

UNITED STATES PATENT AND TRADEMARK OFFICE

PATENT PUBLIC ADVISORY COMMITTEE MEETING

Alexandria, Virginia

Thursday, November 21, 2024

1 PARTICIPANTS:

2 Patent Public Advisory Committee (PPAC) Members:

3 LOLETTA DARDEN, Chair

4 CHARLES DUAN, Vice Chair

5 EARL BRIGHT

6 HENRY HADAD

7 SUZANNE HARRISON

8 LATEEF MTIMA

9 HEIDI S. NEBEL

10 MARVIN J. SLEPIAN

11 OLIVIA TSAI

12 USPTO:

13 DERRICK BRENT
14 Deputy Under Secretary of Commerce for
15 Intellectual Property and Deputy
16 Director of the United States Patent and
17 Trademark Office

18 VAISHALI UDUPA
19 Commissioner for Patents

20 ROBIN EVANS

21 JERRY LORENZO

22 RICK SEIDEL

VALENCIA MARTIN-WALLACE

NICOLAS OETTINGER

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1 PARTICIPANTS (CONT'D):

2 Union Representatives:

3 KATHLEEN DUDA

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5 VERNON AKO TOWLER

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1 P R O C E E D I N G S

2 (10:00 a.m.)

3 MS. DARDEN: I'm Lolita Darden and I'm
4 the chair of PPAC this year. So, again, thank you
5 for joining us for this year -- the last public
6 meeting of the year. And the purpose of this
7 meeting really is to provide you with an overview
8 of the PPAC report that we just submitted to the
9 Department of Congress -- excuse me, Department of
10 Commerce and the President. Before we begin,
11 however, we will have some opening remarks by
12 Deputy Director Brent.

13 MR. BRENT: Thank you very much. You
14 know, it's only fitting that because when I come
15 into virtual meetings, I have a tendency to come
16 in on mute. So it's only fitting that I would
17 start my remarks here today with the mic off.

18 Welcome, everyone, to the final 2024
19 meeting of the Public Patent Advisory Committee,
20 PPAC. You know, whenever I see that name spelled
21 out, you know, it kind of shocks me. I'm so used
22 to just saying PPAC. But it's good to see you all

1 here, friends and all, and it's good that we'll
2 have the public with us today.

3 On behalf of Director Kathi Vidal, the
4 entire USPTO management team, and our 14,000
5 employees, thank you all for being here and for
6 tuning in. It means a great deal to all of us for
7 you to be engaged in our activities. We truly
8 value your interest and your participation.

9 To our PPAC chair, Lolita Darden, thank
10 you for spearheading this year's Annual Report
11 from your full committee and the subcommittees.
12 We look forward to your presentations and to
13 hearing how leadership can turn your
14 recommendations into action.

15 We will also recognize three current
16 PPAC members whose three-year terms come to a
17 close. And it was hard for me just to say that
18 because I was like three friends, but Suzanne
19 Harrison, our 2023 PPAC chair; Heidi Nebel, PPAC's
20 vice chair in 2023; and our current PPAC vice
21 chair, Charles Duan. We will honor you at the end
22 of my remarks. But on behalf of Director Vidal

1 and the current leadership, thank you for your
2 commitment to serving the Agency and the public.
3 And a big thank you for helping guide us as we
4 have worked together to improve every aspect of
5 our operations.

6 As you all know by now, Director Vidal
7 will be departing the USPTO in a couple of weeks
8 to return to the private sector. It was a busy
9 term and she accomplished a great deal. It will
10 be my privilege to serve as acting director upon
11 her departure through Inauguration Day in January.
12 On behalf of Director Vidal and the entire
13 political team, we feel that we are leaving the
14 Agency on a very strong footing and with
15 everything it needs for continued success.

16 So now I want to take a few minutes to
17 give PPAC members and the public an update on
18 current activities. First, the new fee structure
19 for Patents was published yesterday in the Federal
20 Register. This will help us in every aspect of
21 our operations and will ensure that the United
22 States continues to have the leading IP office in

1 the world. Again, thank you to the members of
2 PPAC for your feedback and for your time in
3 guiding us through this long process.

4 I'm also pleased to note that we are on
5 the cusp of signing a new collective bargaining
6 agreement with our biggest union, Patent Office
7 Professional Association, also known as POPA. I
8 kind of -- you know, sometimes I like the
9 acronyms. It's just, you know, it's just kind of
10 cool, POPA. The signing is scheduled for December
11 here at Headquarters. This, too, was a long time
12 coming and we are very pleased with the result.
13 Speaking for all of those involved in our
14 management negotiating team, it has been an honor
15 to work with Kathy Duda and the other POPA members
16 of PPAC.

17 Now, okay, wait a minute. Will we get
18 that many P's going? That's a bit too much.
19 Okay. But the other POPA members of PPAC,
20 Catherine Faint and Vernon Ako Towler, and
21 everyone from POPA involved in the negotiations.
22 The new agreement passed with overwhelming

1 support, an indication of how we work together to
2 build consensus here at the USPTO. Along with a
3 special rate table for our examiners that was put
4 in place earlier this year, the collective
5 bargaining agreement makes the USPTO a very
6 desirable place for people to work.

7 Since we last met, we have also hired
8 our first director for the new USPTO Office of
9 Public Engagement. Nancy Kamei is a master of
10 innovation and I don't say that lightly. She has
11 taken on several different things in her career
12 and she has been -- and she is a shining example
13 of a person who has adapted to various different
14 work in different sectors and she has succeeded on
15 every level. She will be a leading light in
16 innovation policy and outreach.

17 Nancy joins us from her position
18 managing national outreach for the Small Business
19 Innovation Research and the Small Business
20 Technology Transfer Programs at the National
21 Science Foundation. Nancy is an entrepreneur who
22 has been involved with startups, seed funding and

1 innovation investment for decades. With her
2 knowledge and experience, Nancy is the perfect
3 person for this new position.

4 Joining her as OPE Deputy Director is
5 John Cabeca, who has been one of our outstanding
6 IP attachés for South Asia. John has been with
7 the USPTO since 1989 when he started as a patent
8 examiner. He moved up through the ranks and has
9 worked on IP issues throughout the federal
10 government: In the Commerce Department, at the
11 USTR, and at the White House. All of this bodes
12 extremely well for the USPTO's role as America's
13 innovation agency and for our mission to involve
14 many more people in the U.S. Innovation economy.

15 The Office of Public Engagement is also
16 gearing up to relaunch the Council for Inclusive
17 Innovation in early December at the White House,
18 and it is moving forward with plans to open the
19 new Southeast Regional Office in Atlanta by the
20 end of the year and the New Hampshire Outreach
21 Office soon thereafter. In fact, this week we
22 announced a new director of that office. Dan

1 Modricker is a former Marine Corps helicopter
2 pilot and was regional outreach coordinator for
3 the Cybersecurity and Infrastructure Security
4 Agency, also known as CISA. Prior to that, he was
5 the national spokesman for the IP Rights
6 Coordinating Center in Washington, D.C. So, as
7 you can see, our outreach programs are
8 professionally staffed and in full swing.

9 This week we are also opening the
10 country's 99th Patent and Trademark Resource
11 Center at Mississippi State University. We expect
12 to reach 100 PTRCs within the next few weeks. The
13 PTRCs are an important national resource,
14 instrumental in connecting thousands of potential
15 patent applicants to our IP system. Getting to
16 100 PTRCs is a monumental achievement.

17 Also in the first week of December, we
18 will be announcing new awards for our Patents for
19 Humanity Green Energy program. There will be a
20 public ceremony on December 3rd and we invite you
21 to mark your calendars and make sure you tune in.
22 You will be inspired by the incredible innovation

1 that is taking place in the U.S. green energy
2 sector.

3 Turning to patent pendency, which my
4 friend Vashali will be talking about soon, we are
5 making good progress. At the end of September
6 2024, the average number of months from a patent
7 application filing date to first Office Action was
8 19.9 months. This is a decrease from last year,
9 In 2023, when first Office Action pendency was
10 20.5 months. The unexamined patent inventory
11 currently sits at 793,824 applications. The total
12 pendency from filing to final disposition is 26.3
13 months. For all the practitioners in the
14 audience, we are complying with the patent term
15 adjustment timeframes in 79 percent of mailed
16 actions and 80 percent of remaining inventory.

17 To keep up with the increase in
18 applications and with their growing complexity,
19 our patent examination core is expanding. This
20 past fiscal year we met and exceeded our goal of
21 hiring more than 850 new patent examiners. I
22 actually thought that number was 900, wasn't it?

1 MS. DARDEN: Our goal was 800.

2 MR. BRENT: The goal was 800. The old
3 goal was 800. For the current fiscal year 2025
4 that started on October 1st, our goal to hire --
5 our goal is to hire an additional 1,600 new
6 examiners. So we are committed to making sure
7 that we have -- we are staffed properly in order
8 to deliver on our mission to the public.

9 And keep in mind the average examiner
10 has been with the Agency for nearly 13 years. So
11 our new hires will be joined in experienced staff
12 who can help guide them towards success in their
13 new roles. I had the privilege of talking to a
14 group coming through academy yesterday and they're
15 very excited and looking forward to them joining
16 -- to their getting to work soon. I think they're
17 committed to the mission.

18 We are seeking new examiners who have
19 recently graduated college with technical degrees
20 in biology, biomedical engineering and chemical
21 engineering, computer engineering and computer
22 science, electrical and mechanical engineering,

1 physics, and many other engineering and scientific
2 disciplines. Our Office of Human Resources is
3 targeting 80 collegiate career fairs this fall.
4 We are holding online webinars and we are working
5 with our regional offices on outreach to local
6 universities. So if you know a recent college
7 grad with a technical degree, make sure to send
8 them our way. It is a great job with good pay,
9 good benefits, and an outstanding set of
10 colleagues to work with who will be friends for
11 life.

12 Apart from hiring new examiners, we
13 continue to prioritize patent quality while also
14 publishing -- pushing to reduce our first Office
15 Action pendency. We want examiners to have the
16 best tools, the best resources, and the best
17 training we can provide them. In July, we issued
18 guidance on patent subject matter eligibility with
19 claims involving critical and emerging
20 technologies, like AI. The Manual of Patent
21 Examining Procedure was updated last week. Nearly
22 every chapter was revised.

1 And our Office of Patent Quality
2 Assurance is continuously analyzing the quality of
3 patent examination at the USPTO. We have teams of
4 review quality assurance specialists who randomly
5 select and review new patent allowances. These
6 specialists are primary examiners with a proven
7 history of high-quality patent examination. This
8 sounds like a lot and it is, but I'm only
9 scratching the surface of all the things that are
10 happening here at this busy Agency. I know
11 Vashali and I and a group of us had a meeting
12 probably last week or so and it was just a full --
13 I mean to see the breadth of what's being worked
14 on, folks, it's impressive. It's impressive and I
15 can't thank our Patents team enough for the hard
16 work that you do on a daily basis. A lot of it's
17 not seen, but the results are there. So thank you
18 very much.

19 Before I wrap up, I want to take a
20 moment to honor three members of our PPAC whose
21 terms are coming to a close. To Suzanne Harrison,
22 Heidi Nebel, and Charles Duan, I cannot tell you

1 how thankful we are for your dedication to our
2 Agency and our mission and indeed our country. We
3 thank you for your commitment to public service,
4 and we implore you to stay engaged with every
5 aspect of our IP system moving forward.

6 And to all of our members of PPAC, we
7 truly appreciate your tireless commitment to
8 advancing the IP rights of our innovators. The
9 new administration will need your counsel. Thank
10 you.

11 Now it is time to present Certificates
12 of Appreciation to Heidi, PPAC's vice chair in
13 2023, Charles Duan, and Suzanne. Thank you,
14 everyone. (Applause)

15 Suzanne, you are first. All right, my
16 friend, how you doing? Got a certificate for you
17 and a USPTO flag. Heidi, my friend. Charles.
18 (Applause)

19 MS. DARDEN: Thank you, Deputy Director
20 Brent, for those opening remarks. And thank you
21 once again to Suzanne, Heidi, and Charles for your
22 three years of dedicated service. And I'm sure

1 that we -- keep your phones on ready because you
2 will be hearing from current members of the PPAC
3 as we continue to go forward.

4 So now we're going to transition into
5 the PPAC report, but I just wanted to give you an
6 overview of the agenda. We will not only be
7 addressing the PPAC Annual Report today, but there
8 are also some other items on the agenda. We will
9 have a conversation with the chief financial
10 officer, Jay Hoffman, and members of the legal
11 team regarding some pressing and important legal
12 matters that we wanted to update the public on.
13 And we will also have a presentation from the
14 Patent group regarding a recent study regarding
15 inter partes proceedings. So again, some good
16 nuggets in this meeting in addition to the Annual
17 Report.

18 And before I introduce the members of
19 the Patent Public Advisory Committee to give you a
20 summary of their various sections of the report
21 that they basically were responsible for writing,
22 I just want to tell you a little bit about who we

1 are and what we do because some of you in the room
2 might know what PPAC does, but others might not.
3 So we want to just sort of set the ground rules
4 for what we do and how we were organized.

