

UNITED STATES PATENT AND TRADEMARK OFFICE

PUBLIC ADVISORY COMMITTEE MEETING

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

Alexandria, Virginia

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ANDERSON COURT REPORTING  
706 Duke Street, Suite 100  
Alexandria, VA 22314  
Phone (703) 519-7180 Fax (703) 519-7190

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

2 (9:30 a.m.)

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

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

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

1 that's where we come from.

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

8 John, you want to say anything prior?

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

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

16 MR. DOLL: It could be --

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

19 MR. ADLER: So, Steve and I.

20 MR. RIVETTE: Marc, you and Steve?  
21 Okay.

22 MR. ADLER: Okay.

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

3                   MR. ADLER:  All right, would you --

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

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

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

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

21                   MR. RIVETTE:  I don't know.  It's going  
22 to be bad.

1 MR. DOLL: (off mike)?

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

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

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

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

14 MR. LOVE: Sure, thanks, Marc. The most  
15 direct question that PPAC has asked the Office is  
16 if they could provide the PPAC and the public with  
17 a definition of quality, and of course there are  
18 several different aspects to that but at the core  
19 what is the definition of a quality patent that  
20 the public can rely on, the Office can rely on.  
21 So, that is a principal question that PPAC has  
22 asked and put forth for discussion today. There

1 are some subcomponents of that. You know, what  
2 makes a quality -- what's quality patent  
3 examination throughout the process? What's  
4 quality patent application and prosecution from an  
5 applicant? But I think the public has struggled  
6 to come up with -- in working with the Office and  
7 the appropriate definition of just what is a  
8 quality patent, and we think that obviously  
9 quality is of utmost importance, so a baseline  
10 definition that can be widely accepted would be  
11 useful to measure the work of the Office and the  
12 participation of applicants.

13 MR. ADLER: Yes, but what we actually  
14 were asking in this regard was quality application  
15 prosecution indicia -- in other words, metrics,  
16 definitions of what we think, what you think would  
17 be a quality application, quality examination,  
18 quality prosecution so that the elements of those  
19 definitions could be measured and tracked so that  
20 we could see how we're doing. They're not going  
21 to be perfect. We don't expect these definitions  
22 to be perfect, nor do we expect them to be final.

1 We expected to see this to be a work in process.  
2 So, we received the report. We asked for that by  
3 this meeting. We received a report for this  
4 meeting, and I'll turn it over for a minute to the  
5 Patent Office folks to tell us a little bit about  
6 what they provided us.

7 John.

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

1 they do a -- there's a presentation we can --

2 MR. ADLER: Could you tell me what it  
3 is?

4 MR. LOVE: Yes, but what what is?

5 MR. ADLER: What is that definition?

6 MR. LOVE: Yes. We'll get into what we  
7 --

8 MR. ADLER: No, I've read it. I'm --  
9 that's why I'm asking. Okay.

10 SPEAKER: Which one is it?

11 MR. ADLER: The quality.

12 MR. LOVE: Briefly, our definition of a  
13 quality patent -- of an issued patent -- allowed  
14 application is one that complies with all the  
15 statutory requirements for patentability. That's  
16 what we've historically looked at, and if one  
17 claim in that application that has been allowed is  
18 considered to be unpatentable under the statutes,  
19 then that is -- that whole case is considered to  
20 be an error. So, it doesn't matter how many  
21 claims are in there. If just one claim, either an  
22 independent or a dependent claim, that's



1 considered to be an error, and that would go into  
2 the numerator as in our compliance as an error  
3 over the number of cases that we've reviewed.

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

1 that, we were just looking at a lot of  
2 applications, and this process goes into  
3 applications that are -- haven't been finally  
4 disposed of.

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

8 I can go through the --

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

12 MR. LOVE: Correct.

13 MR. ADLER: These are the --

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

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

1 how the Examiner performed against the statute.

2 MR. LOVE: That's correct.

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

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

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

10 MR. LOVE: Yes.

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

19 MR. LOVE: Yes. We have -- in the MPEP  
20 we have guidance as to what constitutes a correct  
21 field of search, and if the Examiner -- if the  
22 search is such that the reviewer doesn't believe

1 that the Examiner complied with those guidelines,  
2 then they would consider that not to be a quality  
3 search.

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

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

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

1           MR. LOVE: Okay, could I just add one  
2 additional --

3           MR. ADLER: Sure.

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

21           MR. ADLER: Okay.

22           MR. LOVE: Now, having said that,

1 there's also the what I -- we have a secondary  
2 quality management system, if you will. This is  
3 the formal program that is administered by the  
4 Office of Quality Assurance. The TCs have a very  
5 active and very detailed program where they are  
6 also reviewing the work product of their  
7 Examiners. Each TC does it a little bit  
8 differently, but they have what they call quality  
9 assurance Examiners and they do their own reviews,  
10 they do targeted reviews. We help them with that.  
11 But that is probably, you know, an order of  
12 magnitude many times greater in intensity than  
13 what we do in my shop. They are in there working  
14 with the SPEs and the Examiners and developing  
15 training, reviewing cases, reviewing board  
16 decisions; and they also review -- they do many  
17 reviews for targeted reviews, they do it for  
18 promotion purposes, they do it for signatory  
19 authority. So, they have a -- there's a parallel  
20 system that's going on, and one of the very --

21 MR. ADLER: It's very internally  
22 focused.

1 MR. LOVE: Yes.

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

4 MR. LOVE: Correct.

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

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

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

21 MR. PINKOS: Well, there is a list here  
22 that you provided, you know, tips from Examiners

1 on the top ten prosecution problems they see, as  
2 well as some factors that you all believe define  
3 quality from the applicant's standpoint, and so  
4 those things were taken into consideration and  
5 revealed themselves through the AQS proposal to a  
6 certain degree, or do you think that there is some  
7 other way to -- we implement these proposed --  
8 implement or make widely known or engage with the  
9 bar to (off mike) practice is more conformed to.

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

21 For example, we have a rather long  
22 discussion on what an IDS should look like, and we



1 wish that the practitioners would take a look at  
2 that and be a little bit more helpful with their  
3 submissions. But we do have quite a bit of  
4 detailed explanation as to what we think a helpful  
5 IDS would look like.

6 MR. RIVETTE: So, let me ask some  
7 questions. It's a very -- from the documents I've  
8 read, it's a very internally focused procedure,  
9 which is fine. However, there are a number, in my  
10 opinion, of external mechanisms that go to patent  
11 quality that I don't know if we look at, at this  
12 point in time, so let me step back for one second.  
13 If I were in business and I had a product, and I  
14 had external analysis of that product. In our  
15 case I perceive the courts as one of the ways that  
16 they look at whether or not we're doing the right  
17 job. I look at sister organizations. I look at  
18 our own board and reexamine a number of other  
19 areas to see if we're doing the right thing. I  
20 would be of a mind to be looking at regressive  
21 analysis, so if we see patenting that has been  
22 found invalid, we could go through an analysis of

1       why was it invalid, was it because of the work we  
2       did or not? Was it, you know, the edge case of,  
3       you know, we found the one library reference in  
4       Zurich, which case we're not going to ever get  
5       there from here? Was it a situation where they  
6       actually used our prior art and saw it a different  
7       way? So, I would be looking at have we thought  
8       about doing regressive analysis in all of the  
9       outside groups that typically look at our quality?  
10      Have we ever thought about that?

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

13               MR. RIVETTE: Yeah, I mean.

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

20               MR. ADLER: To me, a feedback mechanism  
21      from the board, from the court, or from anywhere  
22      would be very helpful to improve the quality, I

1 mean, of whatever happens, and I'm looking at this  
2 from whether the Examiner did a good job or not.  
3 I'm looking at it from whether the overall patent  
4 (off mike) was valid.

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

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

16 MR. LOVE: Okay.

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

19 So, to get back to it, I think there are  
20 other ways we could be looking at quality and  
21 potentially upping our game by putting in a true  
22 feedback loop on the multiple areas that are

1 outside of our organization that do review it.

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

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

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

17 MR. LOVE: Okay.

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

21 MR. LOVE: Right.

22 MR. RIVETTE: Just -- and everybody else

1 can chime in. I've heard that -- I'm never going  
2 to get this right.

3 SPEAKER: Just move the board in front  
4 of you.

5 MR. RIVETTE: Move it in front of me.  
6 That's -- okay.

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

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

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

19 Go ahead, Marc.

20 MR. ADLER: I think that you're -- this  
21 won't be a total answer to that, but the increase  
22 in the continuation of the RCEs has something to

1 do -- there's a parallel between the lack of  
2 clarity in some of the Office Actions and the need  
3 to -- and the feeling that applicants -- some  
4 applicants have about refiling.

