activity. And we've had quite a bit of oversight activity already this Congress. In the Senate, again, we've had the Senate IP subcommittee had their oversight hearing of the U.S. Patent and Trademark Office where Director Iancu testified on March 13th. Also the Senate Appropriations subcommittee on CJS had an oversight hearing where Director Iancu testified on the House side and on the Senate side.

They also had, each of the subcommittees had an oversight hearing featuring the USPTO Gender Diversity Study, which received accolades. And there's a lot of interest on both sides of the Capitol, especially in the House right now on our efforts to do more outreach to reach women inventors and the other underserved communities. And Director Iancu has been doing a lot on those issues. And next oversight

hearing is next week. On May 9th we're going to be up there before the House IP subcommittee on Thursday at 2:00. It's been confirmed now. And we expect that this issue will be a big topic of conversation as well as a plethora of others, including Section 101 reform, which Congress is very focused on right now. Okay. So with that we'll go to the next one.

So again, making this brief, the hot issues right now in Congress that relate to patents are drug pricing and Section 101 reform. Those are the two biggies. The House Judiciary Committee this week just marked up four bills dealing with drug pricing. And we're monitoring very closely those bills, you know, also providing technical assistance, or technical information I guess is a better word for it, when asked.

On Section 101 reform in the Senate, Senator Tillis and Senator Coons, they're leading the charge on that in collaboration with the House Leaders. So Chairman Nadler and Ranking Member Collins are also participating in those roundtables. They've so far held a number of

roundtables with stakeholders invited. They've invited us to sit in on those meetings, we've been sitting in on those meetings. They put out some guidelines they want to follow, and the next step would be them putting together a draft, which they haven't done yet, but they're working on it and they're trying to be very diligent about it. So we're staying in touch with them, available to answer technical questions and things like that. So those are the two big patent related topics this year.

So some of our priorities, we, you know, again, we're paying very close attention to Section 101 reform. Interesting to note, a lot of the efforts so far have been generally in line with the guidance that the USPTO put out earlier this year.

The second priority is we would like to have authority to invest the fees that are in the Operating Reserve. I'm not going to go far into that because Tony will be able to answer any questions about that when he comes up in a minute. But that will allow us to achieve greater savings, and other Agencies have that authority, so we have

been contemplating that and talking with folks about that.

Another one is the IP attaché rank. We have IP attachés in more than a dozen countries I believe. And they are experiencing some problems with getting high level meetings. For instance with the Registrar of Copyrights of, you name the country. They're not getting into those meetings. So we've been talking about trying to see if we can get their rank elevated a notch so that they can be part of those meetings and welcome in those meetings. Where these technical discussions often happen we would like to have IP attachés who are the experts on patents and trademarks, in those conversations.

And then clarifying the statutory authority regarding operations during interruptions. There are a number of ideas there. One is when we have a problem, weather emergency, technical emergency, being able for the Director to suspend the deadlines for a day when that happens. So those are some of our legislative priorities for this Congress.

So again, part of our mission is to just

communicate to Congress and make sure that they understand what our priorities are and also that we are listening to and understanding what their priorities with respect to legislation or oversight, what they are. And just making sure that communication, that relationship, is there to avoid unnecessary problems.

So that's pretty much the presentation. Happy to answer any questions you may have.

MS. JENKINS: Any questions from the Committee? No questions, wow.

MR. RITCHIE: I think we achieved your goal.

MS. MAR-SPINOLA: You're being too easy on him on his first appearance. Come on.

MR. COLARULLI: It's just his first meeting, right. But thank you, Dana.

MR. RITCHIE: Thank you.

MS. JENKINS: Finance budget. Anybody want to talk about that?

MR. SCARDINO: I don't have a speaker.

MR. COLARULLI: Yes, you do.

MR. SCARDINO: Good afternoon. And thank you for having me, as always. We will go

through the usual agenda. But before I do so I just wanted to publicly thank Dana actually, for all of his many, many years of service. And specifically, you know, Dana's been here roughly a decade, I've been here eight and half years, and I cannot literally tell you how many times he's been helpful with helping me along the way of briefing appropriators, authorizers, stakeholders, other government entities. I've never seen Dana flatfooted, never seen him at a loss for words. In terms of any question posed I always felt more confident having Dana by my side, including today for the last time officially, publically, and professionally, but not personally. So I just wanted to be on record that we certainly have had quite the partnership and teamwork, and couldn't have been as successful without him. So thank you, Dana.