5 So the Patent Public Advisory Committee,
6 along with the Trademark Public Advisory
7 Committee, was organized by statute. And the
8 basic function of both of these committees is to
9 act in an advisory role to the USPTO and
10 particularly the Undersecretary and Director of
11 the United States Patent and Trademark Office. So
12 we're looking to provide advice and counsel
13 basically on several areas of how the Office
14 works. And we provide with -- advice and counsel
15 on fee-setting policy and -- I can't even read
16 that slide, so fee-setting and policy are our main
17 functions and we do act in an advisory role.

18 We are also charged with writing an
19 Annual Report, which you will hear more about
20 today. And that report is sent to the Department
21 of Congress -- I keep saying Congress, to the
22 Department of Commerce, the President, and then

1 members of various committees related to IP.

2 We will -- as I said, I'm Lolita Darden.
3 I'm the chair of PPAC this year and I would like
4 for each member of the PPAC to introduce
5 themselves, where you work, and how long you've
6 been a member of the Advisory Committee. Charles?

7 MR. DUAN: All right. Thanks, Lolita.
8 I'm Charles Duan. I am the vice chair of the PPAC
9 and also in my third year, as was just noted, on
10 PPAC. I otherwise teach as a law professor at the
11 American University Washington College of Law.

12 MS. HARRISON: Hello, everyone. I'm
13 Suzanne Harrison. I'm also in my third year. In
14 my day job I have my own consulting firm,
15 Percipience, which focuses on IP and national
16 security and also how to allow companies to make
17 better informed decisions about their IP and
18 intangibles.

19 MS. NEBEL: Hi, I'm Heidi Nebel. This
20 is my final year, third year as a PPAC member. I
21 am an attorney in private practice in Des Moines,
22 Iowa, with the firm of McKee Voorhees & Sease.

1 MR. HADAD: My name is Henry Hadad. I'm
2 in the second of my three-year term on the PPAC
3 and my role is chief IP counsel at the
4 biopharmaceutical company Bristol Myers Squibb.

5 MS. TSAI: Good morning. Olivia Tsai.
6 I am chief IP counsel at Cruise, a self-driving
7 car company, and this is my second year on PPAC.

8 MR. BRIGHT: Hi, I'm Eb Bright. My day
9 job is running a medical device company incubator
10 in Silicon Valley in California. And this is the
11 end of my first year on the PPAC.

12 MR. MATIMA: Good morning. I am Lateef
13 Mtima. I'm a professor of law at the Howard
14 University School of Law. And this is also the
15 end of my first year on the PPAC.

16 DR. SLEPIAN: Good morning. I'm Dr.
17 Marvin Slepian. I'm a Regents Professor at the
18 University of Arizona. I'm professor of medicine,
19 biomedical engineering, chemistry, and law. I'm a
20 practicing cardiologist. I run the Innovation
21 Center for the University of Arizona. And this is
22 my first year on PPAC.

1 MS. DUDA: Hi, I'm Kathy Duda. I'm the
2 union representative on PPAC. I'm a patent
3 examiner employed here for 34 years and I am the
4 president of the Patent Office Professional
5 Association. Thank you.

6 MS. DARDEN: Thank you, everyone, for
7 those introductions.

8 Now, as we move into the report summary,
9 each section of the report will be presented by
10 its author and we invite you to ask questions
11 during the presentation. So we'll take questions
12 throughout. You don't have to hold your questions
13 to the end.

14 At this time I will turn the microphone
15 over to Olivia Tsai, who will talk about the PPAC
16 25th anniversary.

17 MS. TSAI: Thank you, Lolita. Good
18 morning again, everyone.

19 To elaborate on what Lolita just said,
20 PPAC is comprised of nine private sector
21 individuals from the IP community who work part
22 time, up to 60 days per year. PPAC is

1 supplemented by USPTO labor organization leaders,
2 including Kathy Duda in this room and Cathy Faint,
3 who is online. PPAC members are appointed to
4 three-year terms and are eligible to be renewed
5 once. We are advisors to contribute to and
6 enhance work. Here are three examples.

7 One, we are often engaged to participate
8 in pre-decisional confidential discussions on
9 potential proposals and other questions from the
10 USPTO. Two, we break into subcommittees and
11 project groups to support USPTO initiatives. And
12 three, we offer connections and context by helping
13 to bridge people outside the USPTO with the USPTO.

14 On behalf of all the current PPAC
15 members, we are honored and proud to be here and
16 appreciate this opportunity. For PPAC's 25th
17 anniversary, we took a moment to recognize and
18 respect all PPAC alumni whose names are listed in
19 this year's Annual Report.

20 Do we have any questions about this
21 section of the report?

22 Okay. Next slide.

1 MS. DARDEN: Pardon? Were there
2 questions? We are, but we don't seem to have any.
3 So Olivia will also provide us with an overview of
4 rulemaking.

5 MS. TSAI: Yes, so next is rulemaking.
6 This year the USPTO continued to refine and
7 enhance Patent landscape through a series of
8 thoughtful rulemaking activities to address
9 emerging issues and to engage with stakeholders
10 effectively and with transparency. For context,
11 the general rulemaking process is about one year
12 long and takes into account ample time to solicit
13 stakeholder input on proposed policies, changes,
14 and rules. All comments are welcome and
15 considered by the USPTO.

16 FY 2024 was another active rulemaking
17 year where the USPTO issued 33 rule-related
18 notices in the Federal Register and reviewed over
19 800 written comments in response. Some notable
20 matters are highlighted in the Annual Report.

21 Overall, PPAC appreciates that
22 discussion of rulemaking issues are especially

1 complex and evolving and, therefore, agree that we
2 should all continue to practice careful
3 consideration and collaboration for balanced
4 solutions.

5 Thank you for your time and attention.
6 Are there any questions about this section of the
7 report?

8 MS. DARDEN: Okay. If there are no
9 questions, we'll move on to outreach. Lateef?

10 MR. MTIMA: Well, thank you very much.
11 I've been allotted 10 minutes and you see I have
12 my watch in my hand to make certain that I stay on
13 it because we have had some fantastic milestones
14 in USPTO outreach initiatives this past year and
15 I'm going to try to summarize what we have
16 discussed in the report and to keep it within that
17 10-minute timeframe.

18 So, first off, on May 1st of this year,
19 the USPTO adopted the National Strategy for
20 Inclusive Innovation, which implements key
21 components of the Unleashing American Innovators
22 Act, which is to-date the capstone federal

1 legislation intended to promote an inclusive
2 innovation ecosystem. The strategy was developed
3 in conjunction with the Council for Inclusive
4 Innovation and is "based on a vision for U.S.
5 innovation that will lift communities, grow the
6 economy, create quality jobs, and address global
7 challenges." In plain language, what the strategy
8 is designed to do is to ensure that the American
9 innovation ecosystem is working on all four
10 cylinders and that we have basically no one left
11 on the bench.

12 Now, the way in which the policy -- or
13 rather the strategy is structured, it's structured
14 around what is referred to in the strategy as four
15 aspirational cornerstones. I like to think of
16 them as four key policy objectives. And what
17 these four key policy objectives do is they
18 basically approach American innovation as an
19 important spectrum that starts with focusing in on
20 imaginative youngsters and goes all the way
21 through the impact of successful entrepreneurs who
22 bring these advances to the American people. So

1 it's very much like what we do with athletics. We
2 start with kids at Little League and we take it
3 all the way up through they finished college and
4 beyond. And now I think we are applying that same
5 lens to the American innovation system.

6 So first cornerstone or first policy
7 objective, and you'll see that this is illustrated
8 in the way in which the plan is structured. The
9 first one is inspiring new generations of
10 innovators by expanding, standardizing, and
11 scaling pre-K through 12 STEM education. The
12 specific recommendations in the strategy as to how
13 to do that: Standardize and scale youth
14 innovation education beginning with promoting K-12
15 level engagement with the innovation cycle;
16 provide the necessary resources and training to
17 support and to empower educators to teach
18 innovation and to provide, this is the Little
19 League aspect, youth coaching, mentoring, and
20 career awareness to foster and support long-term
21 interests and capabilities in innovation.

22 Cornerstone 2, rather policy objective

1 2, catch them a few years later, educating and
2 empowering innovators through postsecondary
3 innovation and entrepreneurship education and
4 training. Specific recommendations: Expand
5 research opportunities to a broad and diverse set
6 of institutions in higher education; foster
7 innovation and entrepreneurship learning
8 experiences in postsecondary education; and
9 provide postsecondary mentoring and internship
10 opportunities to enable innovation.

11 Cornerstone or policy objective 3, and
12 this is the one that I think is sort of the heart
13 of the strategy, advancing inclusive innovation by
14 removing barriers to achieving innovation
15 ecosystem, and focus on these words: Ecosystem,
16 demographic, economic, and geographic equity.
17 Right? Demographic, economic, and geographic, not
18 the words that oftentimes in the past we associate
19 with inclusivity. This is to make it clear that
20 we're talking about everyone, right? I like to
21 say that this strategy is aimed at taking the
22 country by storm from Appalachia to Watts. Nobody

1 is to be left behind.

2 Specific recommendations as to how to
3 get this done? Encourage and support an inclusive
4 workforce across public and private organizations.
5 It is so impressive you have to hear it twice.

6 (Laughter) Cultivate innovation more broadly and
7 equitably in organizations that innovate,
8 including academic, research institutions.

9 And then finally, Cornerstone 4, as you
10 can see, we're taking you through not only the
11 life of the innovation cycle, but the life of the
12 innovator. Bringing innovation to market, getting
13 it to the American people through policy changes
14 to promote widespread and equitable access to
15 startup and entrepreneurial investment. Specific
16 recommendations: Equitably facilitate IP
17 protection for all innovators and entrepreneurs
18 and make entrepreneurship resources and support
19 available to all. Finally, leverage and expand
20 commercialization support and technology transfer.

21 Now, as we note in our report, as
22 impressive as the strategy is, this didn't just

1 come about overnight. For decades, the USPTO has
2 been involved in various outreach and inclusivity
3 initiatives. And one of the most important things
4 that the office is achieved this year, in addition
5 to the strategy, was the establishment of what
6 Deputy Brent referenced earlier today, the Office
7 of Public Engagement. And basically what the
8 office is intended to do is to pull all of these
9 various outreach and inclusivity efforts and to
10 coordinate them all together. And what this does,
11 of course, is that it eliminates redundancies and
12 it makes certain that every aspect of this
13 approach is covered. We could see where the gaps
14 are.

15 Part of that coordination involves, for
16 example, pulling together what each of the
17 regional offices have been doing. And in meetings
18 with the regional offices, each office has had its
19 own approaches to inclusivity. And that, of
20 course, is a good thing because accomplishing this
21 across the nation, it is not a one size, one
22 region fits all approach. As the Deputy Brent

1 also mentioned, we've added to those regional
2 offices by establishing the Southeast Regional
3 Office in Atlanta.

4 One other preexisting mechanism that I
5 think is very much undersung and is a very
6 important aspect of this approach is the Patent
7 and Trademark Resource Centers. These are
8 basically libraries that are established at
9 preexisting universities. In other words, places
10 where people are already going. Right? And so is
11 that it is enhancing libraries' capability to
12 promote innovation from where they are.

13 And then finally, as Deputy Director
14 Brent mentioned, also in implementing the
15 Unleashing American Innovators Act, we now have
16 the establishment of the first Community Outreach
17 Office in New Hampshire. And so you see that
18 balance, right? We have this Southeast Regional
19 Office in Atlanta, we have the first COO in New
20 Hampshire. And the overarching purpose of the
21 Community Outreach Office is to ensure the USPTO's
22 initiatives are tailored to the area's unique

1 ecosystem of industries and stakeholders and to
2 grow that area's nearly 800-plus patent holders
3 and 5,000-plus trademark registrants, fueling
4 local industries and economies. In other words,
5 it's no longer necessary for the innovator or the
6 IP entrepreneur to come to the Office. Okay?
7 We're bringing the Office to the communities to
8 where people are.

9 So, finally, I would just conclude by
10 summarizing our specific recommendations and given
11 the wonderful stuff that has been happening
12 throughout the year. And I certainly want to
13 acknowledge that as we were getting to the point
14 that we would have a permanent director of the
15 OPE, a lot of this was done under the helm of
16 Scott Ewalt, who was interim director for several
17 months, to just sort of get us to this place. And
18 to pick up and to continue this momentum, our
19 recommendations are that the OPE consult and
20 collaborate with target communities and groups to
21 develop preliminary assessment metrics. We need
22 to know, is it working? Is it achieving what it

1 needs to achieve? And the way that you do that is
2 you don't come in with assessment metrics. You
3 talk with the target communities and together you
4 collaborate and determine what assessment metrics
5 should be, what should success look like, and then
6 we can see whether or not we have achieved it.
7 Through the OPE, PPAC encourages the USPTO to
8 continue to coordinate its vast network of public
9 outreach and education initiatives.

10 And finally, our third recommendation in
11 this part of the report is that the OPE enlist the
12 Council for Inclusive Innovation in coordinating
13 the USPTO's public outreach and education
14 framework with private sector initiatives. Once
15 again, end result, nobody left on the bench.