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

7 MR. ADLER: These are connected things.

8 MR. RIVETTE: So, one of the things I  
9 was thinking about -- and you were talking about  
10 the IDS. I think there are a number of things  
11 that are related here. So, as we move forward, I  
12 think more input from the public is better than  
13 less. You've already stated that we've got IDS  
14 out there right now, and we'd love information on  
15 how people are feeling about it, what they like,  
16 what they don't like. Social analysis of these  
17 types of problems is something that Wikis and  
18 other types of social programs do well, and have  
19 we ever thought to start putting out, like, a PTO  
20 Wiki and looking at -- you know, putting up the  
21 IDS, seeing what other people are saying about it,  
22 putting up, you know, a thing on whether or not

1 the Examiners have clearly set forth their  
2 reasoning on a rejection. And people can put up  
3 comments -- yes, good, bad, indifferent, here's a  
4 specific idea. One of the things that I've always  
5 seen is that if we allow everybody to kind of  
6 review it, they come up with better and better  
7 ideas. It's the whole basis for the patent  
8 system, right? You turn over the social contract.  
9 You turn over your idea. Other people can stand  
10 on your shoulders.

11 I'm thinking that we may want to take a  
12 look at that sort of thing to help quickly ratchet  
13 in some of the ideas and get a feedback loop  
14 going. Doesn't mean we're going to take  
15 everything. I mean, we still got to feel through  
16 it. It's still got a lot of issues, and it can be  
17 gamed and all of that. But, my gut is that if we  
18 thought about putting in those types of systems,  
19 four things where we really do want commentary to  
20 find out where we're doing well, to find out where  
21 we're doing -- to find out where we could improve  
22 and different ideas for it, it might help.

1 Any -- Damon?

2 MR. MATTEO: Yeah. No, absolutely  
3 great, and one of the things that -- one of the  
4 things I should do is speak into the microphone.

5 MR. RIVETTE: Yes.

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

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

16 MR. RIVETTE: Right.

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

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

22 MR. MATTEO: Um-hmm.



1                   MR. ADLER:  -- not a restatement of what  
2                   you're already doing.  There seems to be some  
3                   difference of view about what we were -- maybe  
4                   your understanding of what we were asking you to  
5                   try to do versus what you provided.  I'm looking  
6                   -- I'm still looking for trying to develop a  
7                   definition of what you think a quality -- not from  
8                   the Examiner's perspective but from overall --  
9                   what would be a perfect -- a quality, high-quality  
10                  examination, whether it's in the periods of time  
11                  to respond to an Office Action, the length of the  
12                  Office -- you know, the response to the Office  
13                  Action, whether you think case law citations in  
14                  response -- in responses to Office Actions are  
15                  particularly useful or not -- you know, elements  
16                  that could help us all improve and shorten the  
17                  prosecution to the point where we get closure on  
18                  the first or the second Office Action.  And I  
19                  don't know that what you provided us really moves  
20                  us yet in that direction.  So, I still think I'm  
21                  -- I'm still looking for a proposal, and I know  
22                  it's not going to be perfect and we're going to

1 have to discuss it and work on it, but I still  
2 think I'm looking for something beyond what we've  
3 already seen.

4 MR. RIVETTE: Yeah, right.

5 MR. KIEFF: So, I -- this is Scott.  
6 I'll just add maybe on top of that that I think  
7 that part of what Marc is saying, John, is that he  
8 can -- we can see that implicit in the work you're  
9 presenting is a theory of what makes for good, and  
10 that shows hard work and good thinking. What I  
11 think Marc is asking is to make that hard work and  
12 thinking explicit rather than implicit, so --

13 MR. LOVE: Yeah, and certainly we can  
14 focus on -- and we know what -- we have strong  
15 opinions on what makes a good application, and  
16 there's things here that -- there are standards  
17 behind here. For example, our standards say that  
18 we do a full and complete search on the first  
19 Office Action. I mean, that's -- we consider it  
20 be -- so that the best art is found, developed,  
21 and cited in the first Office Action, and that's  
22 implicit in these -- what we're looking at. We

1 expect the Examiners to explain their positions.  
2 We expect them to raise every statutory ground of  
3 rejection that's applicable so that we don't get  
4 piecemeal prosecution. On the applicant side, you  
5 know, the AQS speaks a whole lot as to where we  
6 feel the process should be, but in reality if  
7 that's not going to become a reality, then we  
8 certainly have suggestions on how we think the  
9 application should be put together, reviewed, and  
10 filed. We'd be very happy to do that.

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

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

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

18 MR. LOVE: In the spec.

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

22 MR. LOVE: Arguments related to

1 limitations that are actually claimed. That would  
2 be a big help.

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

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

17 MR. ADLER: Absolutely.

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

20 MR. ADLER: Right.

21 MR. KIEFF: Yes.

22 MR. ADLER: Yes.

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

5           MR. RIVETTE:  Scott (indicating  
6           microphone).

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

19          MR. RIVETTE:  And it's continuous.

20          MR. KIEFF:  And that is continuous.

21          MR. ADLER:  Right.

22          MR. KIEFF:  And then as one that will be

1 always making a range of mistakes so that our  
2 analysis of it is getting our hands around the  
3 types of mistakes that are being made and the  
4 impacts of those mistakes.

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

8 MR. ADLER: Thank you.

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

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

18 When most -- when many applications were  
19 written by patent attorneys inside companies, when  
20 companies had patent groups, they spent a lot of  
21 time training their people to draft applications  
22 and they reviewed those applications, and they

1 would -- this was their job. I'm not sure that  
2 happens as much any more as it did. So, partly  
3 you can't end up with a quality patent if you're  
4 not going to start with a quality application.  
5 So, it's part of our job to help the applicants  
6 understand how to draft a quality patent  
7 application and, you know -- and also you know  
8 what to expect from the Patent Office and how to  
9 respond to the Patent Office. So, I'm looking at  
10 this as a process and not -- as Scott said, I'm  
11 not looking at this solely from how well the  
12 Examiners are doing their job. I wasn't even  
13 thinking about it that way.

14 MR. RIVETTE: So, one of the other  
15 things that I'm thinking is -- and I'm going to go  
16 back to it a number of times -- if we can get  
17 public input -- you know, the closer we can get to  
18 the practitioners on this topic so that they  
19 understand and we understand it -- we can get an  
20 iterative loop going, be that on a Wiki, be that  
21 on some form so that they can understand how other  
22 people feel, so they understand where we're coming

1 from as the Office -- I think we will be doing  
2 ourselves a real service.

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

7 MR. RIVETTE: So, in some of the  
8 documents you sent out, John, to the PPAC,  
9 designing -- one in particular I'm looking at --  
10 "In designing the IPR program, USPTO solicited  
11 feedback from practitioners to identify the  
12 attributes of examination that served as  
13 indicators of high- quality examination and used  
14 feedback in developing the IPR review criteria.  
15 The IPR program was implemented formally, and the  
16 IPR compliance reg was adopted as an Office  
17 official metric in the second quarter of 2005."  
18 Maybe we could put that on the Web. Maybe we can  
19 get those -- you know, we can always get people to  
20 iterate on that, and I think we would actually  
21 find that -- one of the things I feel right now is  
22 many of the practitioners don't feel they know



1       what we're doing and we don't know what they're  
2       doing and we've got this cross in the night and  
3       we're talking at each other.

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

6               MR. RIVETTE:  That's it.

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

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

15              MR. ADLER:  In other words --

16              MR. LOVE:  We --

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

1 about incentivizing people to do the right thing

2 --

3 MR. RIVETTE: With examples.

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

12 MR. DOLL: Let me answer part of that,  
13 Marc, and part of the answer is we don't know when  
14 an application has actually been searched. We  
15 know what percentage of applications come in with  
16 an IDS and so we can share that. The problem with  
17 that is the number one complaint I hear from  
18 Examiners when Peggy and I go out and have town  
19 halls with Examiners is a frustration at finding  
20 102 references in IDSs that were filed by  
21 applicants, so applicants are filing IDSs that  
22 they are not considering. They're not drafting

1 their applications, as we've discussed many times,  
2 in light of a prior art search. They're not  
3 trying to define their inventive contributions.

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

11 MR. DOLL: Right.

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

16 MR. RIVETTE: Well, thank you very much.

17 MR. ADLER: Yeah. But it would be  
18 helpful to everybody to understand that there's  
19 something, you know, that this is a process and  
20 you're wasting Examiners' time searching on stuff  
21 when you've already searched it and you didn't  
22 even read it -- apparently.