MR. COLARULLI: Thank you.

MR. SCARDINO: All right. We will go through three budget years as always, and then talk about fee rule making and the fee review that we're just starting. I don't know why this is skipping so fast.

So since we met last of course we had the lapse and then we met, we were under a continuing resolution until February 15th, and then a full-year appropriation was enacted, providing us with the amount of funding that we had requested, as well as the authority to put any money that we received or collected above our appropriated amount into the Patent and Trademark Fee Reserve Fund.

So we got everything we wanted in that respect, transferred money to the IG like we normally do every year for their audits.

Right now, this is a lot of numbers here, but in a nutshell, we're collecting a little bit above what was planned for this year on the Patent side, you know, to the tune of less than one percent, but it's still always better than the opposite, which is less than we'd planned. So things are going well in that perspective.

However, we are, as we had planned, we are spending more money than we're collecting this year. So that means we dip into the Operating Reserve. You'll see, you know, we're going to collect a little bit more than three

billion, we're going to spend closer to 3.1 billion. It's about a $66 million delta. So at the end of the year we're projecting an Operating Reserve of $271 million.

As we all saw and lived through, the Operating Reserve was critical for surviving and operating during the lapse of appropriations. We had more than this in our Operating Reserve when the lapse started. Our goal is to have a floor, a minimum of $300 million on the Patent side of the house with the Operating Reserve. So this is always something that causes us not alarm, but certainly causes us to spur some action. And the action would be reviewing our fees to make sure that we've got appropriate funding. So we'll get to that in terms of what that means next.

But as I mentioned, as much as we are actually a little bit above plan in terms of collections this year, we are a little bit below last year. Less than one percent last year at this time for collections. So pretty nominal.

For 2020, due to the lapse, the administration submitted a budget later than normal to Congress. Usually it's the first

Monday in February, this year it went up to March 26th. As Brandon mentioned, quickly had an Appropriations Committee hearing the next week, Director testified. So now that the hearings are over, eventually the committees will get markups on each side and then they'll have a conference. We'll get a number, and the hope of course is that there will be an appropriation enacted by October 1st so there would be no lapse. Many years prior we've had things called continuing resolutions instead of appropriation enacted, but we remain hopeful.

As you'll see here, the 2020 budget allowed, the priorities are very similar to what you've seen in the past. Right? Slightly different wording, reliable and predictable intellectual property rights. Of course our goals are always to shorten pendency, enhance PTAB proceedings, and then of course shore up and invest in our IT systems. That's both our legacy as well as modernizing them and replacing them with NextGen.

And finally, the third year is planning for the 2021 budget. We're in the process of

doing so. We'll work on it over the next few months, submit a draft to the committee in August, and then eventually it has to be submitted to the Office of Management and Budget by September 9th. So we look forward to getting your thoughts later this summer, and then you'll get another bite at the apple, you'll see the budget again before it is officially submitted to Congress next February. You'll see it in early, probably January.

So status on fee rule making. We are just finishing up the Notice of Proposed Rule Making, or NPRM, within the administration. And we hope to publish it later this summer. And this again stems from the hearing that you conducted last year.

And the bi-annual fee review. Sometimes it's a little confusing to folks when I talk about a bi-annual fee review because I just literally talked about a Notice of Proposed Rule Making that won't put new fees into effect until next summer, at the earliest. What we're actually in the process, every two years the CFO Act requires that we do a fee review every two

years. And so we started one in 2019 here in January. The NPRM that I just I spoke to, is the result of the fee review we started in January of 2017. So we've actually lapped it a little bit. We've got two going on at the same time. One is the results of the fee review, and the other is beginning a fee review.

So if I haven't confused you too much, I'm certainly willing to take questions and comments. Even praise.