16 With that, yeah, I think I did in about
17 maybe it's ten and a half minutes, I'll conclude.
18 Thank you very much.

19 Thank you, Lateef. As you heard, there
20 are a lot of things happening in outreach. And
21 I'm a visual person, so when Lateef, you say
22 taking the country by storm, I see taking the

1 country by storm through innovation. And I can
2 see little kids and senior citizens, grandmothers,
3 grandfathers, some were innovating to solve
4 problems that happen in their lives. So, really
5 excited about these new initiatives.

6 Are there any questions in the room or
7 online for Lateef about outreach?

8 Okay. Hearing none and seeing no hands
9 raised in the room, we will move to finance, and
10 Eb Bright will provide an overview of the finance
11 portion of the report. And that discussion will
12 be followed by Suzanne Harrison, who will have a
13 conversation with Jay Hoffman and members of the
14 legal team.

15 MR. BRIGHT: All right, thank you. So
16 I'm going to try to keep my remarks fairly brief
17 because the more interesting part is going to be
18 the conversation with Jay and Nick, so we'll try
19 to leave as much time as possible for that. But I
20 did want to set a little bit of background and
21 perspective for everybody with respect to money.
22 And, you know, this is where oftentimes you get

1 the most attention, particularly with a government
2 agency. And so it's a little bit unusual the way
3 that the Patent Office is funded within the
4 government and operates. So we wanted to make
5 sure that everybody had a good grounding on how it
6 does work.

7 So first of all, by statute, PPAC
8 doesn't have a whole lot of description about what
9 we're supposed to do. But one of the things that
10 is specifically called out is for us to review and
11 advise the Office on their budget and on their
12 performance and their user fees. And I'm pleased
13 to say that the Office takes the collaboration
14 with the PPAC very seriously. And we have
15 actually very open, robust, and comprehensive
16 discussions about the operations.

17 And I can say as a, you know, small
18 business owner and an executive who has to rely on
19 venture capital financing, our responsibility as a
20 small company is to look ahead over a 24- or
21 36-month timeframe generally and say, what are we
22 going to do during that period of time? How much

1 money do we need to do it? And then go and try to
2 raise that from venture capitalists. Then once we
3 have that money in the bank, know that it can't
4 change. So whatever changes occur over that
5 period of time, we have to make adjustments in our
6 operating activities to make sure we're still
7 hitting our milestones and we're still working
8 within that funding.

9 The Patent Office does a very similar
10 thing. They are looking ahead multiple years into
11 the future, trying to predict what are going to be
12 the demands on the Agency, how much funding are
13 they going to need for it and how do they go about
14 collecting the user fees that are going to finance
15 that organization? And that's what's really key
16 about the way that the Office operates and a
17 little bit different than most other government
18 agencies is that it is a user fee-funded
19 organization.

20 Now, it doesn't have unfettered, you
21 know, ability to collect enormous fees from the
22 users. It has some constraints put on it by

1 Congress, by statute, by the user community, by
2 PPAC. So it's a very delicate balance that they
3 are working within and they do a tremendous job at
4 it. You know, I can tell you that this is an
5 agency who is constantly looking at their funds.
6 They are constantly reforecasting, they do that
7 twice a year. And they are reacting at all times
8 with respect to increases in the services for the
9 expenses of the outside services they contract
10 with. They have changes in labor fees, they have
11 changes in the workforce and how big it is. And
12 that workforce in particular is one of the biggest
13 drivers of their expenses.

14 So just to, you know, to tell you a
15 little bit about it, the examination process, to
16 keep it in perspective, is done by very
17 technically trained professionals, oftentimes with
18 master's and Ph.D. degrees. And not only are they
19 technically savvy and well-educated, but they also
20 have to be legally savvy and educated. And so
21 we're talking about a very highly professional
22 workforce and that tends to come with higher

1 salaries, commensurate with the skills that
2 they're using.

3 So the slides, do we have the numbers?
4 No, I'll just speak to the numbers. So the direct
5 cost for the USPTO's patent program accounts the
6 -- out of Patents, between Patents and Trademarks,
7 it accounts for about 70 percent of their
8 expenses. So that's about \$3.1 billion out of
9 \$4.4 billion. And of that number, 82 percent, or
10 2.5 billion, goes to personnel cost. So whenever
11 there are adjustments with respect to the number
12 of examiners, that has a huge influence and a
13 change in their budgeting process and in their
14 actually operating process.

15 So the other thing to keep in mind is
16 that they do need to collect enough fees to cover
17 the facilities, the rent, you know, their IT, the
18 in-house technology, all those types of things.
19 They also have to have Internet connections and
20 Internet service. Right? So they have a lot of
21 operating expenses associated with operating the
22 office.

1 Now, let's talk about the fee-setting.
2 So it just came out. This is not a process that
3 happens every year, so it's a periodic process.
4 The Patent Office has not over its entire history
5 had fee-setting authority, so this is also
6 something, you know, relatively new in its
7 operations of being able to have this. So is the
8 process perfect? No, it's not and it's never
9 going to be perfect around a budgeting type
10 process. But was it done with a lot of thought
11 and collaboration and input from folks on the PPAC
12 as well as from the public community? Yes, it
13 was. Is everybody going to agree exactly what
14 decisions were made on which fees to increase and
15 which ones not to increase and by how much? No,
16 we're not always going to agree because we all are
17 going to have a slightly different focus with
18 respect to what we think is the most important.
19 But rest assured that through this process, all of
20 that was seriously considered and decisions had to
21 be made, which is always the case with budgets.
22 And to the staff's credit, they are always

1 constantly looking at ways, how can we do this
2 better? How do we make the process even more
3 efficient?

4 So with that as background, if anybody
5 has any questions, I'll be happy to try to address
6 them or deflect them to somebody who knows the
7 real answer. But if no questions, then I'll turn
8 it over to Suzanne and Nick and Jay.

9 MS. HARRISON: Okay, great. Thanks, Eb.
10 So one of the things that we did in this report is
11 that we introduced a word called "sequestration."
12 That's not a word that I've ever heard in business
13 before that many of us in this room even know what
14 it is. And so we thought it would be important to
15 actually call it out a little bit and have a
16 further discussion about it. In fact, in the
17 history of PPAC, I think it's only come up one
18 other time. So I've asked Jay and Nick to sit
19 down and let's help educate everyone on what is
20 sequestration and what does that mean for the
21 Patent Office?

22 So, of course, the first question,

1 gentlemen, is what is sequestration?

2 JAY: Great. Thank you. I don't have
3 the clicker, which is not a problem, but if
4 someone could just click to the slides on
5 sequestration, that might make it --

6 MS. HARRISON: I don't think we have any
7 slides on sequestration.

8 JAY: Okay. Maybe they didn't get to
9 PPAC. All right, so we'll just speak to it. So
10 let's talk about what sequestration is. I'm going
11 to ask Nick to start with the legal framework and
12 then I'll talk about the practical application.

13 NICK: Sure. Thanks, Jay. So
14 sequestration is a budget control mechanism that
15 originates in the Balanced Budget and Emergency
16 Deficit Control Act of 1985, which was a measure
17 created by Congress to basically impose spending
18 caps on the federal government and provide that
19 there would be automatic spending cuts if budgets
20 exceeded those caps. And so this is a thing that
21 at times, since then, has sort of been at risk for
22 the government, depending on what the caps are set

1 at. And what folks may remember is that in 2013,
2 sequestration was imposed on the federal
3 government because spending exceeded caps that had
4 been agreed to as part of prior spending
5 agreements between the administration at the time
6 and Congress.

7 And so in 2013, there were cuts made
8 across the federal government based on a certain
9 percentage of budgets in order to achieve a
10 certain, you know, kind of set amount of a cut in
11 government spending. And these were generally
12 applied across the executive branch, an amount
13 allocated to the Department of Commerce, a part of
14 that commensurately allocated to the PTO. And at
15 the time, the PTO was sequestered, I think,
16 slightly under \$150 million, which meant that
17 budget authority that the Office had, fees that we
18 collected, were removed from our access. They
19 were rendered unavailable for obligation. The
20 money was collected from fee payers. It sits in
21 an account, but it became part of funds not unlike
22 fees that had been diverted at times in the past,

1 unavailable for the Office to use. And the high
2 level policy theory here, I think, is you're
3 reducing government spending by imposing these
4 sort of strict limits.

5 The Financial Responsibility Act of,
6 gee, I think it's 2023 raised again the specter of
7 sequestration by setting for budget caps that
8 would sort of apply if the government did not
9 achieve full-year spending that came in under
10 those caps. That was avoided in fiscal year '24
11 and sequestration did not apply. But the risk
12 exists out there that for fiscal year '25, the
13 year that we're in now, that depending on what
14 happens with annual appropriation bills,
15 sequestration could again be imposed. And we know
16 historically, in 2013, it applied to the Office.

17 The statutory scheme that governs
18 sequestration, you know, is both sort of complex
19 in its operation, but has various exemptions and
20 things that are not counted under sequestration.
21 The Office is not included in those things. We
22 may talk about that a little bit, but that is the

1 high level legal background.

2 MS. HARRISON: Okay. So just one other
3 thing I want to highlight. So going back to 2013,
4 the Office had no choice but to comply and it
5 appears that it happened somewhat quickly. Right?
6 It wasn't something that was a normal course of
7 business. This was a new thing. And so, again,
8 it seemed like as part of all of the government
9 reduction across the board, that the USPTO
10 complied, correct?

11 NICK: Yeah, that's right.

12 MS. HARRISON: Okay. And Jay, do you
13 want to talk a little bit about, you know, how is
14 the USPTO preparing and what does this mean?

15 JAY: Yeah. So the reason we're talking
16 about this today is that, you know, sequestration,
17 because we don't fall under any of the exemptions
18 in the, I want to get the name of the act correct,
19 the Balanced Budget and Deficit Control Act, I
20 believe, there is a threat under the Fiscal
21 Responsibility Act that sequestration could happen
22 this year. And it could happen very similarly to

1 how it happened in 2013, and that is there are
2 certain deadlines built into that act, namely
3 April 30th is the deadline. And if appropriations
4 are not enacted by that date, a sequestration
5 would occur. As of today, we're operating under a
6 continuing resolution. And so if that were to
7 continue, theoretically, it could happen.

8 I think the second part of your
9 question, or the implied part of your question is,
10 well, how do we prepare for this? What do we do?
11 And I think that the law really defines the ways
12 out, if you will. I don't think there's anything
13 that the USPTO can do or anything that the PPAC
14 can do. It's really up to Congress and the legal
15 framework so that there's three possible outcomes.

16 Outcome number one is they somehow pass
17 an appropriation by April 30th or they exempt
18 agencies from the sequester as part of whatever
19 appropriations deal they come up with. I think
20 that's the most likely outcome, honestly. A
21 second outcome I think is highly improbable this
22 year, but theoretically could happen, is Congress

1 could choose to include the USPTO in one of the
2 exempt categories and that would presumably solve
3 this issue prospectively. And then the third
4 would be if in the appropriations process right
5 now it's unclear whether our fees are voluntary or
6 not voluntary. It's just silent on that. And so
7 if Congress were to affirmatively state that our
8 fees were voluntary, we would then fit under the
9 exemptions of the Balanced Budget and Deficit
10 Control Act, and that would also exempt the Agency
11 from sequestration. But, again, I think those
12 last two are improbable.?

13 MS. HARRISON: Right. So I think that
14 it's important for everyone to understand that
15 this risk exists. It also is important for
16 everyone to understand that the USPTO is looking
17 ahead and working with PPAC to try and figure out
18 what are those three possibilities and what are
19 the likelihood of each one of those as to time
20 moves on, and that we are all taking very careful
21 consideration of the fees and how they're being
22 used. But, again, if the USPTO is not exempt from

1 sequestration and it occurs, they have to comply.
2 That is the most important thing.

3 So, again, working through strategies,
4 we encourage everyone to ask questions, to learn
5 more about it because I think the key takeaways
6 are that there's a risk. There's a risk this
7 might happen. And again, the USPTO can only do so
8 much in planning and preparing for it. And so,
9 again, this is the time for people to ask
10 questions, to learn more about it. How can we be
11 helpful? Anybody?

12 Nick and Jay, is there anything you want
13 to add on the end here?

14 JAY: No, I think just continuing to
15 have visibility on this risk is important. I do
16 think, as you said in your opening remarks, it's
17 an obscure term. It's an unusual thing that would
18 happen. You know that we have had meetings in the
19 past where we've talked about the \$1 billion-plus
20 in fees that are unavailable to the Agency. Well,
21 \$147 million of those fees are from the last
22 sequester that are sitting in that account.

1 MS. HARRISON: Right. And we don't
2 particularly want to add to that. All right.
3 Thank you, everyone. Heidi, I'll turn it over to
4 you.

5 MS. NEBEL: Okay. The next section of
6 the report is on patent pendency and quality. I
7 was very excited and honored to be involved in
8 this report. As an attorney leading a team of
9 attorneys in private practice that prosecute
10 patents all day, every day, this is where I live,
11 so this is near and dear to my heart.