1                   MR. DOLL: I think many attorneys would  
2                   openly admit they are filing IDSs without having  
3                   read those references. I've heard it at Bar  
4                   meetings.

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

7                   MR. KIEFF: Well, I think --

8                   MR. DOLL: I don't either.

9                   MR. KIEFF: I think there are reasons --

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

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

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

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

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

20                  MR. ADLER: Whatever they might be,  
21                  let's lay that out so that people can debate  
22                  whether those are rational or irrational.

1           MR. KIEFF: Right, so let me just -- let  
2 me just mention them. I think that the thinking  
3 goes along the following lines.

4           So, when filing an Information  
5 Disclosure Statement, the general driving force is  
6 a very healthy respect for the broad power of  
7 inequitable conduct to reach a very broad range of  
8 actors engaged in the prosecution process and a  
9 very broad understanding of their knowledge, okay?  
10 So, it is a big net that it casts. When this big  
11 net pulls in all of these documents, it is  
12 rational -- it is required to disclose them at  
13 that point, right? That's the rational decision.  
14 Then the next decision becomes now should I read  
15 them -- I know that I have to disclose them but  
16 should I read them. And I think attorney time  
17 that gets billed at hundreds of dollars an hour at  
18 that point -- I think the thinking goes disclose  
19 and let others read but it is not a bad decision,  
20 I think, or a crazy decision to choose not to  
21 deploy the hundreds of dollars an hour it would  
22 take to read and understand all of those

1 documents.

2 MR. ADLER: So they would rather spend  
3 millions of dollars for litigation after they've  
4 been sued to defend against the unequivocal  
5 conduct.

6 MR. KIEFF: Yes, because --

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

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

16 MR. ADLER: Aye, aye.

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

19 MR. ADLER: Aye, aye.

20 MR. KIEFF: -- because only then can you  
21 draft a Section 112 disclosure around whatever art  
22 you uncover.

1 MR. ADLER: Well, well, maybe --

2 MR. KIEFF: So, I totally agree with  
3 that approach.

4 MR. ADLER: And then maybe there's some  
5 misunderstanding --

6 MR. RIVETTE: Into the mic.

7 MR. ADLER: Maybe there's just some  
8 general basic misunderstanding about that. I  
9 mean, just something so basic to me. It seems to  
10 be --

11 MR. KIEFF: But when you and I --

12 MR. ADLER: -- regulatory. I mean --

13 MR. KIEFF: Why don't we take this --  
14 just one sec, one sec. What Marc and I share --

15 MR. RIVETTE: Wait --

16 MR. ADLER: Dave is looking like he's --

17 MR. KIEFF: But what Marc and I share --  
18 what Marc and I may share as a goal for how we  
19 would do it and train people to do it -- I think  
20 what's important for this discussion is to simply  
21 report that there are needs to understand the  
22 reasons why people are doing something other than

1        what you and I might recommend and to then better  
2        understand what motivates them as kind-hearted,  
3        intelligent human beings to do this in a  
4        path-dependent way, because I take it they don't  
5        think of themselves as stupid or ill- motivated  
6        when they're making these decisions. I think they  
7        think of themselves as trapped, if you will, and  
8        then after they've gone down the path of filing  
9        the application, after they've gone down the path  
10       of learning the results of the net sweep, they  
11       then make the decision at that point okay,  
12       disclose, I have to that, and then I might as well  
13       tourniquet off the bleeding and at least not bill  
14       any more attorney time to carefully reading. I  
15       think that's their thinking. Does that match your  
16       understanding, David?

17                    MR. WESTERGARD: Yeah, I agree with  
18       that, and I don't think that anybody here in the  
19       process is so misinformed about the need for  
20       complete and open disclosures and what the Office  
21       will do to them and how they should be considered  
22       as to make anything other than an unintentional



1 disclosure or an incomplete description anything  
2 other than intentional. This is intentional  
3 conduct. These are actors who are knowing -- they  
4 know what they're doing. This is not a question  
5 of not enough CLE activity for ADIPLA. It's a  
6 question of people knowing where the holes are,  
7 understanding the likelihood of a thorough  
8 examination revealing some defect in the  
9 application or -- in the application itself or in  
10 the relevance of the art and hope to get through  
11 some claims that ought not get through.

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

14 MR. BUDENS: So do I.

15 MR. RIVETTE: And I know Robert wants to  
16 talk. What I'd like to do is break this at this  
17 point.

18 We will pick it up after we have two  
19 esteemed members of our legislative branch talk to  
20 us about patent reform.

21 MR. BUDENS: Okay.

22 MR. RIVETTE: So, if we don't mind. I

1 know their time is limited.

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

5 How are you?

6 MS. SHEPPARD: Very well.

7 (Aside)

8 MR. RIVETTE: So, if you could -- and  
9 Ryan Triplette, Chief IP Counsel for Ranking  
10 Member, Arlen Specter, Senate Judiciary Committee.  
11 So, if you could introduce yourselves and then say  
12 hello.

13 MS. SHEPPARD: I'm Christal Sheppard.  
14 As you were just told, I am actually Chief, Patent  
15 and Trademark Counsel for the House Judiciary  
16 Committee. I also wear another hat, which is  
17 Staff Director and Chief Counsel of the Courts on  
18 Competition Policy Subcommittee.

19 One of the biggest things that I'm going  
20 to talk about -- but first I'm going to -- should  
21 I go first and then you'll introduce yourself or  
22 --

1 MS. TRIPLETTE: You can do absolutely  
2 whatever you want.

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

20 MR. RIVETTE: Including yourself?

21 MS. SHEPPARD: Well, just myself. Some  
22 days I conflict myself, but -- contradict myself.

1           But since there is a change, the IP  
2           being at the full committee means that there will  
3           be less opportunities for hearings and markups at  
4           the full-committee level, because we are competing  
5           with very many other interests. That does not  
6           mean that the committee is in any way reducing the  
7           amount of oversight or reducing the amount of  
8           interest in these issues. It just means that a  
9           lot of these issues will be taking place and the  
10          conversations will be taking place directly with  
11          the PTO, will be taking place directly with the  
12          stakeholders, will be taking place between the  
13          members and the stakeholders, and there will not  
14          be so much as hearings as there will be  
15          conversations.

16                 As for patent reform, you've read in the  
17          newspapers and in the blogs that Senator Leahy has  
18          stated the Senate side is working very hard on  
19          patent reform on (off mike) House side. There is  
20          a set of possibilities that all of us know that  
21          are possible for patent reform going forward.  
22          Those set of possibilities are the House and

1 Senate to come to agreement on language and then  
2 to do something together, which is what happened  
3 in 2007 in the last Congress.

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

22 MS. TRIPLETTE: Hi, my name is Ryan

1 Triplette. You really do have to speak right into  
2 the thing.

3 I can just have a (off mike) voice. I  
4 recognize many of the faces in here. It's nice to  
5 see always. I always like being around friendly  
6 faces. I am the Chief IP Counsel. Yeah, I'm used  
7 to -- in this debate at least not that many  
8 friendly people. I'm the Chief IP Counsel for  
9 Ranking Member Specter on the Judiciary Committee.  
10 As Christal said, this is something that -- this  
11 is an issue of patent reform. It's an issue  
12 that's very important to many members on the  
13 Committee in fact, and historically intellectual  
14 property issues generally have been kind of  
15 handled by chairmen and ranking -- maybe one or  
16 two other members -- and they used to say don't  
17 worry, we're taking care of all the issues, you  
18 can just vote for it, and historically they have.  
19 Yeah. Those days are gone.

20 You have -- you know, the importance of  
21 this issue is reflected in the fact that in the  
22 Judiciary Committee on both sides but on the

1 Senate where, you know, you have so many other  
2 issues going on, you have so many members who have  
3 taken a vested interest. You have not just  
4 Chairman Leahy and Senator Hatch but you also have  
5 Ranking Member Specter and you have Senator Cornyn  
6 and you have Senator Kyl and you have Senator  
7 Feinstein, you have Senator Whitehouse. I mean,  
8 basically I'm naming the roster of the Committee.  
9 So, that is both good in the fact that anything  
10 that comes out of the Senate will have to be very  
11 well considered, but it also means it's going to  
12 have a significant impact on how quickly or,  
13 contrarily, how not quickly it will move; and I  
14 would expect that the Senate will be moving sooner  
15 as opposed to later given the statements that have  
16 been in the press recently and kind of some of the  
17 conversations that have been ongoing. I can tell  
18 you that, speaking for Ranking Member Specter, he  
19 will not be on a bill that's initially introduced.  
20 There is still a significant number of issues,  
21 namely damages, and with a loose-knit case hanging  
22 out there, he's doing a lot of consideration as to

1       what direction the images -- legislation should  
2       take. That being said, this is very important to  
3       him. The number of meetings he has taken, you  
4       know, in the past several years is just -- it is  
5       -- for those who are familiar with the asbestos  
6       debate, he has passed this number of meetings he  
7       had on asbestos, which quite an improvement.  
8       Yeah, that's a lot. That's saying something. So,  
9       this has -- this is something that he takes very  
10      personally and is always welcoming more meetings.