Actually, before I know you had a question, Mark. One thing I'm derelict on, and I didn't do this all that well last week with TPAC. I wanted to thank Drew and Rick, specifically, as well as their teams. And the lapse was a very challenging time that we had never gone through before. Thirty-five days was fairly unforeseen. We did not anticipate such a long lapse. And it was a tremendous amount of work, as much to the stakeholder community. Looked like, you know, we were open for business as usual, but the reality is we weren't. We weren't doing any traveling, we weren't doing any training, we were curtailing hiring. So we were crunching numbers

more than daily, more often than daily, crunching numbers, trying to extend the amount of money that we had so that we could extend the amount of the time we stayed open.

So Drew and Rick and the Patent's Team was very influential because, oh, yeah, they spend most of our money. So if they couldn't hold back then we wouldn't be able to stay open for as long.

But I also want to put a plug in for the Office of Procurement as well as the Office of Planning and Budget. For the folks that work for me and they work for the organization, and they did a tremendous amount of work, extending the amount of time that we could stay open. And there's a lot of touching of contracts to just fund them just enough time to make them extend. Normally we fund contracts for a year, we were funding them again for three weeks, a month, we just had to keep touching them. It's a tremendous amount of work behind the scenes as well as our Office of Planning and Budget doing all the forecasting to try to figure out how long we could stay open. So. Mark.

MR. GOODSON: You know you and I sparred yesterday about raising fees. Truth is it costs what it costs, and I know not everybody at the table feels the same way as I do. But the fees paid to the Patent Office are de minimis compared in the prosecution of a patent. They're maybe 10 percent compared to attorneys' fees. So.

MR. SCARDINO: Well I appreciate the comment as well as the support. But the reality is, Mark, it's our responsibility on both sides of the ledger to make sure that we're spending our fees wisely and prudently. And Director Iancu is very vigilant about that. Private practice, he ran an organization and was always very vigilant there, and he's just as vigilant here. He treats every dollar like it's his own. So it's a good guy to work for, trust me as a CFO.

MS. JENKINS: Other questions? Looks like.

MR. CASSIDY: Yeah. Thank you again for the hard work during the lapse and subsequently it's really a source of comfort to those of us in this role to see how diligent and

clever people were in keeping the office open.

I want to ask about the IT spend that's coming up. I view operations and initiatives as two different buckets. And I think in this situation we have fallen behind, not because of anyone's fault, but probably because of the advance of the IT technology space, we're behind. And that is going to catch up with us at some unfortunate moment in the future.

And so I view the restoration of, I think state of the art would be just about right, IT system as key to the future of the office. And I wonder if you would consider a surcharge for users during a period. Let's say it takes us three years to get back to where we need to be. Maybe a six year surcharge so it's not all visited upon one group of temporal applicants. In order to do it right, and to do it without violence to the other aspects of the office's hard work.

MR. SCARDINO: That's an interesting concept, Barney. As you were posing that question I'm trying to think. You know, since we got fee setting authority it's really our responsibility to set fees at a level where we

capture all of our costs. And if our IT costs are going up, I think it then behooves us to set our fees at the right spot.

Surcharges were very handy when we didn't have fee setting authority because we could just increase by CPI and we were misaligned I think in terms of what our fees were versus our costs. And, you know, Dana was here for more of that than I was. And we did have a surcharge right after AIA was enacted. And it's kind of free money, right, in terms of, you know, we're not providing any additional services. But it is food for thought.

I know Jamie, I think he's speaking after me. I'm not fond of giving anyone a blank check but certainly Jamie's got the full support of the front office as well as the CFO's office to get done what he needs to get done. We're just still in the assessment phase. But it is a good point that we will certainly consider.

MS. JENKINS: Well just touching on that point. So is that something though, because I've lived on this committee for several different Directors. Is that, though, something

that would need to be legislatively driven?

MR. SCARDINO: Absolutely, yes.

MS. JENKINS: It would maintain and not be changed if and when the new Director --

MR. SCARDINO: We have fee setting authority.

MS. JENKINS: I'm not suggesting Andra is leaving, do not start a rumor. So that would have to be done, right?

MR. SCARDINO: I would have to check with our esteemed lawyers, but we have fee setting authority. I'm not sure if within that we have the ability to just set a surcharge.