12 The Patent Office is experiencing an
13 unprecedented level of unexamined applications at
14 this time. Currently, as of the time of writing
15 the report, there were 796,555 applications that
16 were waiting to be examined. For context, in
17 2018, there were 526,000 patent applications
18 waiting to be examined. That's a 66 percent
19 increase since 2018. In financial year 2023,
20 there were 750,000. So from 2023 to 2024, we saw
21 another 6 percent increase.

22 There was a confluence of factors in

1 2019 that led to this backlog. First of all,
2 examiners were given more time to examine
3 applications due to quality initiatives, which, of
4 course, is important. During the pandemic, there
5 were attrition levels of examiners, which I think
6 all industry experienced. Also, examiners during
7 this attrition were not replaced in light of
8 expected decrease in filings consistent with
9 economic predictors. My firm felt the same way.
10 We thought filings would go down and they actually
11 went up. The slowdown in filings that the Patent
12 Office experienced was more modest and short-lived
13 than expected.

14 So tackling this backlog has been a
15 primary initiative of the Patent Office and they
16 have developed a multiprong approach that is quite
17 impressive to deal with this, and we have started
18 seeing some modest gains in handling this. In
19 July, as Derek mentioned, 2024, the average number
20 of months from a patent application filing date to
21 a first Office Action was a little over 19.7
22 months. I think his numbers are more updated than

1 mine. And at the end of financial year 2023 it
2 was 20.5. So we have seen a little bit of a
3 decrease in the pendency until first action.

4 So the USPTO has a four target approach
5 to deal with this. First of all, of course,
6 hiring and training initiatives, improving
7 workflow, use of AI and IT tools, and compensation
8 rewards. And the report includes a graphic that
9 kind of shows all these four areas.

10 First of all, in hiring and training
11 fiscal year 2023, the Patent's Business Unit hired
12 644 patent examiners; 2024, they've onboarded 853
13 hires. And no, no, it's higher. So, Sally,
14 what's the current number?

15 SALLY: We had a goal of 800 and we got
16 959.

17 MS. NEBEL: Fantastic. Fantastic. And
18 next year our target for September 30th, 2025, is
19 1,600 new examiners. To ensure the success of the
20 hiring initiatives, the Patent Business Unit
21 created a team to undertake a whole agency
22 approach to reimagine the hiring process. PPAC

1 has been advised on a number of initiatives in
2 this regard, some of which include, of course,
3 rewriting the job description to common English
4 and seeking out STEM people that might have
5 appropriate backgrounds to become examiners. Of
6 course, with this kind of massive hiring, proper
7 training of new examiners becomes absolutely
8 critical and the USPTO has delivered to new
9 examiners approximately 423,400 hours of
10 onboarding education in financial year 2023.

11 For improving workflow, which is also a
12 significant part of the initiative, the USPTO is
13 addressing concerns with current processes for
14 determining examination time, routing, and
15 classification of inventions. They undertook a
16 study using skill sets as appropriate clustering
17 method for assigning work and differentiating
18 examination time based upon the complexity of
19 applications. For financial year 2024, the USPTO
20 developed an AI auto classification tool and
21 associated models. Next steps will include
22 training of models to obtain greater accuracy.

1 PPAC, of course, fully supports all of these
2 initiatives.

3 Further use of AI and IT tools. IT
4 outages have adversely impacted efficiency, the
5 ability to work, and, at times, employee
6 satisfaction. The USPTO was affected by a global
7 CrowdStrike outage incident which further impacted
8 examiners' time and it was estimated that the
9 Office lost up to 80,000-plus hours of time before
10 the situation was resolved. The USPTO has
11 implemented and reported to PPAC in executive
12 session measures to address and prevent these
13 kinds of attacks in the future.

14 The other final prong was, of course,
15 compensation and rewards. Show me the money. So
16 they've got all kinds of plans to help examiners
17 to get increase in pay and bonuses for production
18 achievements. In 2024, the USPTO implemented the
19 First Action Date Order Award for Supervisors
20 which provides an opportunity based on the percent
21 of first actions directed to the corresponding
22 number of oldest cases available to act upon.

1 PPAC, of course, applauds these as well.

2 And it is absolutely critical in this
3 time that the PTO be given resources that needed
4 to undertake all of these initiatives and
5 primarily to hire 1,600 examiners. You hear
6 things about hiring freezes and cost-cutting. We
7 cannot afford to let that happen.

8 Maintaining quality in an area of this
9 kind of mass hiring and training will be also a
10 huge challenge. Training a new examiner takes
11 time from senior examiners to help train and it
12 typically takes two to four years for an examiner
13 to be fully trained and to meet full-time examiner
14 expectations. Currently, we are experiencing a
15 slight decline in patent quality statistics and we
16 need to make sure that that does not continue.
17 The percentage of customers reporting quality as
18 good or excellent fell in 2024 from 66 percent to
19 60 percent. The percentage of customers reporting
20 quality is very poor or poor increased from 8
21 percent to 10 percent. While good and excellent
22 ratings remain relatively high, 60 percent or

1 better for six consecutive surveys, there is a
2 slight trend down and we need to make sure that
3 that's not continued.

4 Finally, the Patent Business Unit and
5 they reported to this in executive session
6 yesterday, there's an Oversight Pendency --
7 Oversight Strategy Team post that has been put in
8 place with an intra-agency group of people who are
9 tasked with overseeing pendency initiatives to
10 develop a long-term plan to address all these
11 challenges. PPAC strongly supports this
12 initiative as it will be key to oversee all
13 initiatives and to monitor success.

14 The key takeaways from my section which
15 are on the slide, the Patent Office is
16 experiencing an unprecedented unexamined inventory
17 and is using a multifaceted approach to manage
18 this. Care must be taken with additional hires to
19 ensure that training, which will require
20 additional work for current examiners, is not
21 curtailed, particularly in light of the small
22 declines in patent examination satisfaction.

1 Previous patent examiner incentives to increase
2 workload have only shown moderate success, but
3 we're hopeful that there will be additional
4 success with these new incentives.

5 Finally, patent quality needs to be
6 understood and cease to be undermined by the PTAB
7 invalidation rate, which remains over 50 percent
8 for claims that are reviewed in post-grant
9 challenges.

10 Any questions? All right. Thank you.

11 MS. DARDEN: Perfect segue to you Henry
12 to talk a little bit about PTAB.

13 MR. HADAD: Thanks, Lolita. Good
14 morning, everyone. First, let me, on behalf of
15 PPAC, express gratitude to both the PTAB and their
16 leadership for their thoughtful collaboration with
17 the PPAC as well as their expertise, dedication,
18 and hard work over the year. This year we saw
19 roughly 5,500 newly filed cases, about 80 percent
20 of them being ex parte appeals, with about an
21 equivalent amount of issued decisions in 2024;
22 again, the vast majority ex parte appeals. And

1 I'll just want to note that the time period for
2 decision on ex parte appeals, about 12.4 months on
3 average this year, is a huge improvement over what
4 -- when I started out being years of waiting for
5 these type of appeals. And my hope is that,
6 further to Heidi's point, that further uptake of
7 ex parte appeals will improve quality and decrease
8 pendency in the long run. So PPAC looks forward
9 to working with the PTAB on that.

10 In addition, there were five significant
11 rules packages that were discussed, four of which
12 were completed this year, to Olivia's point, and
13 significant community outreach by the PTAB. So
14 thank you for all that hard work.

15 In 2011, Congress passed the AIA, which
16 established the PTAB and the two types of
17 post-grant proceedings under the AIA: PGR, post
18 grant reviews, and IPR, inter partes reviews.
19 Congress intended these proceedings to establish a
20 more efficient and streamlined patent system that
21 will improve patent quality and limit unnecessary
22 counterproductive litigation costs. As most of

1 the people know listening, I'm sure, PGR may be
2 based on any statutory ground challenging
3 validity, but must be brought within nine months
4 of patent grant, akin to a European opposition.
5 In the last year, however, only 3 percent of all
6 post-grant petitions sought PGR review.

7 IPRs, on the contrary, can be brought
8 anytime, but must be based on printed
9 publications, novelty, or obviousness on the basis
10 of patents or printed publications. In contrast
11 to PGRs, 97 percent of all post-grant petitions
12 sought IPR review, and PPAC would like the USPTO
13 to continue to explore ways to increase earlier
14 PGR challenges and decrease later IPR challenges.
15 While institution rates of IPRs are lower than
16 their all-time high in the 2015/2016 timeframe,
17 they have been creeping up over the last 5 years,
18 increasing by 10 percent during that period.
19 Looking at statistics over the last year, petition
20 institution is denied about 25 percent of the
21 time. For those proceedings, however, that went
22 to final written decision, all patent claims are

1 invalidated 68 percent of the time while mixed
2 results, some upheld, some invalidated, were
3 received 16 percent of the time. So while some or
4 all of the patent claims were invalidated 84
5 percent of the time, all claims were upheld just
6 16 percent of the time during this last calendar
7 year. Taking a step back, PPAC agrees with the
8 USP efforts to ensure that robust and reliable
9 patent rights are granted that drive innovation,
10 job creation, economic growth, and global
11 competitiveness. IPRs are sought often later in a
12 patent's term after innovators have invested in
13 the development and commercialization of the claim
14 technology based on the existence of the granted
15 patent right. They are often duplicative with
16 district court litigation or filed serially by
17 multiple petitioners. The late timing of IPRs and
18 increased invalidity determinations have led to a
19 disruption in patent holders' expectations and
20 their enjoyment of quiet title. This in turn has
21 led certain patent IP stakeholders to question the
22 strength of the patent right and whether it is

1 sufficiently robust and reliable to justify the
2 risks and investment in discovering and developing
3 inventive technologies.

4 The risk of some or all of your patent
5 claims challenged in IPRs being invalidated
6 remains significant. This suggests that either
7 initial examination of patent applications needs
8 improvement or the nature of post-grant procedures
9 make it challenging for patents to be upheld. I
10 suspect it is a combination of both. While
11 legislation is being considered that may
12 potentially balance post-grant procedures, there
13 are many things that USPTO is doing and can do to
14 improve patent exercise examination quality as
15 well as better balance IPR procedures. One such
16 effort will be discussed later today by Sandie
17 Spyrou. This is what we call the "closing the
18 loop" study, which takes findings from PTAB
19 determinations and looking at the initial
20 examination and seeing where there's potential
21 areas of improvement. So we look forward to those
22 -- that discussion a little later, Sandie.

1 But in terms of the key takeaways, and
2 this is foreshadowing a little bit of Sandie's
3 discussion, USPTO should continue to study and
4 release data to improve patent quality and
5 decrease later invalidations, identifying key
6 areas for future study based on this data,
7 including search capabilities, potential for
8 hindsight bias and the use of expert testimony
9 during IPR proceedings consistent with the
10 statutory basis of IPRs. In addition, PPAC
11 encourages USPTO consider whether the doctrine of
12 inequitable conduct as currently applied is
13 encouraging well-intentioned behavior, but that
14 ultimately decreases the quality of examination
15 and any resulting patents. This is largely
16 because the behavior is to cite a lot and maybe
17 say a little during patent prosecution. And if we
18 can provide guidance which encourages patent
19 applicants to say more and maybe more specifically
20 highlight the most relevant art, that should
21 improve quality and lead to decreased
22 invalidations down the road.

1 And further to that point and I just
2 lost my notes here, here we go, there is a
3 statute, 325(d), which is the basis of some of the
4 discretionary denial rulemaking that was released
5 at least for comment earlier this year, which, if
6 used in a robust way, we believe would encourage
7 greater patent quality. And by highlighting a
8 limited number of references during examination,
9 we encourage the PTO and PTAB to consider how to
10 best use 325(d) to encourage these type of
11 behaviors.

12 And I will stop there on the PTAB
13 section of the report, Lolita, and see if there's
14 any questions.

15 MS. DARDEN: Okay.

16 MR. HADAD: Okay, seeing none. This
17 section of the report is designated around the
18 USPTO FDA study that was released earlier this
19 year, but more broadly is about the role of USPTO
20 in developing and releasing empirical data from an
21 unbiased source that will be the basis of sound IP
22 policy. USPTO is uniquely positioned to play this

1 role and often, at least there are views that some
2 of the data being generated recently is more
3 agenda-driven data that can be at times misleading
4 from all sides of the patent policy debate. So
5 having the USPTO play this role is really, really
6 important.

7 So based on some of these questions, a
8 couple of years ago, Senator Tom Tillis, ranking
9 member of the Senate Judiciary IP Subcommittee,
10 requested that USPTO and FDA conduct an
11 independent assessment to study data from several
12 data sources about patenting practices,
13 particularly in the biopharmaceutical industry.
14 And on June 7th of this year, they published its
15 responsive report entitled "Drug Patent and
16 Exclusivity Study." The purpose of the study was
17 to provide a baseline approach that researchers
18 and policymakers can use in future analyses for
19 examining the number of years from the time a new
20 drug application is approved until the launch of a
21 first generic.

22 So really, the gist of what policymakers

1 want to understand, what is the meaningful period
2 of exclusivity for a biopharmaceutical product?
3 Using publicly accessible data the PTO and FDA
4 spent a whole lot of time analyzing it and
5 reported case studies on 25 new drug applications.
6 There were a number of important findings and I'll
7 just summarize them at a high level.