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

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

22               MS. TRIPLETTE: Yeah.



1 MS. SHEPPARD: So, I suggest you ask  
2 questions.

3 MR. BUDENS: I'm going to --

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

6 SPEAKER: Yes.

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

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

13 MR. BUDENS: What? Eh? Okay. There  
14 seems to be a lot -- a change in feeling amongst a  
15 lot of people that a move kind of away from a  
16 broad scope Patent Reform Bill and more to just  
17 focusing in on fixing issues internal to the  
18 Patent and Trademark Office. Any feelings about  
19 -- are the bills that you all are contemplating --  
20 are they going to be more narrow in focus, or are  
21 we going to be kind of expecting more of the same  
22 -- all the same issues still out there, in which

1 case do we have all of the same players yelling at  
2 each other, you know, through the course of the  
3 next two years?

4 MS. TRIPLETTE: I can -- I think for the  
5 Senate you're going to see a broader bill. I  
6 think that there are still going to be the -- all  
7 of the issues that we've been discussing over the  
8 past couple of years -- they're still going to be  
9 incorporated into the bill, and they're still  
10 going to be on the table. I actually think what  
11 you're going to see is, especially given the --  
12 well, there are a significant number of  
13 developments that are occurring over at the PTO.  
14 I think that the discussion -- how do I put this.  
15 Even when patent reform is done, whatever that is,  
16 I think that a need to look at reforming the  
17 patent system is still going to be here. I'm  
18 looking at what we can do to help improve the PTO  
19 internally if we can't all -- you know, because  
20 we're looking -- this -- it's not just within the  
21 Judiciary Committee ambit. We're also looking at  
22 things that need to be done in the Appropriations

1 Committee. So, I think that the discussion is  
2 actually getting broader if not narrower.

3 MR. KIEFF: So, a few of us have talked  
4 about the ways in which over the last, say, 36  
5 months or longer, basically two to five years,  
6 there has been a large set of court decisions that  
7 have meaningfully impacted the patent system, and  
8 we're just -- for those of us who have been  
9 talking about those issues, we wonder whether it  
10 would help for you folks to have more fulsome  
11 conversation about what we think is going on with  
12 those cases, because we -- those of us who have  
13 been talking about them think that they are each  
14 individually highly impactful, and even more than  
15 that as a group we think they're highly impactful  
16 in ways that are not yet understood even by those  
17 of us who are perhaps paying too much attention to  
18 them. And so the comment is to -- we would ask  
19 that you please pay attention to those, and then  
20 we would -- the question is would it help you for  
21 us to come and talk with you about those things,  
22 in which case we would be happy to?

1           MS. SHEPPARD: The reason I pulled the  
2 microphone over -- because I was going to answer  
3 Robert's question with exactly what you just  
4 talked about.

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

11          MR. KIEFF: Right.

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

21                 As to what will be in the bill, we are  
22 still working that out, and part of the reason is

1 because of these cases with venue, with damages,  
2 with inequitable conduct.

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

14 And I was going to say, you know, if  
15 you've been in my office recently and those who  
16 haven't seen, there's an ever-growing notebook  
17 that's currently this big, I believe, now, and I  
18 expect another one to add, of the court cases,  
19 but, you know, these law reviews and summaries  
20 help us view them in the light like the  
21 practitioners do, because that's what we need to  
22 be looking at these in.

1                   MR. ADLER:  You mentioned something  
2                   about re- looking at the appropriations as well as  
3                   the -- you saw me make a motion this way.  I  
4                   wasn't expecting the case law, but if the -- did  
5                   the economic conditions in this current economy  
6                   change some of the calculus that goes into the  
7                   discussion around the patent reform elements --  
8                   you know, like, whether it's post-grant or how  
9                   much that would cost and then you said something  
10                  about re-exam and the -- did the economic  
11                  situation change some of the factors in this whole  
12                  discussion?

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

1 the IP leaders of the world.

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

13 MR. ADLER: Yeah.

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

16 MR. ADLER: Well, I was actually -- I  
17 stayed away from fee diversion, because I actually  
18 was thinking that there's more need for more  
19 funding, not taking away the funding that's  
20 already there. I think that the economy and the  
21 innovation engine of this economy probably  
22 requires more help in this place with ever

1 restructuring our other efforts. But I hope we  
2 can have more conversation around that as well.

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

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

22 MR. DOLL: Any help would really be



1 appreciated.

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

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

20 MR. FOREMAN: Historically, it's been  
21 innovation that's led the country out of a  
22 recession, and I heard you say something about

1 giving the Patent Office the authority to raise  
2 fees. Why are we looking at that and maybe not  
3 encouraging more innovation by lowering fees and  
4 the government stepping in and helping encourage  
5 innovation at the company level, at the  
6 independent inventor level, and not looking at  
7 balancing this budget here that they've got at the  
8 Patent Office by charging more but actually  
9 encouraging more innovation to occur in the  
10 country.

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

13 MR. FOREMAN: Well, you said to --

14 MS. SHEPPARD: I said fee restructuring.

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

18 MS. SHEPPARD: Well, it would be more  
19 restructuring the fees so the fees would be more  
20 on the front end versus on the back end. That's  
21 the proposals that we've heard. Raising fees --  
22 it's always -- it's going to be contentious. At

1 some point they may have to do it. Usually  
2 Congress is the place where that happens. The  
3 (off mike) about taking place about it right now  
4 are more about restructuring, because there are  
5 fewer patents that are granted. There is the  
6 problem of -- maintenance fees are not what they  
7 -- are not sufficient to keep the funding at the  
8 level that it has been. So that is what we are  
9 considering.

10 MR. DOLL: Okay.

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

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

21 MS. TRIPLETTE: It's a very difficult --

22 MR. FOREMAN: -- when we walked in the

1 building was that there's a significant budget  
2 shortfall for the Patent Office, and so rather  
3 than stifling innovation, shouldn't we be looking  
4 at ways to actually encourage it? And this is  
5 certainly one of the organizations where that all  
6 happens.

7 MS. TRIPLETTE: Well, I think that  
8 everything that we are looking at within any  
9 patent reform debate we are looking at making sure  
10 it meets the end of encouraging innovation. I  
11 mean, certainly (off mike) looking at doing the  
12 opposite, but I guess I'm just saying I -- the  
13 history with the Appropriations Office and the  
14 history -- sorry, Appropriations Committee -- and  
15 the history of funding for this Office, although  
16 we have not had fee diversion for the past several  
17 years -- you know, you had it for -- we had a  
18 compromise. That was for the last three years,  
19 and then it's been done on an annual basis.  
20 That's difficult as it is. It's very difficult as  
21 is. And so I think that what our appropriators  
22 would say if we were to ask them about this is

1       they would say why are you not looking at  
2       improving or streamlining the processes within the  
3       PTO to the extent that you can do it up here on  
4       the Hill such that it's more efficient and they're  
5       getting more bang for their buck rather than  
6       asking us for more bucks.

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

1       been broader principle changes in terms of what  
2       the reform has to address?

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

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

10              MS. TRIPLETTE:  Excuse me?

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

15              MS. TRIPLETTE:  I mean, I can't speak to  
16       what conversations that there are between Senator  
17       Leahy or Hatch.  I can just -- I mean, all I can  
18       say is that -- I can tell you that the principles  
19       that's driving this -- it's not that they're  
20       changing; they're becoming clearer.  And  
21       resounding call is that -- the need for certainty  
22       and so that -- I would say that's been the driving

1 principle and that's where rather than having kind  
2 of each different proposed change saying well,  
3 this is what we need to do here, this what we need  
4 to do here, almost at the base of every call  
5 recently in the meetings has been we need to make  
6 sure that either the obligation process is more  
7 certain or we need to make sure that we have a  
8 better understanding of the scope of the patent  
9 that comes out of the Patent Office and -- but  
10 it's certainty that seems to be the underlying  
11 principle now as opposed to kind of different  
12 principles for different issues.