MS. JENKINS: Interesting, yeah. So I think something too, that you kind of quickly went through, and I think it's important to get out to the user community is, and help me here. Isn't October 1st another possibility of another key date for the government?

MR. SCARDINO: So our appropriation expires September 30, just like all Federal agencies at least. So, yes, that would be a key date that we would either need an appropriation enacted, a continuing resolution, which is

actually an appropriations bill, it's a short term for appropriations bill. Or, you know, in the absence of either of those you would have what's called a lapse of appropriations, like we've had in December and January of this year.

MS. JENKINS: So do another leading question. So you just said though that the Operating Reserve is lower than it was at the time we had the government shutdown.

MR. SCARDINO: Correct.

MS. JENKINS: So what is being thought about for that to get it higher in case we need to have the Operating Reserve at least, I know you said it wanted it at a level of 300.

MR. SCARDINO: Right.

MS. JENKINS: But are there mechanisms in place? I'm sure you're thinking about this, but I think it's important for people to hear this too.

MR. SCARDINO: Right. So one is that the Notice of Proposed Rule Making, we're trying to expedite it to the end extent that it would be possible so that new fees would go into place sooner. But that's still at the very earliest

won't help us until next summer. So we'll already be several months into the new fiscal year. So not immediately helpful if October 1st was a challenging point.

So what we will do, and the Director will make sure we're doing this, along the way, between now and October 1st, curtailing spending or at least have identified areas where we could curtail spending. But it's always a brake and the gas pedal, right? Because the more you curtail spending, the more we're not getting things done. Like people didn't travel or train during the lapse. Well eventually that comes back to bite you. So what we've done is we're having continue operations, normal operations this year since the lapse, since the appropriation was enacted. But we could reach a point in time later in this fiscal year where, like you said, we could do what we can.

But again, there aren't a lot of great levers to bring more money into the Operating Reserve. We're mostly salary, comp, and benefits. So short of a lot of people leaving our roles, you know, we need to continue hiring.

Otherwise long term we're going to lose out.

MS. JENKINS: Right. And arguably, since you would have, in theory, a lower Operating Reserve, you then would not be able to keep the office open even though the discussion at the time was to have Patents close and Trademarks remain open for a longer period of time. If you have less money you can't do that as long as you did last time.

MR. SCARDINO: Correct, absolutely.

MS. JENKINS: So key things that the user community needs to know about is the importance of fees and continuing the operation of the office and be mindful of that. And Tony and his team, and I'm sure the Director too, is on top of this. But it's something the user community needs to be aware of.

So sort of along the lines of the surcharge argument, it is also an idea that trying to get the user fees available when there is a government shutdown. So a very narrow exception for the office to be able to get those user fees. So you want to try to say anything on that?

MR. SCARDINO: Kind of out of our

bailiwick. I mean it's not really our part of the administration's call on that. We would certainly support it, but right now we're part of the appropriations process through and through whether it's, you know, lapse of the appropriations means we don't have access to the fees that we collect, right? We can still collect them, we just can't spend them until there's an appropriation enacted. If that changed we would certainly be more than satisfied, and, you know, I think it would benefit the IP system, have no disruption.

Again, we didn't have a disruption that was visible during the 35 days of the lapse. But if it had gone 45 days, yes, we would have shut down on the Patent side of the house for USPTO.

MS. JENKINS: Thank you, Tony. Anyone else? No. Okay. All right. Thank you. Thank you very much.

I think we have one more topic, IT. Jamie, I'd like to welcome you. I haven't met you yet, but welcome to USPTO, and welcome to the challenges that you face and the questions that we will ask.

MR. HOLCOMBE: Well thank you very much. I felt a warm welcome from everyone here. This is only ending my second month, so it's been like a fire hose trying to understand all the different items and issues that are challenging the USPTO. But I'm very happy to be here.

I actually hail from industry. I've worked at the Harris Corporation for about eight years, where I was President of a company called CapRock Communications. We actually supplied satellite and terrestrial coms to the DOD and intelligence realms.