8 First, the 25 studied products did not
9 have unusually long periods of market exclusivity,
10 and the report showed a range from about 3 to 16
11 years of market exclusivity for these products.

12 Second, continued innovation and patents
13 based on those innovations, that is after the
14 initial approval of a product, did not extend
15 market exclusivity on those original studied
16 products. So the fact that later filed patents
17 are being granted did not slow down the uptake of
18 generics.

19 Third and fourth, counting the number of
20 pending or abandoned patent applications or,
21 frankly, just the number of patents or regulatory
22 exclusivities in the orange book is not a

1 meaningful way to determine duration of product
2 market exclusivity. You have to really study the
3 data and get an understanding of actual -- the
4 market dynamic and when the generics entered the
5 market.

6 And last, having more than one patent
7 that covers a product is common across different
8 technologies, given that multiple innovations may
9 be found in a single product or its use.

10 So those five conclusions are meaningful
11 conclusions and helpful in informing the IP policy
12 debate. And we applaud USPTO and FDA for
13 completing this report and providing accurate
14 empirical data for these purposes. But beyond
15 this report, the PPAC hopes this approach will
16 continue in the future across all IP policy
17 debates to make sure that accurate data is the
18 foundation of sound innovation policy in this
19 country.

20 Thank you. And that's it for me unless
21 there's any questions.

22 MS. DARDEN: Okay. We don't see any

1 questions. So we will pass the mic over to Dr.
2 Slepian, who will talk about AI and emerging
3 technology initiatives.

4 MR. SLEPIAN: Thank you, Lolita. First
5 of all, it's been an honor and privilege to be
6 able to work on this topic and I want to thank our
7 chair, Lolita Darden, for giving me this task.
8 It's also been a tremendous honor and privilege
9 and fun, frankly, to work with Charles Kim and
10 with Matt Sked and Jerry Ma, who have been
11 involved in this topic in a very deep way.

12 I don't think I have to tell anyone here
13 how AI has been top of the line in all news
14 matters today. We all realize that AI
15 increasingly is having penetrance and diffusion
16 into all aspects of our life and our work. And
17 certainly that applies to USPTO. I think that we
18 kind of recognize that AI is really a
19 transformative technology which combines the power
20 and capability of advanced computing and computer
21 science with data set to really solve problems, as
22 opposed to simple AI which has been around for a

1 long time. We should realize that AI, while it's
2 top of the headline today, really related to large
3 language models and associative generative AI has
4 been really around for 70 years. And it's a big
5 spectrum which really runs from the concept of big
6 data to machine learning to deep learning to
7 neural networks to more advanced multiple neural
8 networks that are integrated and then moving into
9 natural language processing into generative AI and
10 associative generation of AI. So it's sort of
11 like saying law, medicine, or science. It's a
12 very deep, broad thing.

13 But if you think about how AI actually
14 applies to USPTO, in our report we put a little
15 graphic in there which describes many ways in
16 which it can lean in and integrate. If you want
17 to distill that for simplicity, we outlined it
18 into three areas. One, can AI actually be
19 inventor? Can AI be involved in the inventive
20 step? Secondly, can AI actually be the subject
21 matter of invention and integrate into an
22 inventive description? And then thirdly, as we

1 heard from Heidi and others earlier, AI can also
2 be greatly facilitative as far as relating to IT
3 and rapidly being utilized for enterprise
4 activities to speed up activity here, reduce
5 pendency, improve quality, and other things like
6 that. And related to that, it's been a pleasure
7 to work with Rick Seidel and Jamie Holcomb and
8 others on those aspects. There's been a little
9 overlap between our different subgroups.

10 As far as AI as a contributor to the
11 inventive process, it all started with this
12 "DABUS" case, which ultimately led to Federal
13 Circuit Thaler v. Vidal, which basically made it
14 clear that it involves the individual. And the
15 Supreme Court precedent was that the individual is
16 really human and that actually involves human
17 inventivity. But we are all working with AI. I'm
18 sure everyone around the room has played around
19 with Chat or Llama or Claude or one of the other
20 AI models and realizes that it can be a helper, it
21 can be associative, it can be augmentative, it can
22 be integrative.

1 And as it relates to that, we then are
2 getting into the sort of parsing and nuance
3 aspects of can AI be augmentative in the inventive
4 process? And related to that, there was a Request
5 for Comments in 2023, which then led to a guidance
6 document which also came out in February of 2024.
7 I have it here. And that gave us greater detail
8 about inventorship analysis that really has to
9 focus on the human contribution, the so-called
10 Pannu factors, particularly the first Pannu
11 factor, was there a significant contribution of
12 the human to this versus just having AI generate
13 things?

14 So in the PPAC report we talked
15 extensively about this, we emphasized how nice it
16 has been, and the PTO continues to provide useful
17 examples because this really is a thing where you
18 learn by doing and you have to go through this.
19 So for the examiner, going through more and more
20 cases will be useful for the public and inventors
21 to be able to see how this is being developed is
22 going to be really an important thing.

1 We in the report encouraged that we have
2 to now continue to look at how AI could serve as
3 both important information provider, prior art
4 gatherer, subject matter explainer, and
5 information synthesizer. And that sort of gets to
6 the level of 101, 102, 103, and 112, and other
7 aspects and things related to the PHOSITA and
8 disclosures which are active, ongoing things going
9 on now.

10 AI is the subject matter for invention
11 is the second item we talked about in the report.
12 And it's very interesting if you look at the
13 statistics on IP that's moving forward through the
14 Agency. From 2018 to 2023, we saw an increase of
15 AI patent applications by 33 percent, moving from
16 76,000 to over 101,000 by 2023. But the more
17 notable statistic to me is that the share of all
18 patents granted by USPTO that can contains some AI
19 element has grown to now 24 percent. So think
20 about that. That's why this is a really important
21 topic to really understand can you patent this?
22 How is this working? Because down the road we

1 just heard from Henry, we don't want to really
2 generate more and more controversial cases which
3 are then going to have to be adjudicated as to
4 their validity.

5 So related to this, the guidance
6 documents has just been issued in July on subject
7 matter eligibility. This really went into detail
8 in terms of 101. It really gets to the two-step
9 analysis. First is the patent being put forward
10 that relates to the typical four claim categories
11 of process, machine manufacturer, composition, and
12 matter. And then it applies the second Supreme
13 Court two-part Alice Mayo test, which basically
14 says are we dealing with a judicial exception
15 related to math, mathematical concept, or a mental
16 process?

17 And then secondarily, if so, does the
18 sort of AI piece and AI being sort of considered
19 math, does it actually integrate into a practical
20 application? You just can't smear on AI like
21 peanut butter glossing on the cake. It has to
22 really be integrated into the corpus of what

1 you're doing to really be valid. What we
2 encourage from PPAC is that we continue to get
3 into the depths of this aspect of how this really
4 integrates because that's going to be more and
5 more nuanced as we go forward.

6 The third part of the report talks about
7 AI as a facilitative tool for enterprise and
8 workflow. This integrates with what Charles is
9 going to talk about here in just a minute. But
10 clearly, we've heard about the massive explosion
11 in the number of patents that we're dealing with.
12 We've heard about the issue of dependency. I
13 compliment PTO for the tools that they have
14 developed with external vendors as well as with
15 internal groups which are now being tested, such
16 as MLTD, substantial similarity, and other things
17 that are being utilized.

18 The other important point is also, that
19 we covered in the report, relates to outreach and
20 education. So let me touch on education briefly.
21 We're all new to this space. You didn't go to
22 college and suddenly learn about AI, and if you

1 did, it's about machine learning, it's not about
2 what we're doing today. So really the examiners
3 constantly have to be updated on this. And I
4 compliment the Agency for what they've done. In
5 2017, they had 145 courses related to this, but
6 over the last several years now with this
7 technology training on demand, they now have over
8 1,400 courses that are available. And there have
9 been many external seminars that have gone on.
10 They have worked with leading universities, like
11 Carnegie Mellon and others, to develop courses and
12 bring that. And I think we encourage that, that
13 we diffuse this in everyone's education on AI,
14 because you know, rising tides raise all boats and
15 we want to see that in the AI space.

16 The final thing relates to AI outreach
17 and there are many, many outreach activities. We
18 heard from Lateef about inclusive innovation and
19 other things. Also mentioned in the report is the
20 idea of inclusive AI, which will be important for
21 being able to distribute this new technology
22 across the United States to drive inventorship in

1 a very big way.

2 So we listed the key takeaways. They're
3 on the two slides, but I'll summarize them
4 quickly. AI continues to grow in terms of the
5 technology applicability across fields. As an
6 agency of invention and innovation, PTO needs to
7 continue to explore, utilize, and advance AI as it
8 relates to being a facilitator of invention, the
9 subject matter of invention, and a propelling tool
10 to drive PTO enterprise effectiveness. USPTO
11 should continue to issue and refine guidance
12 documents, as was done this past year, as to the
13 nuances of AI mechanisms, algorithms, and
14 operation as they continue to be revealed. And
15 finally, investing in continued training of USPTO
16 personnel, from the examiner to the administrator,
17 is going to be essential to continue issuance and
18 stewardship of optimal, robust, quality patents in
19 an increasingly complex interdisciplinary
20 technical area while facilitating organizations
21 efficiency and effectiveness.

22 Thank you very much. Are there any

1 questions? It's been a pleasure to work on this
2 topic.

3 MS. DARDEN: Charles?

4 MR. DUAN: All right, thank you. And so
5 I guess I'm going last and have 30 minutes. I'm
6 not going to spend all of that time, but I would
7 like to begin by echoing the thanks that Marvin
8 gave.

9 So on the Artificial Intelligence and IT
10 Subcommittee I've had the pleasure of working with
11 folks like Jamie Holcomb, Deborah Stevens, Rick
12 Seidel, who's right there, Greg Vidovich, and many
13 others at the USPTO. And I really just appreciate
14 all of your thoughtfulness and collaborativeness
15 and just willingness to engage with the PPAC and
16 to share thoughts and to think through difficult
17 problems, particularly in the space of information
18 technology, which really just underlies so much of
19 what the USPTO does. It's the foundation of how
20 it can perform its mission, its mission of
21 examination. I think that that collaboration has
22 just been really wonderful and I want to begin by

1 thanking all of you for that.

2 Since I am going last, I'd also like to
3 thank the rest of the folks at USPTO who we've had
4 the chance to work with over the last three years,
5 and also my fellow members on PPAC. I've just
6 learned so much from all of you and have really,
7 really enjoyed working together to serve this
8 nation and serve this Agency.

9 So as I mentioned, information
10 technology is very important to the USPTO. The
11 Agency runs numerous systems and services that
12 allow for patent examination to happen and that
13 also allow for the public to engage with the
14 patenting process. That includes the website
15 itself, which provides information to inventors.
16 That includes Patent Center, which allows for the
17 filing of applications. That includes the Patent
18 Search tool, which allows members of the public to
19 search applications, and many other services and
20 tools that the Agency makes available. And so our
21 focus this year has been engaging with the Office
22 and thinking through how these work together with

1 those public-oriented missions of the Agency. And
2 so the report breaks these down into three buckets
3 and I will go through each briefly.

4 So the first has been IT modernization.
5 The USPTO has been very much engaged in trying to
6 modernize its IT services and particularly moving
7 them toward cloud providers. These are designed
8 to ensure greater resiliency and availability of
9 services and also to simplify the process of
10 upgrading systems as we understand them because
11 the cloud providers can maintain the hardware,
12 which simplifies the process. And we believe that
13 this is important.

14 One of the things that we have engaged
15 closely with the Agency on has been the question
16 of avoiding lock into any particular service.
17 We've had multiple conversations with folks and
18 we've been very pleased at the ways that the
19 Agency has been thinking about making sure that
20 they're able to move between different service
21 providers and able to maintain competition in the
22 procurement and contracting process. I think that

1 that's important and that's been important to many
2 of us on PPAC. So we encourage the Agency to
3 continue working on that.

4 Finances are obviously an important part
5 of IT modernization. And so Eb gave us a great
6 overview of the financial considerations. On the
7 IT space, we understand that cost containment is
8 the overarching strategy. The idea is that
9 despite all of these upgrades going on, the Agency
10 is still maintaining costs at current levels and
11 sometimes trying to reduce them. And over the
12 years, as we understand, the IT budget has
13 actually decreased by about a percent in many
14 years. That's been the ongoing goal. We
15 understand that this year there may be a slight
16 increase to IT costs, largely driven by
17 across-the-board government salary increases that
18 were largely unavoidable by the Agency.
19 Nevertheless, costs for information technology
20 remain well below inflation. And we think that
21 the strategy has been working well and has been
22 delivering appropriate value to taxpayers and

1 customers of the USPTO. So we encourage
2 continuation of this cost containment strategy.

3 A second focus has been cybersecurity.
4 As Heidi mentioned, there was a major CrowdStrike
5 issue which caused significant outages for patent
6 examiners. We looked at the USPTO's response to
7 this, the ways in which they were able to
8 coordinate their IT staff to -- basically to
9 repair people's computers. The Agency was able to
10 do this very efficiently despite having a
11 workforce that is all over the country. And I
12 think that that was very impressive and
13 potentially a model for folks to follow.