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

15 MS. TRIPLETTE: Um-hmm.

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

22 MS. TRIPLETTE: Oh, I just said that the

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

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

12 MS. TRIPLETTE: Um-hmm.

13 MR. MATTEO: Thank you.

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

18 MS. TRIPLETTE: Yeah.

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

22 MS. TRIPLETTE: I mean, I want you to



1 understand I'm not saying that this is going to be  
2 anything that's going to happen at all.

3 MR. WESTERGARD: Sure, sure.

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

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

19 MR. RIVETTE: That's a good question.

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

22 MS. SHEPPARD: I never want to give up

1 on people, so there's always the opportunity. I  
2 think there is consensus on some of the patent  
3 quality -- and I hate to use the word "quality"  
4 after the discussion I just heard. On some of the  
5 more -- the initiatives that wouldn't prove patent  
6 quality, improvement at the PTO, there is some  
7 consensus. There is less disagreement than there  
8 is consensus. (off mike) the agreement are on big  
9 issues. We'll have more conversations. There are  
10 additional players. There are some people who are  
11 a little bit busy because of other issues in the  
12 market place on the outside who may not be as  
13 vocal as they were before, and because of the  
14 court cases, some of the things have fallen away.  
15 I think I take -- on bridge rights I disagree with  
16 a lot of the reports that say that patent reform  
17 cannot possibly get done this Congress. The  
18 economy is different. The players are different.  
19 And sometimes people get softened up after seeing  
20 that they've lost. If that's -- so, I mean, so  
21 that is a general statement.

22 MR. WESTERGARD: So, who has lost on

1 what issue?

2 SPEAKER: Absolutely (off mike).

3 MS. SHEPPARD: Well, I --

4 MS. TRIPLETTE: -- waiting for that one.

5 MS. SHEPPARD: Right. Well, I meant  
6 after the Patent Bill was not passed last  
7 Congress.

8 MS. TRIPLETTE: And just to repeat that,  
9 I think there's definite -- there is always a  
10 possibility there is -- you have staff that are  
11 very committed to putting in the hours. I mean,  
12 listen, none of us would put in the all-nighters  
13 and the extensive hours into this bill that are  
14 required because of its importance that we do if  
15 we did not think that there was a likelihood that  
16 a sound policy bill would result. So --

17 MR. RIVETTE: Any other questions?  
18 Steve?

19 MR. PINKOS: Well, I'll just follow up  
20 on Louis' point for a second. I think it's really  
21 interesting maybe to -- it might be interesting  
22 for you all to analyze -- and PPAC as well -- the

1 role that the Patent and Trademark Office does  
2 play in innovation in America. In the critical  
3 role of -- and I think it's what's sort of driven  
4 the patent reform debate is to either have that  
5 certainty of quality patents -- I didn't realize I  
6 was so far away, Kevin, sorry -- have the  
7 certainty that comes with quality patents, because  
8 that helps, obviously, to drive innovation. And,  
9 to Louis' point, in the early '80s nobody had a  
10 computer -- not everyone had a computer at their  
11 desk, no one had a cell phone, there weren't  
12 satellite semiconductors to a certain degree, the  
13 internet hadn't been invented yet, and obviously  
14 those types of technological advances led to, in  
15 many respects, 25 years of, you know, fantastic  
16 economic times for America by -- you know -- by  
17 and large. It's interesting that the role that  
18 the USPTO plays in that and specifically with  
19 fees, you know, maybe the dynamics are changing a  
20 little bit and it might be something worth looking  
21 at to, you know, with the economic times as they  
22 are will some people not apply for patents that

1 would otherwise lead to the innovations that we  
2 may need, because if they don't apply for the  
3 patents they're probably not going to get the  
4 capital that they need perhaps to pursue the  
5 commercialization of that. So, it may be worth --  
6 we always thought that people, at least in recent  
7 times, could bear increases in fees to a certain  
8 degree and now may be a time when they can't, and  
9 I think what -- again what Louis may have been  
10 getting at was -- and this is -- I certainly agree  
11 with you -- sort of outside the box of recent  
12 discussions of how the PTO is funded, and it's the  
13 battle -- of course it's been about diversion and  
14 the PTO should just keep what they collect. But  
15 you could make a strong argument after studying  
16 the role that the PTO in innovation -- that  
17 there's a lot of stimulus that could come from the  
18 PTO so to speak. I mean, if you look at what the  
19 Congress authorizes and where some spending takes  
20 place and analyze whether that really will have a  
21 stimulative effect, look at the stimulative effect  
22 of the innovations that have come in America over

1 the last 25 years. They create tens of millions  
2 of jobs. And so there could be just a new way of  
3 approaching this where the PTO -- we need to make  
4 sure that the PTO is there to meet the needs of  
5 innovators and meet the needs of our economy, and  
6 that might perhaps require some sort of different  
7 funding mechanism.

8 MS. TRIPLETTE: Well -- and I guess I  
9 would see that point would offer those who  
10 represent industry in the room that would like to  
11 make that point to make sure that you have further  
12 evidence presented to Congress of it, because the  
13 problem is -- right now is the lag time between  
14 R&D and it's very, you know, disconcerting to us  
15 that we're hearing that R&D is being flashed,  
16 which is going to result in fewer innovative  
17 products which -- fewer patents -- and it's hard  
18 to see that lag time to see, you know, slashing  
19 R&D here or cutting back on a number of patents  
20 that are being filed now because of overall budget  
21 cuts -- what effect that will have three, five,  
22 six years down the road. And so that's -- I guess

1       you're saying we should take a look at this. My  
2       response back to you is a request for evidence.  
3       Studies.

4                   SPEAKER: You know --

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

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

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

19                  MS. SHEPPARD: We're used to that.

20                  MR. PINKOS: I guess the speech to lay  
21      the groundwork for some, you know, potential issue  
22      to look at going in the future, and I think,

1 speaking for PPAC, it's something that we're  
2 involved with looking at and would certainly be  
3 happy as we gather information of course to share  
4 it with you all.

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

22 MS. TRIPLETTE: I am, actually. I -- we



1       were -- I do remember receiving it and going  
2       through it, so --

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

8               MS. TRIPLETTE: Okay.

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

13              MR. ADLER: See, in this regard, we're  
14       very concerned about quality and pendency. Again,  
15       certainty, all right? So, in the discussion --  
16       and I didn't realize you were sitting there, but  
17       that's good -- we were trying to figure out,  
18       without saying it -- it was the inequitable  
19       conduct conversation, right? It was that same  
20       question again about how do we get people to  
21       provide to the Office prior art so that the Office  
22       could do a better job without this fear that this

1 is going to be used against them, and it's that  
2 same dynamic that plays out here in different ways  
3 than if -- oh, sorry -- it plays out here  
4 differently than it may play out in court. So,  
5 it's just another -- it's another perspective on  
6 the same discussion from a different angle. So,  
7 yeah, it's good to -- I'm glad you're here, and  
8 it's good that you might be able to hear some of  
9 this as it fits into the patent reform discussion.  
10 Thanks is what I'm saying.

11 MS. SHEPPARD: You mentioned quality  
12 submissions, and that's one of the questions I do  
13 have for you all, the question that we've had with  
14 some of the stakeholders -- is I think the  
15 underlying principle of putting better, more  
16 narrowly tailored information before the Examiner  
17 is a goal that everyone agrees on. The question  
18 is how do we do that? How do we do that without  
19 disadvantaging or having -- what are -- without  
20 having negative consequences? We wanted to find  
21 out if there's ideas on incentives, because there  
22 is the accelerated examination program that

1 requires quality submissions, and that seems to  
2 work -- I mean, the data is still out somewhat.

3 SPEAKER: Yeah.

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

9 MR. RIVETTE: Let me --

10 SPEAKER: Yeah, go ahead.

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

19 MR. ADLER: Right.

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

22 One of the problems that we've always

1 felt -- or I have and a couple of the other  
2 members -- is the accuracy with which words are  
3 used. You can be your own lexicographer.  
4 Absolutely. But if you're going to be that, why  
5 not require, like in many documents, like  
6 contracts, that we actually have a section which  
7 has all the definitions you're using, because many  
8 times I've read through the patents and we have  
9 one definition, we have a slightly different one,  
10 we have a third, we have a fourth, and now we are  
11 into the court problem. This is not the edge  
12 case, this is the problem that -- for examination,  
13 so Robert's -- an Examiner is here. They have a  
14 very difficult time. We are now asking them to  
15 search all the permutations and combinations, when  
16 in fact what we should be doing for prior art  
17 searching and stuff is have a way that we can  
18 identify these pretty quickly, narrow down that  
19 search, understand what the real invention is. I  
20 know there are people that will, you know, moan  
21 and groan about this, because they will say, you  
22 know, it doesn't give you a look- back 15 years

1 later as to what your real invention was. My  
2 suggestion is that's not what the patent systems  
3 was designed for.