And prior to that, I understand all the NPRM talk, because I actually was the CIO at USAC, the Universal Service Administrative Company. And if you look at the bottom of your phone bill every month, there's a little thing called the Universal Access Charge. And we collected and disbursed that. It actually aggregates to about eight billion dollars a year, and it's a great service. If you're out in the middle of nowhere the phone company is reluctant to actually put a line out there because they'll never make a profit on it. So this surcharge is a little use so that

we make sure the phone company puts out telecommunications, fiber optics, and so forth to people so they have access to the grid.

It's also formed now into public schools and public libraries where the internet connections are. And if you really look into it, there's another thing called Rural Health Care where we supply fiber optic lines out to the middle of Indian Reservations in the middle of nowhere, where they can do clinics and medical uses. It's really a great fund.

So one of the things we took pride in was the fact that we invested our moneys that we collected. Because of course just like you we have to collect our moneys before we can spend them. And we actually invested those moneys in treasury bills. And this was a free service that we provided to the American populous because we actually operated the company off of those interests on the T-bills.

So that's my background, and I'm really looking forward to apply a lot of my experience here to the challenges. Meaning one, stabilization, two, modernization, and then just

making sure that patents are awarded and trademarks are registered. So with that I'll turn it over to the presentation that Tom has prepared. Thank you.

MR. BEACH: Thank you, Jamie. Thank you for the opportunity here today.

We'll go ahead and get started. I am Tom Beach, I'm the Portfolio Manager of Patents End to End, PALM, CHIRP, and PTAB. As of now we'll be transitioning to a new Portfolio Manager for this effort, Raman Sarma, who is in our audience here. You'll be seeing his face the next time, so this is will be the last time I'll be presenting to you all. I am moving on to their AI and our analytics and emerging technology areas for an enterprise across the Agency.

So with that said we'll go ahead and get started. What the user community should know about Patent Center. So Patent Center is basically the gateway to Patent's organization, right? You're all very familiar with, at this point, MYUSPTO, which would be our larger front door to the organization. And then Patent Center is really near and dear to this user community,

that's where you file and pay and all that, from an organizational perspective. You probably know it as EFS web, a public and private pair. Patent Center is really the next generation version of it, which will come to fruition around FY 21.

The current concerns and the current issue around delays are about the PKI Certificates in trust. And what that is is historically we have provided PKI Certificates for which the user community shared amongst your staff or whoever those that were working on your behalf. And given the security concerns around that we really needed to adjust and improve our organization in a way where we have each and every individual have their own certificate. And so if you recall, the process was the original PKI Certificates were migrated and then you were sponsoring your folks that were using your PKI Certificate on your behalf.

This creates greater security amongst the organization, and one of the things we learned was, you know, by this process, how many are there, right, how many active PKI users are there.

And for the first time we're really seeing how many other people were using them, because we didn't know at the time. And it looks like a one-to-five kind of ratio. We've got 22,000 applicants or PKI Certificates that have been migrated, and we're at about 245,000 sponsors. So it looks like something interesting we learned from this is that it's about a one-to-five ratio. We thought it might be like one to three, but this gives us a flavor of how many and who and what are out there. It's important to know because PKI has an end of life, it's an unsupported security process. So at some point we need to get off of it. And so the reason there's a delay here is there was a hiccup, as it were, a little while back and it lasted for about, I think it might have been February 14th or so, and we haven't seen it yet since, but that doesn't mean it can't happen again. And so there's a forensics team working on that. And until we really have the confidence level that we know and can re-create the problem, I think the business was smartly and appropriately addressed it by saying, you know, at this point we're going to pause and make sure

we get it right before we move forward, right. So that's the update on the Patent Center.

Regarding our international initiatives, these are continuing and on track. This is our CPC tools and data base, and this is our ability to collaborate with other offices in order to ensure that we have a high quality classification of documents. And I don't have to reiterate how important it is to have a document properly classified, ergo you can properly find it.

So it's an important aspect of, certainly from our organization, to provide this information. And what's interesting between IP offices is figuring out each of us may classify a document maybe slightly differently, and really getting to where is the right to place to classify documents. So this allows us to have a quality assurance process for which the business is very much involved in.