14 Another thing that we've been following
15 has been a number of issues identified with
16 unintentional public disclosure of assignment data
17 and other data. There were a couple of incidents
18 of this reported over this year. These are
19 obviously concerning because of the fact that they
20 potentially reveal data that ought to be
21 confidential. The USPTO acted very quickly to
22 respond to them and we think that that's an

1 important -- that that was important and applaud
2 them for their rapid response to these sorts of
3 issues.

4 One thing it does suggest to us is that
5 there are opportunities for further engagement on
6 what we call user testing and what the Agency
7 calls user testing of these public services. And
8 so that's been our third area of focus this year.
9 So user testing is the idea that when an
10 information technology service is released, you
11 want to make sure that it's tested not just by
12 programmatic methods, not just by computer code,
13 but also by the types of people who are going to
14 use it. And so the PTO has engaged in this sort
15 of user testing extensively throughout the years,
16 particularly with the release of Patent Center.
17 There were multiple rounds of beta testing. There
18 was this idea scale website in which people could
19 submit ideas and feedback.

20 And one of the things that we have been
21 talking with folks at the Agency about is what are
22 ways in which PPAC can engage further in this

1 process, both to help out directly and also to
2 serve as a bridge for members of the public who
3 are interested in making sure that these services
4 work not just for the experts, but also for the
5 wide range of people who end up using the USPTO's
6 website and other services, small inventors,
7 members of the public, university researchers, law
8 school clinics? And so we've been working on
9 developing some internal structures for how to do
10 this, for how to organize within PPAC, so that we
11 have ways of helping out with this user experience
12 testing process.

13 This is ongoing work. I anticipate it
14 will go on -- it will hopefully be an ongoing
15 project and an ongoing collaboration with the
16 folks who are developing these services. But I'm
17 very excited about it because I think it's a real
18 opportunity for us to continue engaging and to
19 continue making these services serve the public
20 that it's the USPTO's mission and objective to
21 serve.

22 So I look forward to these ongoing

1 collaborations and thank you very much for all of
2 the work that we've been able to do together.

3 Happy to answer any questions.

4 MS. DARDEN: Not seeing any questions
5 online or in the room. I want to thank all the
6 members of PPAC for presenting this summary of the
7 report.

8 For those of you who are interested in
9 reading the full report, you can find it online.
10 If you just conduct an Internet search for PPAC,
11 P-P-A-C, Report 2024, you will find it online or
12 you can go to the USPTO.gov website and on the
13 homepage search "PPAC reports," and it will take
14 you to our Reports page.

15 In conclusion, with this part of the
16 agenda, I want to also thank all the members of
17 the USPTO, particularly the Patent group who's
18 worked with us this year, Jay's group in
19 particular on finance, you all have worked very
20 closely with PPAC. We appreciate you taking the
21 time to work with us so that we could assist you
22 in putting forth all of these initiatives that you

1 are working on currently. And we've heard about
2 all the great initiatives that are happening from
3 Vashali's group in taking steps to reduce patent
4 pendency, maintaining quality, IT infrastructure
5 improvements, PTAB, looking at studies, and ways
6 to reduce the invalidation rates at PTAB.

7 So we have a lot going on and I, along
8 with members of the PPAC, would like to encourage
9 the public to engage with the USPTO. There are
10 various regional offices and Community Outreach
11 Offices that you can engage with, learn more about
12 what's happening at PPAC. In particular, we heard
13 this new word "sequestration" today. Learn more
14 about sequestration and how you can help the USPTO
15 maintain the fees that it collects, so that it
16 continue to do this great work that we've heard
17 about today.

18 At this time, we'd like to pass it over
19 to Sandie. We are quite early, Sandie, so if
20 you're ready, we'd like to go ahead and hear about
21 these great studies at the Patent Trial and Appeal
22 Board to help impact invalidation rates.

1 MS. SPYROU: Great. Thank you very
2 much. I appreciate it and thank you. I'm honored
3 to have some time today to talk about the findings
4 of this study.

5 So my name is Sandie Spyrou and I'm the
6 director of the Office of Patent Quality
7 Assurance. And I definitely want to put -- give a
8 shout-out to my team for the great work that they
9 did on this project and also to Vei-Chung Liang,
10 who is our leader, who every time I went to him
11 and said can I get this information or could you
12 do something, he always found a way. So I do want
13 to give a shout-out to him, and also to the PPAC
14 for all of their insight and support in this study
15 and the collaboration that we've had with PTAB.
16 So we've had a lot of people working very
17 diligently on this study and I want to give a
18 shout-out to all of them.

19 So let me just put this study into a
20 little bit of context. Over the last couple
21 years, we have been working very hard between the
22 PTAB and Patents to assure that, and we've been

1 using this term, "close the loop." In other
2 words, what we're talking about is having
3 information, significant information exchange
4 between the PTAB and Patents. And over the last
5 couple years we've been making a lot of strides in
6 that avenue. So Patents and the PTAB, we continue
7 to work together to exchange information or to
8 close the loop to help facilitate better patent
9 quality. We've done that through a lot of
10 different mechanisms, such as data exchange, cross
11 collaborative training, co-implementing
12 initiatives and pilot programs, and this study is
13 just another continued effort in that regard. So
14 you oftentimes will hear this study as a closing
15 the loop study in the sense that that's what we're
16 trying to do is capture information and make sure
17 it's being exchanged between both Patents and
18 PTAB.

19 And I think we've all seen this slide
20 before and we understand that patents that get
21 challenged at IPR as a percentage of all patents
22 that are issued are very small amount, about a

1 thousand a year, with only a very small percent of
2 those actually ending up with final written
3 decisions, about 200 every year. It's a small
4 amount, but it's a small amount that has a big
5 impact. Right? So, but when I talk about this
6 study and when I talk about the data here, I just
7 want to be careful to point out that because it's
8 such a small amount, you can't immediately say
9 it's a representative sample of all of the
10 patents. So let's keep into context the subset of
11 patents that we're talking about, and these are
12 the ones that get to IPR and then actually go
13 through the entire IPR process and end up having
14 the final written decision, which are, by nature,
15 very stringently vetted by the challengers. And
16 they're only letting the ones that they believe
17 strongly they're going to be successful in get
18 those final written decisions.

19 But nonetheless, I don't want to imply
20 that because it's a small amount that they're not
21 important because they are important and they have
22 a great impact on customer confidence and

1 satisfaction. And we do -- we can learn a lot
2 from looking at these and doing this analysis. So
3 even though it's a small percent that get asserted
4 that end up getting challenged in the AIA IPR
5 proceedings, and there's even a smaller amount
6 where all the claims are fully invalidated, they
7 are important and it is a learning moment for us
8 to look at them. But I do want to make sure that
9 we all recognize it's not a representative sample.
10 And so we want to be careful in what we pull away
11 and when we analyze this data to keep that in
12 mind.

13 Okay. So what did we study? Well, we
14 studied and we considered IPR final written
15 decisions that were issued in calendar year '21
16 where at least one independent claim was found
17 unpatentable. So I want to be clear, that's what
18 we're focusing on is the grounds of study where at
19 least one independent claim was found
20 unpatentable. We didn't look at where the claim
21 survived. We looked at the grounds where one
22 claim was found unpatentable. Again, you know,

1 this doesn't cover, you know, the FWDs where they,
2 you know, settled beforehand or didn't get
3 instituted, or any of that. We're looking at was
4 instituted, went through the whole process, the
5 final written decision was written, and at least
6 one claim was found unpatentable.

7 So when we looked at that in calendar
8 year 2020, what we found was that there were 192
9 final written decisions in that year where at
10 least 1 independent claim was found unpatentable.
11 That equates to 304 separate grounds of
12 unpatentability that had at least one independent
13 claim found unpatentable. And it equates to 166
14 challenged patents. So again, it's a small subset
15 that has a big impact in people's minds.

16 I also wanted to make it clear that by
17 the time these patents, you know, were challenged,
18 you know, and the final written decision was
19 issued over there in calendar year 2021, put into
20 perspective when they were actually examined.
21 Okay? So if you look all the way over to the left
22 on this chart, you can see that some of these were

1 examined back or were filed back in 1995. That's
2 when I, and I've been here a long time, was a very
3 young primary examiner. And I'll admit it, I was
4 even around back then. So this was a long time
5 ago. This is when we were examining in the shoes
6 (phonetic) still. We were flipping through
7 patents. We had limited text search capabilities.
8 It was a different world back then. Okay?

9 So, you know, the spectrum of cases and
10 the time and the tools that we were just talking a
11 lot about, the tools and the availability of tools
12 have changed immensely. Even the law has changed,
13 you know, in that time period. So I just want to
14 say, you know, make it clear that when we're
15 talking about, yeah, the final written decision
16 was issued in 2021, this is the spectrum of the
17 filing dates for those challenged patents.

18 And I wanted to share with you a little
19 bit about the evolution of search over that time.
20 And we have been very dedicated in those years,
21 you know, to make sure that examiners continually
22 get updated and the most current search tools, but

1 they have evolved over time. And even in the
2 buckets that I have here, even in these windows of
3 time, it has evolved. In early -- you know, in
4 1995 and '98, where we have 9 of these 166
5 challenge patents being examined, we were using a
6 system that was called Automated Patent Search, or
7 APS. And that was a limited mainframe tech
8 search, Early Internet. Right? If we remember,
9 that was when we were just starting to even know
10 what the Internet was. There was about 10 million
11 U.S. patents and foreign patents, abstracts, a
12 curated library of non-patent literature and some
13 Internet resources at that point. But for the
14 most part in that timeframe, we were just -- we
15 were still searching with paper. We were going to
16 the shoes (phonetic) and we were flipping patents.

17 Then we moved over to what we call east
18 and west searching and that, you know, it evolved
19 and it was implemented in stages in 1998 and it
20 evolved over time until '21. So we kept adding to
21 that. But that was in the time period that I
22 would call the explosion of digital information.

1 Right? That's when we started to have in-house
2 database images. We had text searching capability
3 where we can then pull up the image and we could
4 highlight the text in the document. We went from
5 10 million to 50 million U.S. patents and foreign
6 documents. We continually added abstracts, again
7 curated libraries, NPL and our Internet sources,
8 you know, became great.

9 Until just recently, just a few years
10 ago, we shifted from the east and west over to
11 PE2E, which we all know is Patent End-to-End.
12 During that time, and that's the time, remember,
13 we did this study just in the last couple years,
14 so when we were doing this study we were
15 performing the study with today's resources, the
16 resources that we have today. We can't go back in
17 time and do it with the resources that the
18 examiners had. And so we are really in a
19 different world. Even from east and west in the
20 PE2E. We've got that continued exponential growth
21 of digital information. We've got modern
22 web-based, cloud-hosted images and text search

1 capability; 100 million-plus U.S. patent foreign
2 documents, full documents in English now, over
3 72,000 journals, 400,000 eBooks. And we have been
4 adding to east -- to PE2E all of those AI
5 capabilities that you're talking about. We've got
6 the more like this documents, the similarity
7 searches, and we expect that to continue as we
8 move forward. So keep in mind that when we're
9 talking about this data, these are cases that were
10 examined in a different world from when we were
11 doing the study. Okay.

12 All right. So if I overlap kind of the
13 quantity of the application, the challenged
14 patents, when they were applications and being
15 examined, you can see there is a significant
16 number that is in APS world, you know, flipping
17 through patents. We've got most of them in the
18 east and west world. And this study was actually
19 done in the PE2E world with the AI capabilities
20 that I talked about.

21 Also want to talk a little bit is it's
22 very easy to kind of conflate the searches that

1 happen in the different periods of time. In the
2 -- I'll talk about the patent life cycle. Right?
3 We have a search that happens before the case --
4 before the application is filed. Right? And
5 that's going to depend on what we what an
6 individual has at their use as far as resources
7 and funding and the expectation of the
8 monetization of that patent. Then you've got the
9 search that happens during examination where we
10 know that, you know, examiners spend an average of
11 about 17 hours doing examination activities, which
12 include all of the activities, a portion of which
13 is searching. And then you have search that
14 happens after the patent is granted, you know,
15 prior to, you know, challenging a patent or
16 enforcing a patent and at the IPR proceedings. So
17 I just wanted to take a minute to side by side
18 because the distinctness in the reason we're doing
19 the searches, the motivation of the search, and
20 the resources that are available during
21 examination versus during the enforcement period
22 or the grant period of the patent, just to, you

1 know, make that clear that sometimes it's really
2 easy to conflate those searches to all being kind
3 of the same, but they are very different.

4 An examiner spends an average of about
5 17 hours, like I said. A portion of that time is
6 dedicated to searching. Whereas what I found
7 doing some research is that for a diligent prior
8 art search that's conducted by a petitioner, they
9 can do 8 to 10 days, plus additional time to
10 analyze that art. So when you are in, you know,
11 defending yourself perhaps in an IPR proceeding or
12 is in litigation, you have high motivation, high
13 resources. You already know that it's worth
14 money. There's monetization there.