4 MR. ADLER: Right.

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

9 MR. ADLER: I -- yeah.

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

15 MR. ADLER: And I also think there could  
16 be incentives, as opposed to requirements, that  
17 change the way in which people who do the right  
18 thing in terms of providing the information and  
19 are cooperative get some kind of a break in the  
20 process. In other words, they're moved up to the  
21 top of the line. Maybe their cases get examined  
22 before somebody who doesn't. So, the changed

1 behavior by incentives rather than rules that  
2 everybody then try to find the way around. So, we  
3 do need some different approaches, and hopefully  
4 we're having these kind of conversations to try to  
5 change that both on the definitional side as well  
6 as on the process side.

7 MR. WESTERGARD: You were able to sit in  
8 the meeting earlier and overhear our discussion on  
9 quality. We intended to go through a whole series  
10 of those issues as the meeting progressed, and one  
11 of those was precisely the question of information  
12 disclosure statements. The PPAC has been very  
13 concerned about the quality-input-equals-quality-  
14 output question for some time and in our 2007  
15 annual report made very specific recommendations  
16 with respect to modifications of information  
17 disclosure statement rules to encourage meaningful  
18 submissions as opposed to huge submissions that  
19 require boxes and boxes of data. And you shove  
20 that on an Examiner, and they still have their  
21 same allotment of hours to examine the  
22 application, you've created quite a mess for the

1 applicant. PTO has presented rules to OMB, and  
2 they have come back on information disclosure  
3 statements and we'll talk in more detail in the  
4 meeting, but one of the issues that is closely  
5 tied to that and the reluctance of the Bar to  
6 follow those rules or to support them would be the  
7 impact of inequitable conduct on what happens if  
8 PTO limits -- or imposes an obligation to disclose  
9 25 references and the 26th reference turns out to  
10 be the one that a court later finds should have  
11 been disclosed. And so the question is -- or the  
12 advice is to somehow get inequitable conduct to  
13 the forefront in a bill that alters the  
14 obligations or the penalties that could be imposed  
15 on legitimate applicants who are trying their best  
16 to comply with the rules but then who miss out on  
17 a particular reference that for one reason or  
18 another didn't get disclosed.

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

21 MS. TRIPLETTE: -- just quickly. I  
22 don't think you have to worry inequitable conduct

1 being on the forefront of (off mike) any bill.

2 MR. WESTERGARD: Thank you.

3 MS. TRIPLETTE: Yeah.

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

7 MR. WESTERGARD: Certainly. What --

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

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

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

16 MR. WESTERGARD: That's right.

17 MR. DOLL: Okay. You got my attention.

18 MR. ELOSHWAY: I wanted to offer a  
19 couple of thoughts on this topic for Ryan and  
20 Christal's benefit when you were asking the  
21 question -- when they were asking the question do  
22 we have any data or anything on this quality



1 issue, and the answer is yes, we actually do. You  
2 recall some of the characteristics of the  
3 applicant quality submission were some sort of  
4 pre-filing search, more narrowly tailored claims  
5 when they're submitted so that the application is  
6 more focused by the time the Examiner picks up the  
7 application for examination. The Patent  
8 Prosecution Highway system that we have put in  
9 place bilaterally with a number of offices in  
10 nearly every respect mirrors the applicant quality  
11 submission arrangement. Some of the requirements  
12 are that you have corresponding applications filed  
13 in the partner offices, that the first office  
14 finds one or more claims allowable in the first  
15 office, and then the applicant narrows the claims  
16 for prosecution in the second office to those that  
17 were allowed in the first office. So, you have  
18 the elements of the AQS, that you have a search  
19 before the USPTO Examiner picks up the application  
20 for examination. With claims that have already  
21 been narrowed in scope based on an examination  
22 conducted in another office, presumably that

1 carries with it some degree of reliability and  
2 confidence.

3           And let me just kind of give you some  
4 numbers that show you what the impact of that kind  
5 of arrangement might have. We've received --  
6 since we started the program in a pilot phase with  
7 the JPO about two and a half years ago, we've  
8 received 1,026 PPH requests. Now, the numbers are  
9 small but they are trending upward fairly  
10 substantially month to month. The allowance rate  
11 overall for PPH cases that have been prosecuted to  
12 disposal is about 94 percent, which is double --  
13 well over double -- our published allowance rate.  
14 First action allowance rate is also about double  
15 the first action allowance rate for ordinary  
16 cases. He actions per disposal in PPH cases is  
17 roughly half of what Actions per disposal are in  
18 other cases, which represents a large potential  
19 efficiency gain. And there's also a pendency  
20 savings for PPH cases, but there -- it's impacted,  
21 to some degree, by the amount of time that those  
22 applications have spent in the cue before the

1 request was made. Once the request is made, we --  
2 and granted -- we turn around the first action in  
3 those cases between two and three months on  
4 average. So, that significantly cuts down on  
5 pendency.

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

1 impact there, albeit of a relatively small size  
2 given the numbers.

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

14 MR. ADLER: I think that the whole idea  
15 of this PPH -- the Patent Prosecution Highway --  
16 the collaborative work with the other offices is  
17 very good. I mean, it's a very good thing. We  
18 still have a problem with the pendency of those  
19 applications being much too long to what really  
20 creates certainty in the marketplace. These cases  
21 are still pending at least double what we probably  
22 would like to see as a final goal. So there's

1 still work to be done on the pendency side. What,  
2 36 months pretty much on these?

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

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

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

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

22 MR. ADLER: Well --

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

5           MR. ADLER: But the --

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

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

12          MR. KIEFF: So, offering somebody --

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

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

18          MR. ELOSHWAY: I understand that.

19          MR. ADLER: We need more work on that.

20          MS. SHEPPARD: But the thing --

21          MR. ADLER: He's got the right -- it's a  
22          good idea.

1 MS. SHEPPARD: Yeah, at the same time  
2 the Patent Prosecution Highway and other  
3 initiatives are one quiver in the arrow. I mean  
4 one arrow in the quiver. I mean --

5 MR. ADLER: We understood --

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

10 MR. ADLER: I think he's right.

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

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

19 MR. KIEFF: But just to build on that,  
20 and maybe I'll invite Damon to jump in on this as  
21 well just so that you don't have to sit through  
22 the rest of the day, that we'll mention another

1       topic that has come up where we, I think, as a  
2       PPAC really had an idea in mind. The Office, I  
3       think, in very good faith, tried to respond to it,  
4       but I think that we might have missed  
5       communicating with them, which may very well be  
6       our fault, by the way, not theirs.

7                   MR. ADLER: Um-hmm.

8                   MR. KIEFF: And so we'll pass this  
9       along, because it's been a topic of public  
10      conversation as a bright idea, and I think we  
11      would see it as actually not just a not helpful  
12      idea but a damaging idea, so here it is. One of  
13      the things that we had really felt was important  
14      was to get an operations management systems  
15      analysis understanding of what are the market  
16      forces within the organization that drive the  
17      internal allocation of time and work and things  
18      like that, and what are the market forces and  
19      real-world pressures that drive a decision by an  
20      applicant for her to file a big document or a  
21      short one, for her to do an IDS or not, for her to  
22      -- right? And so we had called for a more market-



1 based analysis, for example -- the inside and the  
2 outside of those questions -- and what we got back  
3 was a chief economist office and a chief  
4 economist, and we're troubled by that for two  
5 reasons. One, we see it as not an economics issue  
6 but a systems analysis management, operations  
7 management -- there are lots of buzz words out  
8 there -- but it's not economic policy. It's basic  
9 internal operations.

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

15 MR. KIEFF: So --

16 MR. MATTEO: To the point of, for  
17 example, we're talking about quality exams and an  
18 IDS, etc. You're wondering if the rationale for  
19 not filing or filing an IDS, and Scott quite  
20 competently pointed to the 3 or 400 or 5 or \$600  
21 per hour attorney fees. Well, when by and large  
22 -- and again, this is a blunt instrument -- by and

1 large corporate America has turned patent  
2 prosecution into piece work where you're driving  
3 pressure on the basis of cost -- I want a \$15,000  
4 patent; I want a 10 or a 12 or an \$8,000 patent.  
5 I mean, that in and of itself suggests that people  
6 aren't thinking deeply about the implications of  
7 what they're doing. You cannot get a  
8 well-considered, well-prosecuted patent for 7 or  
9 \$8,000, including attorneys fees. You just cannot  
10 do it. So, I think there's some broader  
11 principles operating here, and to the extent that  
12 the Patent Office is able to step back, factor in  
13 the macro, micro, and nano principles here, take a  
14 look at the broader work process -- what are the  
15 intersection and entry points for interaction with  
16 the market, which is really who we're serving here  
17 because the market drives innovation, and  
18 fundamentally take a look at the way people make  
19 decisions rightly or wrongly -- I think that's the  
20 approach that's going to get us where we need to  
21 go.