And also worth noting is a round bio sequence which is the standard ST-26, which is a harmonization effort that is forthcoming. So that's an FY-29, and we're continuing to be on

track with that.

And search, as it were. So search is the third leg of the three-legged stool for examiner tools. As many of you know, docket application viewer, which replaced EDAN back in FY 17 earlish. Fully off of that, retired, decommissioned. That's good news, that means it's not in the data center, it is gone.

OC, Official Correspondence, which is replacing OAKS as our workflow authoring tool is fully being used by the entire patents organization. So that's been a real benefit. This was, again, thanks to those in the room who are here we have over here and Esposo as well, from Patent Center side of the house. This is an area where we have seen, you know, the ability to get adoption is a new theme where we provide sort of a value add. We don't just replicate an old tool and a new platform, we want to give more value to the business, right? And so Official Correspondence was done, as I mentioned, with a way of being able to search office actions and things like that that were a value add to the organization. Which really goes to the adoption

aspect of this.

So that similar theme is being replicated in search, albeit it's a bit delayed. But key notes to point out are highlight on text and image and this sort of truncation issue, and this is sort of for those who are familiar with searching, but there's, you know, a couple flavors of ways examiners search, whether it's text or imagine or classification or some sort of a combination of all of them. So our search tool is going to have the effort to be able to provide that ability across the organization as well as foreign data collections, which is a new value add. So again, looking at value adds to encourage adoption. And again from a business perspective our job is to look at doing it correctly with the collaboration of the Business Unit. So that's why we're taking a stetter staircase approach to delivery on this.

And something new that we've added is PAP IT changes. That's Performance Appraisal Plan, IT changes for the examination corps. And this is in response to the good work that was done through POPA representation as well as Patents

Operations, I believe, to come to some consensus on some new PAP changes which inherently required IT changes.

But I will say about this is that it's important to know that when these kind of changes happened, as Tony had talked about, and others, that we go through a planning cycle, right? And when something like this that isn't necessarily forecasted but becomes relevant and real, and has timelines, it really is an opportunity for our organization to collaborate and move several different planes into a different direction that they were going before, right. In order to accomplish this critical nature around PAP changes, which has a phased approach. Starting with sort of the classification and routing, and ensuring that the right examiner gets the right case at the right time, that's part of it. Then there's longer phased approach to the rest of the PAP agreement, but underneath all of that is some sort of IT work that has to be done. And you're obviously familiar with our stabilization and modernization efforts. But in that we have to be able to be nimble and be able to shift focus and

priorities midstream to address these.

So this was important enough to put on here for the user community to know that these are some of the efforts for which the spend on IT and the prioritization on IT from the business perspective is coming from.

Last topic on here is artificial intelligence. This is an area that has gotten a lot of talk I'm sure these days on the private sector and publicly, and even with the other IP offices, the IP Five are also having endeavors in this space.

And so our organization is looking at, you know, opportunities to provide business value from an OCIO perspective that resonate with the organization. So these are, you know, business driven concerns that may be appropriately solved through emerging technologies. And that's kind of how this conversation goes. And so we're looking at some ways of visualizing result sets in ways that are unique and show new sort of insights in sort of the relevancy of documents. And so that's one exploration.

And the other one is capturing sort of

the knowledge management so in a technical domain, you know, certain terms mean certain things, right, and that's one of the interesting things and challenging things in an actual property right. To those that are not in it and they read a claim, they think it's another language. So, you know, how do we take that and use these natural language processing tools and adapt them for such a unique space. And so that's an area here they could provide certainly a value, we hope, for the examination corps to allow them to really stay tuned with how terms evolve over time, the anthology of terminology, what is the sort of ebb and flow of broad narrowness of terms. So really interesting area, very early stages, and more to come on that.

And I will hand it back over to Jamie for stabilization and modernization.

MR. HOLCOMBE: Yes. One of the reasons that Director Iancu brought me on was to ensure that we could stabilize all the current systems as they exist and provide resiliency, including failover, disaster recovery, and business continuity during those disasters. So

that is what I am in the middle of my assessment on, and I will be stabilizing the base of our core operations with additional hardware and needed software systems upgrades that are required.