15 Claim construction is different, right?
16 In examination, we're using broadest reasonable
17 and whereas in the IPR proceeding we've got that
18 ordinary and customary meaning. Also remember,
19 the examination occurred and in this study we saw
20 that the examination occurred approximately 12
21 years before the assertion, right, in the IPR and
22 before the final written decision was issued. At

1 that time, you know, by the time the final written
2 decision is issued, you see differences in the
3 search tools, right, and the ability to discover
4 technology, to discover the prior art. You also
5 see differences in the understanding of the
6 emerging technology. Something that was emerging
7 at the time of examination now is well understood
8 and might have different ordinary skill,
9 terminology, technical expertise.

10 And there's possible changes in the
11 applicable law. You know, for example, you know,
12 the KSR decision which reinstated that more
13 flexible approach to obviousness that when an
14 examiner back in '95 might have been taking more
15 of the strict, you know, TSM approach to the
16 obviousness.

17 We also have in the IPR things that just
18 aren't available to examiners during prosecution.
19 They can go into the lab and do some testing.
20 They can simulate things in computers. They have
21 expert testimony and other evidence that's going
22 to be available in the IPR proceeding that is just

1 not going to be available to an examiner during
2 prosecution. You've got discovery in IPR for both
3 parties on both sides. You've got the oral
4 hearings for both parties. Those are things that
5 are available to an examiner during prosecution.

6 So let me see, I want to shift gears a
7 little bit now that I've of put the study into
8 context and talk a little bit about the
9 characteristics that we're seeing in the
10 challenges patents versus what we see in general
11 population of patents. Now, I want to be careful
12 because I'm going to share some data with you and
13 I don't -- and I'm going to give you some warnings
14 about jumping to conclusions from the data that
15 we're sharing.

16 But when we look at challenged patents,
17 so we look at the challenged patents, what we saw
18 was that there was an average of 218 citations of
19 prior art and with 43.6 percent of the challenged
20 patents having greater than 100 citations.
21 Whereas in that same period, in calendar year '21,
22 the population had an average of 55 with less than

1 9 percent and 8.7 percent having greater than 100
2 citations.

3 Now, the question is, you know, when we
4 look at these characteristics, is it that when you
5 have these characteristics in prosecution, it
6 makes you more likely to end up in an IPR
7 proceeding, or is it that you're prosecuting the
8 application with these characteristics because you
9 expect it to end up in litigation because you have
10 an expectation with regard to monetization? I
11 can't answer that question. But what I can tell
12 you is that these are the most difficult cases for
13 examiners to prosecute, right? When you have to
14 wade through so much information in that short
15 period of time, right?

16 So same thing is if I look at the number
17 of benefit applications that are being claimed in
18 the challenged patent. So when I talk about
19 benefit applications, I'm looking at the 120
20 benefit claim and looking at how many parent
21 applications there are. You can see that in the
22 challenged one, in the challenged patents, there

1 are large patent families with greater than three
2 parents being claimed in that benefit claim,
3 whereas the general population is only six.
4 Again, when it's a larger patent family, there's
5 more information for the examiner to have to wade
6 through, more claims to look at, more prior art to
7 look at, more prosecution history. Again, these
8 cases that end up at the IPR proceedings are the
9 most difficult ones for examiners to prosecute.

10 And then when we look at the number of
11 claims that are in the challenged patents, the
12 average is 23 with 49 percent of them having
13 greater than 20, whereas the general population is
14 16.5 with 14.3 percent having greater than 20.
15 And as you know, the more claims, the more
16 difficult.

17 So again, I want us -- I want to be
18 careful to say, you know, there is this
19 correlation is what is the causation? We don't
20 really know, and we can do some more studying on
21 that. Is it that because of these characteristics
22 they end up in IPR or are they being prosecuted

1 this way because there's an expectation that
2 they're going to end up in litigation or in IPR
3 proceedings? So we have to be careful with that
4 causation. At this point, I don't have the
5 evidence to say it's one way or the other way.

6 All right. So let's take a look at the
7 information -- or the findings, the data when we
8 dig into the final written decisions. So as I
9 said, there were 304 separate grounds of
10 unpatentability and 166 challenged patents. When
11 we looked at the grounds of patentability, we
12 divided them up into a couple buckets. We said,
13 where was the grounds of patentability --
14 unpatentability, I'm sorry, where were the grounds
15 of unpatentability that were raised in the IPR
16 proceeding only based on prior art that was before
17 the examiner during prosecution? In other words,
18 it was first cited during prosecution; the
19 examiner would have been aware of it. It's a very
20 small amount. Only 7 percent, or 22 of the 304
21 grounds, were based solely on art that was cited
22 by the applicant and was in prosecution. Right?

1 Ninety, you know, 93 percent of the grounds, all
2 of the other grounds had at least one piece of
3 prior art that was newly cited or first cited
4 during the IPR proceeding.

5 Now, the other two buckets, the 93
6 percent, we divided them up into there were 73
7 percent. So a vast majority was solely based on
8 art that was first cited during the AIA IPR
9 proceeding. That was all based on new art.
10 Nineteen percent was a mix. And what's
11 interesting is the mix, all of those grounds were
12 based on obviousness, right? Some of them, a lot
13 of them, the primary reference was cited during
14 prosecution. A small percentage, it was a new
15 primary reference in that grounds. So I'm going
16 to go through each of these buckets and talk a
17 little bit about what we saw when we dug
18 underneath of these individual buckets of grounds
19 of unpatentability.

20 Okay. So this is just another chart to
21 kind of equate the three grounds. You've got the
22 7 percent, which was 19 final written decisions.

1 So again, a very small pool of data. There was 17
2 different -- 17 distinct patents that were
3 challenged, 74 percent. It was 146 final written
4 decisions directed to 127 challenges patents. And
5 then the 19 percent were as a mix of first cited
6 in prosecution, first cited in IPR, which equates
7 to 47 final written decisions with 45 patents
8 challenged -- distinct challenged patents. So
9 let's look at that first bucket.

10 In that first bucket, all of the prior
11 art was cited during prosecution. What we found
12 was that this art was in the prosecution, but it
13 was in the prosecution amongst a vast amount of
14 prior art or information: 77 percent of these
15 challenged patents had greater than 100
16 references, or 13 out of 17; and 76 percent of
17 these the prior art relied on was cited in an IDS
18 disclosure from the applicant. So these were in
19 the prosecution, they were in front of the
20 examiner, but they were in front of the examiner
21 in a large number of references during
22 prosecution.

1 We also looked at this bucket, the 7
2 percent. Forty-seven percent of these challenged
3 patents had three or more parents. So again,
4 we're what I would call robust families, patent
5 families. And the average pendency was eight and
6 a half years for these. So they were very complex
7 prosecutions with a large amount of information
8 and a lot of -- you know, these are the most
9 difficult applications, again, for examiners to
10 prosecute. Again, very small group, only 7
11 percent of the challenged patents.

12 In 50 percent of the FWDs, in the final
13 written decisions, the Board, the PTAB, had an
14 explicit credit or comment reference to expert
15 testimony. So it wasn't just the reference
16 itself, but the reference was being explained or,
17 you know, there was being informed in light of
18 some expert testimony that was helping. The
19 analysis of the prior art, that what was the
20 expert testimony drawn to? It was drawn to kind
21 of walking through the prior art and kind of
22 explaining it. It was directed to rationale to

1 combine, which, again, we talked about earlier.
2 It was expectation of success and also the
3 ordinary skill level.

4 So, again, a summary of this first
5 bucket is only a small percentage is based on art
6 that was in the case when the examiner was doing
7 prosecution. They were very large patent families
8 and they had very large amount of prior art that
9 was present for the examiner to weigh through
10 there. And again, expert testimony played a big
11 part in understanding or being informed with
12 regard to what the teachings were of that prior
13 art.

14 All right. Let's look at the second
15 bucket and this is where all of the prior art was
16 first cited in the AIA IPR proceeding. What did
17 we see here? So for what we did here is we wanted
18 to look at whether or not using today's tools, we
19 would be able to find this prior art. So, again,
20 there was a -- you know, there's that big time and
21 that big difference in tools available previously
22 to what was available at the time of the study.

1 So what we did is we gave each of these
2 to one of my reviewers and said to them, we want
3 you to look at the prosecution and only the
4 prosecution. We didn't want to bias them to look
5 at any of the information that was presented in
6 the IPR proceeding or discussed in the final
7 written decision. So independently, without
8 looking at the FWD or the IPR proceeding, look at
9 the prosecution, look at the claims, and perform
10 your own search.

11 So we asked, using today's tools. And
12 what we found was without the benefit of the IPR
13 proceeding or the final written decision, in 53
14 percent of these prior art references, we were
15 able to find them, or in these independent
16 searches, we were able to find the art that was
17 cited at the IPR proceeding. So that, you know,
18 we could say that now, today, using the enhanced
19 tools that we have today, I would think we could
20 reasonably expect that examiners would be able to
21 find or would find about 53 percent of these today
22 if they had examined these under today's search

1 tools. But that, of course, leaves the 47 percent
2 where basically the reviewer didn't find it,
3 performing what was, we would consider, a
4 reasonable search, a reasonable field of search.
5 So you could reasonably conclude that 47 percent
6 of these documents -- and again, I didn't notice
7 -- I didn't note that we only were looking -- we
8 performed searches, and we're only looking for the
9 U.S. Patent documents because we wanted to take
10 out of the equation whether it was art that was
11 found in like a very obscure location. We wanted
12 to look at art that was in front, that we knew
13 that the examiner would have access to.

14 So 53 percent of those U.S. patent
15 documents we were able to find, but 47 percent we
16 weren't able to find when the reviewer did what we
17 would consider an examiner's -- a reasonable
18 examiner search. So what we wanted to do is kind
19 of validate this finding and so we used CPC. And
20 for those of you that aren't as familiar with CPC,
21 that -- in CPC you put symbols on the application.
22 So you end up having what's called a CPC picture.

1 And the symbols are the classification and they
2 are applied to the application based on the
3 disclosure. So USPC, we used to put those symbols
4 on based on the claimed invention whereas the
5 strength of CPC is the symbols are placed on based
6 on the entire disclosure. And so the strength
7 here is you can overlap CPC pictures and if
8 there's an overlap of them, you can conclude that
9 there's subject matter or disclosure in common.
10 Right?

11 So what we did is we took this, we
12 looked at all of the U.S. patent documents that
13 had CPC pictures that were assigned to it. And we
14 took the, you know, the challenged patents. And
15 so we took the prior art from the IPR that had the
16 CPC symbols and we took the challenged patents and
17 we overlapped the CPC symbols to see if there was
18 an overlap. So we looked for a nexus, because if
19 there's a nexus between those symbols, that would
20 imply that there's subject matter that overlaps
21 and that we would have expected the examiner to
22 find it, to find the art because there was subject

1 matter that overlapped.

2 So when we looked at the CPC pictures,
3 of the 130 U.S. Patent documents that had the
4 picture, had the CPC picture, only 110 -- I'm
5 sorry, 133; 110 had a signed CPC picture, and 68
6 of the 110 had at least one symbol, one assigned
7 symbol that overlapped with the challenged patent.
8 So that left a large percentage, a significant
9 percentage, 42 of the 110 U.S. patent documents
10 that were relied on in the challenge that had no
11 overlapping CPC symbol with their challenged
12 patent. So that kind of lends you to, again, say,
13 well, that does seem to be then outside of an
14 expected reasonable search for the examiner
15 because you didn't even have an overlap in the CPC
16 picture.

17 So then you have to ask yourself, well,
18 why? Why is that happening? What are the factors
19 that are contributing to a large percentage of art
20 or, you know, a significant percentage of the art
21 that's relied on and successful for
22 unpatentability to be outside a reasonable field

1 of the examiner search? And again, these are our
2 suspicions here. Again, I think we need to
3 continue to research this and to fine tune our
4 studies, but we are looking at aspects of the
5 invention that were emphasized in the challenged
6 patent disclosure. In other words, at the time
7 that the application was written, it was an
8 emerging technology and today it's not. Now we
9 understand and we may give meaning to terms and
10 understand how things work. So when they wrote
11 that application, how robust that application was
12 written to lead the examiner to the inventive
13 concept, to understand the state of the art, to
14 understand common terminology, that's how robust
15 of an examination that you would get and a search
16 that you would get. So we wonder, and we
17 speculate, could it be something related to the
18 application itself and the emphasis of the
19 terminology, the inventive concept in the
20 application?

21 The other thing we speculate about is
22 developments in the terminology and the

1 understanding of the emerging technology at the
2 time, right, of prosecution versus at the time
3 that the search was being performed. Again,
4 remember I told you, they're distinct times of
5 search. Right? So when you were searching it to
6 try to find stuff to support unpatentability,
7 you're looking at it and searching it from a
8 different perspective than you did when you were
9 during prosecution. And again, you can't discount
10 the expanded resources that are available to
11 somebody who's very incentivized to find prior
12 art, right, in the granted -- in those post
13 granted proceedings. So there's a lot going on.
14 You're going to search a lot further, a lot
15 farther, a lot stronger with a lot more resources
16 behind you in that post-grant period.