22 MR. KIEFF: And then -- so just to then

1       restate this, you know, we asked for a screwdriver  
2       and we got back a hammer, okay? So, that's one  
3       kind of problem. But then the other -- so not  
4       only does it not help, but it hurts because that  
5       hammer is now on a search for nails, and  
6       everything in the world is going to look like a  
7       nail to it. And so there are a lot of people --  
8       and it's going to whack them -- and there are a  
9       lot of people out there who shuttered at the idea  
10      that the Patent Office would have a chief  
11      economist, because economists -- and I'm somebody  
12      -- I love economics, I do law in economics, I  
13      think economic policy is a wonderful thing, but  
14      we, the United States, make the economic policy  
15      decision to have a patent system in your office  
16      and at the White House and in the voting booths,  
17      and that should not be in the Patent Office,  
18      right? That's a much broader macro policy set of  
19      questions, and so the job description for the  
20      chief economics officer is really going to  
21      integrate into the internal operations and the  
22      nuts and bolts of the patent system in a way that

1 it should not. And so this is just another area  
2 where we were going to be talking later. We  
3 figured while we have you here it would be useful  
4 so that you -- we hope that provides some nice  
5 context.

6 MS. SHEPPARD: It does.

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

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

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

20 MR. TOUPIN: I thank you. When Marc and  
21 Scott were having their exchange on people not  
22 reading the references before they submit (off

1       mike) their claims, deputy commissioner (off mike)  
2       tapped me on the shoulder and said I should say  
3       something about this.

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

15                And the second issue, of course, that's  
16      been pointed out in literature, is the question of  
17      whether clients making a choice even assume that  
18      kind of duty of the lawyer -- the lawyer was  
19      obliged to tell the client that he or she had.  
20      The clients are making the choice to subject  
21      themselves (off mike) consequences because they  
22      unnecessarily have to amend claims in view of art

1 that --

2 MR. RIVETTE: Why don't you explain --  
3 why don't you --

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

5 MR. RIVETTE: Right.

6 MR. TOUPIN: -- if you amend the claim  
7 for patentability reasons, you surrender the scope  
8 of the doctrine of equivalence protection, and so  
9 if attorneys are submitting those without looking  
10 at them, claims without adjusting them in view of  
11 the references they're submitting, they're  
12 subjecting their clients to risks and their  
13 clients may or may not know the risks they're  
14 submitting themselves to.

15 The Bars have not -- at least in my  
16 observation -- taken the lead in saying gee,  
17 there's a best practice instead of indeed there's  
18 an ethical practice in this area. And one of the  
19 reasons for that seems to be that the externality  
20 of the unnecessary actions that accrue because  
21 people don't craft claims in view of what they  
22 know isn't felt directly by others. And that gets

1 to, then, Marc's comment about whether the PTO  
2 should be engaged in rulemaking in this area. We  
3 certainly have an alternative.

4 We have made the choice not to be  
5 enforcing rules against apparent infractions of  
6 our ethics requirements that we might discover in  
7 the course of applications. We could take the  
8 position that if you have a large IDS and we find  
9 a 102 reference in it that is either a failure to  
10 adequately prepare or deliver it bearing of a  
11 killer reference in violation of rule 56 in  
12 inequitable conduct and take the position that we  
13 should prosecute you on that. We took the  
14 position -- one of the things that influenced the  
15 IDS proposal is that we didn't want to be  
16 punitive, that that was not a useful way to  
17 proceed in this area, and it was better to say  
18 gee, if you're going to give us a large  
19 submission, we won't guarantee we'll look at it  
20 unless you give us some more information which  
21 guarantees that you have read it and thought about  
22 it. So, just in terms of the discussion I thought

1 we ought to sort of state what -- from our  
2 perspective what the state of affairs is.

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

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

8 MR. KIEFF: You are making --

9 MR. DOLL: It's not on.

10 SPEAKER: It's not on.

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

16 MR. KIEFF: Okay. Does this work?

17 MR. DOLL: No.

18 MR. KIEFF: No?

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

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

22 MR. RIVETTE: Right.



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

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

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

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

10                  SPEAKER: Is this one --

11                  MR. DOLL: No.

12                  MR. ADLER: That was working a minute  
13 ago.

14                  MR. DOLL: Unbelievable. Is this one  
15 working?

16                  SPEAKER: No.

17                  MR. DOLL: No, none of them work.

18                  MR. RIVETTE: None of them work.

19                  SPEAKER: This is working.

20                  SPEAKER: Okay.

21                  MR. KIEFF: Okay. I think the fear is  
22 that there just has to be a recognition that the

1 very, very, very broad net that is cast by Rule 56  
2 and the duty to disclose means a very, very, very  
3 large volume of information, and I fear that you  
4 are saying that when that large volume gets  
5 presented to you, it creates problems for you.  
6 And I -- is that not what you're saying?

7 (off mike) going? All right.

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

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

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

20 MR. KIEFF: Okay, but let me -- let me  
21 try it this way. My understanding, which could be  
22 wrong, is that a very large number of

1 practitioners have the understanding, which could  
2 be wrong, that there's a high likelihood that some  
3 nontrivial number of courts, which could be wrong,  
4 would read the law in a way that would encourage  
5 them to act in a way that would be really bad for  
6 the patentee, okay? As long as that has some  
7 degree of correctness associated with it, then it  
8 would also be correct to expect those people to  
9 uncover large quantities of art. If you tell them  
10 that their lawyers are committing malpractice or  
11 an ethical violation or some other very, very  
12 serious problem if they don't read that art, then  
13 they will bill at the rates David mentioned of  
14 massive quantities of hours, and you have to  
15 recognize that that will make the cost of  
16 interacting with you so expensive people will not  
17 interact with you, or people will interact with  
18 you because they simply won't take you seriously.  
19 And so my advice to you is that it won't help you  
20 not to be taken seriously, and it won't help you  
21 to cause people not to come to the U.S. Patent  
22 Office. So, that I think is all I'm really

1 saying, and I think you're not baking that into  
2 your analysis enough.

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

7 MR. KIEFF: But that's --

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

21 MR. KIEFF: You're not the tryer of  
22 fact, and it's a huge mistake to think that you

1 are. The court is the final arbiter of fact, and  
2 you are the administrative agency that's designed  
3 to help begin to build the record for the court.  
4 And it is really seriously dangerous for you to  
5 think otherwise, because what you do is you  
6 provide the very, very powerful, heavy-handed  
7 incentives that you're describing without the  
8 finality that the applicant would want. They can  
9 only get that from the court.

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

14 MR. ADLER: -- valid claim.

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

19 SPEAKER: I just don't understand --

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

21 SPEAKER: All right, so you get --

22 MR. ADLER: And therefore hopefully with

1 the quality metric that catches what happens to  
2 that claim if it gets litigated, it would show  
3 that that process is flawed. In other words, the  
4 idea of doing that didn't really -- doesn't really  
5 work in the long run, because the patent is going  
6 to be eventually invalid, right? I'm just trying  
7 to encourage people to do the right thing. We're  
8 on the same page, so, you know, whether you  
9 enforce it (off mike). We should at least maybe  
10 educate them more so about this need to read the  
11 references, that they're going to be submitting  
12 them, regardless of the rank of enforcement. We  
13 should just tell them, again, over and over again  
14 -- by the way, you know, you're going to submit an  
15 IDS, you know, you have to -- you should do the  
16 references that you're submitting, because in the  
17 long run you're not going to get a valid patent  
18 anyway.

19 MR. RIVETTE: But I would also --

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

22 MR. RIVETTE: Well, I think it would

1 also go back to the analysis of what the courts  
2 are doing and how the courts are handling this,  
3 and if we start to see -- and we can post that  
4 doing it the old way actually doesn't give you  
5 anything, and we can show data on that fact.  
6 Again, that's a behavior modifier. Right now we  
7 don't have a regressive analysis. We don't have a  
8 way to articulate that to the public.