MR. CALTRIDER: Question. Is cyber security a part of that assessment as well?

MR. HOLCOMBE: It is. If you had happened to look up my bio, I actually was coming from a cyber security firm. I just had an all-hands with my IT folks, and I will say the number one priority I have is resiliency. But the number two priority I have is cyber security in everything we do. We have the inherent duty to ensure that we secure all of our data and we make sure that it's protected behind the walls of this organization.

MS. MAR-SPINOLA: As part of the cyber security, let me ask particularly on the stabilization side. As I understand that stabilizing the legacy system; is that right?

MR. HOLCOMBE: That's right.

MS. MAR-SPINOLA: So what kinds of assessments have been made to confirm the level of security on in particular the legacy, but

really the entire system? So are there red team and blue team audits, anything like that performed?

MR. HOLCOMBE: There have been many audits. I am very familiar with the red team/blue team. That has not been conducted as I've seen. However, I have looked over the various POAMS that we have, the Plan of Actions and Milestones, that are required by the certification and accreditation within the Federal government. So I am not satisfied with our current posture. However, I do believe that everything has been identified.

As an example, you can well imagine that a legacy application from long ago with only eight characters being the required password length back then, now the required password length is 12 or more. So how do you resolve that without reprogramming? And so we have to make those type of tradeoffs in everything that we're doing. Now there will be waivers in certain places, but we'll have to do it appropriately and make sure that we put other mitigating controls over the top of that.

MS. MAR-SPINOLA: Are there any plans to conduct red team or blue team assessments on our system?

MR. HOLCOMBE: I have seen no plans to date, but I like that idea. That's a great idea, and I think that we might do that once we have the stabilized systems. It is very difficult for me to say let's attack a system when I know it needs to be operated and failed over.

MS. MAR-SPINOLA: Understood. Thank you.

MR. HOLCOMBE: Okay. Continuing on, as far as the stabilization goes, we also have a philosophical concept called Leapfrogging. If I can stabilize by modernizing, why would I put all my investment money in something old? And so if we're able to actually have a very reliable modern solution to something, we will modernize that and put that in and replace the old system. I don't want to actually have investments that I'm spending money on and wasting that money because I know they're going to be changed with the new architecture that's on the way.

So modernization is key to ensuring

that all of the patent examiners have all the things that are available to them. So modernization will occur after stabilization. And through all that process there'll be governance applied and it will be across the board throughout USPTO. As you can well imagine, it's not just patents, I have to look at trademarks as well. But everything will be stabilized first.

And with that I'll turn it back to Tom.

MR. BEACH: Thank you, Jamie. With that we're going to get into some questions, but that concludes our presentation.

William Stryjewski unfortunately was not able to be here representing from OPIM. But we have some folks over here that can help out if you have any questions.

MS. JENKINS: Any other questions from the committee? Seeing none. Again, we welcome you and we look forward to the journey of IT.

MR. HOLCOMBE: Thanks a lot. It is a journey.

MS. JENKINS: Drew, anything that we need to follow up on, you haven't touched on or --

MR. HIRSHFELD: I don't think so.

MS. JENKINS: No? Okay. So with that I want to thank you. I know this is a little longer than our normal meetings. I was musing to myself that when I first started at PPAC we actually used to have breaks. You remember that? In the old days we had breaks. Now, you know, I have to say that there's such an enthusiasm between the committee and PTO to get so many topics and to really work on the agenda that we could go even longer.

So with that I'm going to move to end the meeting. Can I have a second? Second. We end. Thank you so much. Have a good day.

(Whereupon, at 3:35 p.m., the PROCEEDINGS were adjourned.)

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CERTIFICATE OF NOTARY PUBLIC

DISTRICT OF COLUMBIA

I, Thomas Watson, notary public in and for the District of Columbia, do hereby certify that the forgoing PROCEEDING was duly recorded and thereafter reduced to print under my direction; that the witnesses were sworn to tell the truth under penalty of perjury; that said transcript is a true record of the testimony given by witnesses; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was called; and, furthermore, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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Attorney, District of Columbia BAR #41135