17 Okay. Let me move on to the last
18 bucket. And the last bucket is a mix. So it's
19 got some prior art that's going to fit into that
20 first bucket, some that fit into the second
21 bucket. And what I'm going to focus on is really
22 the distinct analysis for this bucket. And that

1 is, let's take a look at the art that was applied.
2 We had 59 grounds all directed to obviousness; 42
3 of those, the primary reference was in
4 prosecution, but then was supplemented with
5 additional information in the IPR proceeding
6 versus 17 grounds where there was a brand new
7 primary reference, but was supplemented with stuff
8 that was newly cited in the IPR proceeding. I
9 mean, so we got the new primary reference from the
10 IPR proceeding and then the prosecution evidence
11 supplementing it.

12 So something, some teaching was not
13 before the examiner. So some of it was and some
14 of it was not. Okay? So for these 59 grounds,
15 there was at least some teaching that was not in
16 front of the examiner during prosecution.

17 Again, in this situation, what we did is
18 we gave the two pieces of prior art, again,
19 without the benefit of anything in the IPR
20 proceeding, we just generally gave the two pieces
21 of art to the reviewer and said, hey, could you
22 put these two references together? Could you put

1 these pieces together and set up an obviousness, a
2 prima facie case. And my reviewers in 37 of those
3 59, or 63 percent, thought that having -- now
4 having that art in front of them, that, yes, there
5 was a reasonable rejection that could be
6 supported. It still left 22 where the reviewer
7 still wasn't completely -- didn't come up with
8 that grounds, that one wasn't. And in those 22 we
9 did see that the expert testimony was expressly
10 credited there. So there was some explanation,
11 some further, you know, expert coming in and
12 explaining, informing that prior art so that we
13 could understand it and see how it was applicable.
14 And again, those are things that are just not in
15 front of the examiner at the time that they are
16 examining.

17 So in summary, we looked at FWDs that
18 were issued in 2021 where there was at least one
19 claim that was found unpatentable. That's what we
20 focused on. That equated to 304 grounds of
21 unpatentability. We saw that the study, the
22 study, the studied challenged patents had a

1 significantly large number of prior art citations.
2 And again for reference, 8.7 of the general
3 population had greater than 100, with the average
4 at 55, where in this study it was 43.6 percent
5 having greater than 100 with an average of 218.
6 The most difficult applications for examiners to
7 examine.

8 Only a small percentage relied solely on
9 art that was provided by the applicant during
10 prosecution; 93 percent relied on at least one
11 prior art reference that was not before the
12 examiner. And again, during the IPR proceeding,
13 the judges often relied on new information, that
14 is expert testimony, analysis of the disclosures
15 of the structures being disclosed, some
16 experimental testing in some situations that were
17 introduced for the first time that were not during
18 prosecution that helped to inform them of what the
19 disclosures really taught.

20 And so again, I think there are some,
21 you know, big takeaways here. And the key
22 takeaways are that, you know, challenged patents

1 with findings of unpatentability in IPR FWDs have
2 a more complex prosecution history and higher
3 numbers of prior art citations than the general
4 population.

5 The second takeaway is that
6 overwhelmingly 93 percent of these successful
7 challenges or the successful grounds of
8 unpatentability relied on at least one piece of
9 prior art that was first cited in the IPR, that is
10 prior art that was not before the examiner.
11 Forty-seven percent of U.S. patent documents cited
12 as prior art for the first time were outside of
13 what the examiner -- what we would consider an
14 examiner's reasonable field of search. And that
15 there was a significant or there was reliance on
16 additional information to help inform what was
17 being taught or disclosed in the prior art that,
18 again, was not in front of the examiner during
19 prosecution.

20 So at this point, I do want to thank the
21 PTAB for -- I mean, sorry, thank the PTAB, of
22 course, for their collaboration in this study, but

1 also thank PPAC for a lot of the very deep
2 discussions that we had on this data and these
3 findings that allowed to inform our developing
4 some potential next steps.

5 So what I'm going to do is I'm going to
6 turn it over to the Deputy Commissioner, Charles
7 Kim to walk through what we're looking at for
8 potential next steps as a result of this study.
9 So I'll hand it over to Charles Great.

10 MR. KIM: Great. Thank you so much,
11 Sandie. So I'd like to start by thanking Sandie
12 and our team in the Office of Patent Quality
13 Assurance, including Kathleen Bragdon back there,
14 Vei-Chung, and the rest of the team for their
15 tremendous efforts on this study. As you can see
16 from the overview that Sandie just provided, a lot
17 of thought and effort went into conducting this
18 study. I also want to echo Sandie's comments and
19 say thank you to our colleagues at the PTAB for
20 their support and collaboration in the study.

21 I also want to echo the comments that
22 were made by Deputy Director Brent earlier and

1 thank PPAC. Thank all of you for your commitment
2 and your efforts in serving on PPAC. Thank you
3 for all the tremendous efforts in the Annual
4 Report that you discussed. And thank you for your
5 valuable insight and feedback on this study. And
6 that valuable feedback helped to inform some of
7 our potential next steps, which I'll discuss as
8 part of this slide.

9 So the first potential next step is
10 based on the importance of understanding the three
11 different time periods that Sandie discussed with
12 regards to when a prior art search is done.
13 Right? So Sandie mentioned that first time period
14 where an applicant typically performs a prior art
15 search before an application is filed. Right?
16 And that could look different depending on the
17 applicant. Right? Depending on whether you're an
18 independent inventor, whether you're a small
19 business or a large company.

20 The second time period that Sandie
21 mentioned is when a prior art search is conducted
22 here at the USPTO by our examiners. And then the

1 third time period where a prior art search is done
2 is done by third parties, right, when they're
3 involved in a patent infringement proceeding or an
4 IPR proceeding. And those three time periods look
5 very different in terms of the amount of resources
6 that are spent as well as the people that are
7 performing those searches.

8 So this first potential next step gets
9 at that third time period. As Sandie mentioned, a
10 majority -- an overwhelming majority of the prior
11 art references that were relied upon in these
12 final decisions were prior art references that
13 were not provided by the applicant in that first
14 time period, and they were not found by the
15 examiner in that second time period. But these
16 were references that were found in that third time
17 period by third parties. And this first
18 recommendation is to take a closer look into that
19 third time period to see the type of resources
20 that are spent in the prior art searches.

21 Search tools are being used by third
22 parties to find these references, whether there's,

1 you know, certain AI tools that perhaps PTO should
2 be looking into, as well as databases, right,
3 where non-patent literature and other documents
4 can be found. So the idea is to conduct a study
5 in that third time period to get a better
6 understanding of how these prior art searches are
7 being undertaken and to see if there's any
8 findings from that study to help inform steps that
9 can be taken in both the second time period here
10 at the PTO in terms of search tools and databases
11 that our examiners use, as well as that first time
12 period where applicants conduct that prior art
13 search.

14 The second potential next step relates
15 to developing practice tips for both patent
16 applicants and patent owners based on the findings
17 of the study. And I'll discuss -- we actually
18 developed the first of our practice tips and I'll
19 discuss that further in a little bit.

20 The third potential next step relates to
21 some of the efforts that Charles Duan mentioned
22 with regards to our search tools. So it's

1 extremely important that we continue to invest in
2 our search tools to ensure that our examiners
3 continue to have world-class search tools,
4 including continuing to build on our AI prior art
5 search capability capabilities and to continue to
6 do the great work that Rick and our OCIO team have
7 been working on over the years.

8 The fourth potential next step relates
9 to conducting a study directed at how experts are
10 being used in IPRs to inform whether there may be
11 a need to develop additional guidance with regards
12 to use of experts in IPR proceedings.

13 And of course, the last potential next
14 step, and I think it's fair to say that this will
15 be a next step, it will not be a potential next
16 step, is to continue to work and collaborate with
17 PPAC to explore how we can best move forward with
18 some of the potential next steps that I identified
19 above, as well as any additional areas that we
20 should be looking into.

21 So I guess -- I'm not sure if we have
22 the Word document we can post that. Okay. So

1 this is the Appendix and this is going to be --
2 all the slide deck is going to be posted on our
3 website. So if you're interested in doing a
4 deeper dive into the findings from the study, all
5 of that information is going to be available on
6 our website.

7 So this is the practice tips document
8 that I mentioned. I believe it was potential next
9 step number 2, I believe. So, as you can see
10 here, we have some practice tips for both patent
11 applicants and patent owners. Right? So, for
12 example, for patent applicants, we remind
13 applicants that they are in the best position,
14 right, to determine what the field of invention as
15 well as the most relevant prior art references, so
16 they're in the best position to identify those
17 potential prior art references.

18 And when those references are
19 identified, it's important to have discussions
20 with examiners, right, to let examiners know
21 instead of providing potentially hundreds of prior
22 art references where it may be very difficult for

1 the examiner to sift through those references to
2 identify the most relevant ones. It's extremely
3 important to have discussions with examiners if
4 you're aware of references that may be more
5 relevant than others. And taking those types of
6 steps can help to insulate the patent that issues
7 from that application from a challenge at the PTO.

8 I think there were some discussions
9 earlier about 325(d). Right. That's the statute
10 that provides for discretionary denials. And
11 taking some of the steps that I mentioned earlier
12 can help insulate your patent from challenge at
13 the USPTO.

14 For patent owners, we have some other
15 tips with regards to when a patent is enforced.
16 We suggest conducting prior art searches and due
17 diligence. We also remind patent owners about
18 some of the options that are available. Once the
19 patent issues, there are options to pursue further
20 prosecution through reissues and reexams. And
21 those can be done both before, during, and after
22 an AIA trial.

1 So those are some of the tips that we
2 have in this practice tips document. We are
3 planning to publish this document as well on our
4 webpage and we'll continue to look into the study
5 to see if there's any additional tips that might
6 be helpful. We look forward to PPAC's input on if
7 there's any additional information that you all
8 think would be helpful for practice tips.

9 So I guess with that, I'll pause to see
10 if there's any questions.

11 MS. DARDEN: Henry?

12 MR. HADAD: Not so much a question, but
13 a thank you to Sandie and to you, Charles.
14 Sandie, I realize that this is a limited pool of
15 data, but it's helpful and it's directional and I
16 think it can be the basis of the additional
17 studies that Charles outlined in view of the
18 conclusions you reached.

19 And we at PPAC look forward to working
20 with you all in the coming year to actionalize
21 these findings to some degree, to follow up on the
22 studies and see what we can do to continue making

1 the patent right as robust and reliable as
2 possible. So thank you for your work.

3 MS. DARDEN: Marvin?

4 MR. SLEPIAN: Again, I want to commend
5 everybody on that -- on this hard work. And I
6 think this is another area where even an AI
7 overlay could be very useful to kind of peel apart
8 are there just associations or are their causal or
9 other connections? And I think adding that into
10 the mix as a sixth or seventh item down there,
11 we'll call that under the continued work with
12 PPAC, will be something to do in the future.

13 MS. DARDEN: Any other questions in the
14 room, online? Okay, great.

15 Well, I want to thank Sandie and Charles
16 for that informative presentation. I also want to
17 thank Washali and her team for allowing this study
18 to take place. I mean, there's some very
19 informative information there.

20 And I also want to thank the outgoing
21 members of PPAC who for years have fought to have
22 this study conducted and results released. So

1 Suzanne, Heidi, Charles, thank you for your
2 leadership and at least getting us to this point.
3 And we look further to working with you all to
4 continue this study, make the results public,
5 educate stakeholders, so we can start to see some,
6 hopefully, some positive impact at the PTAB for
7 patent owners.

8 Now, this concludes our public meeting
9 and I want to say thank you to the members here of
10 PPAC. PPAC has been around for 25 years, so we
11 have 25 years' worth of alumni to thank for
12 getting us where we are today. We collectively,
13 this current PPAC, would like to thank USPTO for
14 your continued work and support of making the
15 patent right in the United States as robust and
16 reliable as possible. And we thank you for
17 collaborating with us.

18 We feel like we are the voice of the
19 public. We bring that voice to you. You listen
20 and collaboratively we make things happen as you
21 have seen from what was reported today in the 2024
22 PPAC report. So thank you all. (Applause)

1 (Whereupon, at 12:17 p.m., the
2 PROCEEDINGS were adjourned.)

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1 CERTIFICATE OF NOTARY PUBLIC

2 COMMONWEALTH OF VIRGINIA

3 I, Thomas Watson, notary public in and
4 for the Commonwealth of Virginia, do hereby certify
5 that the forgoing PROCEEDING was duly recorded and
6 thereafter reduced to print under my direction;
7 that the witnesses were sworn to tell the truth
8 under penalty of perjury; that said transcript is a
9 true record of the testimony given by witnesses;
10 that I am neither counsel for, related to, nor
11 employed by any of the parties to the action in
12 which this proceeding was called; and, furthermore,
13 that I am not a relative or employee of any
14 attorney or counsel employed by the parties hereto,
15 nor financially or otherwise interested in the
16 outcome of this action.

17

18 (Signature and Seal on File)

19 Notary Public, in and for the Commonwealth of
20 Virginia

21 My Commission Expires: September 30, 2025

22 Notary Public Number 256314