9 MR. ADLER: Well, we -- this is some of  
10 the dynamic that I heard. It would cost me too  
11 much money to do a search. Therefore, (off mike)  
12 7800, \$8,000 --

13 (off mike) that you guys --

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

18 MR. ADLER: Well, this is some of the  
19 dynamic that I've heard. It would cost me too  
20 much money for -- just spend, what 7800, \$8,000.  
21 I'm just going dump \$8000 to have a patent  
22 application and file it and let you guys (off

1       mike). Economics (off mike) just makes no sense  
2       to me. And then if there is a file and save  
3       myself the difference between 7800 and (off mike)  
4       right? Even if the search is \$5,000, okay? So  
5       there's so many patents --

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

9               I'm sorry.

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

16              MR. RIVETTE: So, I think what --

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

22              MR. WESTERGARD: Aren't we talking about



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

20 MR. ADLER: And I'm trying to do that by  
21 showing through the cycle that those patents are  
22 (off mike) and therefore they're not quality and

1 that whole process was flawed. I mean, the people  
2 who practice that way are not getting the client  
3 -- the applicant is not getting any value for  
4 their money, so I --

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

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

12 MR. WESTERGARD: Kevin, just to pick up  
13 -- I mean, we keep -- this (off mike) was the  
14 issue I've been assigned to lead the discussion  
15 (off mike) discussion we've been rather fulsome  
16 and enjoyable, but the -- as it stands, PTO has a  
17 rule package that has been -- that is out there  
18 and that has cleared OMB and is back in the hands  
19 of the Patent Office awaiting somebody's decision  
20 to finally publish the rules, is that correct,  
21 John? And so the ultimate question I think we  
22 should address today is whether PTO should issue

1 those rules and recall that the rules are that you  
2 can submit as many references as you want, and if  
3 you submit more than 25 references, then you must  
4 present a more fulsome explanation about what the  
5 reference is and what it discloses and how it  
6 relates to the patentability of the client. Did I  
7 go too far there?

8 SPEAKER: I know.

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

19 MR. RIVETTE: Right.

20 MR. WESTERGARD: -- and that may -- the  
21 bill may or may not happen, in inequitable conduct  
22 may or may not be in the bill, and so my own

1 personal view is that the PTO should make the  
2 decision to go final on the rules, and if I could  
3 just (off mike) about the information disclosure  
4 rules and allow the courts to sort through it.

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

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

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

22 MR. RIVETTE: Okay, I want to wrap this

1 up. I think it's time for lunch, and we have a  
2 guest speaker, and Louis, if you'd introduce our  
3 guest speaker.

4 MR. FOREMAN: And he is here.

5 SPEAKER: Outside?

6 MR. FOREMAN: Outside. Yep.

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

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

20 MR. FOREMAN: Thank you, sir.

21 MR. RIVETTE: Okay. We're very  
22 privileged today to have Dr. Gary Michaelson here

1 to speak to us on behalf of intellectual property  
2 and the value of patents and his own thoughts on  
3 patent reform as well.

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

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

20 MR. MICHELSON: Can everybody hear okay?

21 MR. RIVETTE: So, Gary, if you don't  
22 mind, we're going to circulate and get some --

1           MR. MICHELSON: Oh, no, please -- would  
2           it be better. It seems rude that people looking  
3           at my back -- would be better if I stood in front  
4           and then everybody could see me, I could see them?  
5           Would that be better?

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

8           Is this mic on? Is this mic at the  
9           podium working?

10          SPEAKER: Uh-huh, yes, it is.

11          MR. RIVETTE: Okay. That'd be great.

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

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

16          SPEAKER: Get some lunch.

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

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

22          MR. RIVETTE: Yeah, we'll take five

1 minutes and --

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

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

18 So, the comments I'm going to make are  
19 based on three beliefs. The first one is that the  
20 principle of patents is sound. We have to have  
21 some phase that we believe in, so I believe that  
22 the principle of patents is sound; that is, you're



1 going to grant a time-limited, exclusionary right  
2 in return for the free flow of information rather  
3 than the old trade secrets kind of thing, that  
4 that stimulates industry and commerce and serves  
5 the public good. So, I think everybody in this  
6 room holds that to be true or we wouldn't have  
7 this Patent Office.

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

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

16           So, those are the three things, and I  
17 think that the free flow of information is always  
18 discussed in business books as being necessary for  
19 efficient markets. But in reality it's necessary  
20 for efficiency itself. So, the three areas that I  
21 want to talk to you about today can be divided  
22 into essentially smarter, faster, and open.

1           So, interestingly, there are two totally  
2 unrelated aspects to smarter. The first one is I  
3 would venture to say that no matter how hard you  
4 get your Examiners to work, you will not be able  
5 to clean up your backlog, because working harder  
6 isn't going to do it. So, the only option is to  
7 work smarter. To that end, I think it's necessary  
8 for the Patent Office to be at least break-even if  
9 not profitable and that's (off mike) lots easier  
10 said than done, but it's not really.

11           The other smarter is we need to have  
12 people who are literally the best in their field  
13 examining those specific patent applications that  
14 are in their field and require that level of  
15 intelligence. Last week in the newspapers there  
16 was a story about a gentleman who worked at the  
17 Securities Exchange Commission, and he gave an  
18 interview to the newspaper and this is what he  
19 said. He said there isn't anybody at the SEC that  
20 ever understood the leverage that was being  
21 created by these mortgage security derivatives.  
22 He said we had no idea it was 30 to 1. So, we

1 have to bring to bear people that have the level  
2 of education, the skill set to make sure the  
3 Patent Office can do the job, and it doesn't have  
4 to get cleaned up in the courts, because that's  
5 what's going on right now. A lot of this stuff is  
6 getting cleaned up in the courts, and it should  
7 not be that way. So, how do you get these people?  
8 Well, you pay them. And you have to offer them as  
9 much money as they could make in the fair market,  
10 and you have to convince them that this is really  
11 a career, not a revolving door.

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

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

1 exceptions it publishes that day.

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

21 Now, when these applications publish,  
22 they're available to all interested parties. So,

1 if I'm in the heart catheter business -- J&J or  
2 Boston Scientific -- I've got my computer set up  
3 that every time one of these applications  
4 publishes in that field, it comes on my computer.

5 Now, here comes the sweetest part of  
6 this whole thing. Who do you think knows the  
7 prior art better than anyone in the world? I will  
8 guarantee you it's Johnson & Johnson's competitors  
9 or it's Boston Scientific -- they know the prior  
10 art, and who has the most to lose if an invalid  
11 patent issues and they have to spend years trying  
12 to get around it, fighting it. So, they're  
13 motivated and they know the prior art. And here's  
14 something even better. I believe that almost  
15 every middle-size company, and certainly every  
16 large company, either employs or retains patent  
17 counsel. These are very qualified people. They  
18 know what they need to send to the Examiner. And  
19 they have something that the Patent Office doesn't  
20 have -- the Examiner certainly doesn't have -- and  
21 I call it the minions, the hordes, the masses.  
22 So, there are companies that have over 10,000

1 sales people canvassing the whole world with a  
2 e-mail from in-house patent counsel. They will go  
3 out and look for, they will talk to people, and  
4 they will find prior art. And this is prior art  
5 that the Examiner never would have found. So,  
6 here's an example where the mountain really is  
7 going to come to Mohammed. He just has to sit  
8 back now.

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

1 any potential for mischief.

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

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

22 That's what we're not doing in the

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

15           So, my idea was \$250 for the first page,  
16 a hundred for every page thereafter. But someone  
17 might only need one page, because the page they  
18 submit could really just be an index that lists a  
19 column -- column 4, line 17, of reference 1 and  
20 column 7, line 6, of reference 2. If you combine  
21 them that is this invention. It's obvious to  
22 combine them. So, now the Examiner just looks at



1 this one piece of paper, and I believe that you  
2 should be able to submit all references for  
3 nothing. They're prior art. So, they get  
4 submitted and you should be allowed to either  
5 highlight it, bracket or underline it, so the  
6 Examiner can open it up and go directly to the  
7 relevant text. He'll make the decision, what he  
8 thinks about it.

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

21 What we want them to do is submit their  
22 best claims, not their broadest claims. How do we

1 motivate them to do that? Well, the first way is  
2 if they modify their claims during the objection  
3 period, there's no charge. But if they do it  
4 after the objection period, they should have to  
5 pay half the price that the claims were  
6 originally, which will bring us to another point.  
7 I know the Patent Office has talked about, in the  
8 past, has floated the idea of doing something  
9 similar to Europe. One independent claim, ten  
10 dependent claims -- and that's it, you're done.

11 I'm amazed that that's worked as well as  
12 it's worked, but I don't think that's the right  
13 answer. What I do think the right answer is -- to  
14 then charge, as you were going to at one point in  
15 time, for each additional independent claim,  
16 because that's going to require examination of  
17 material outside the patent, and then to charge  
18 for every dependent claim, but the ratio should  
19 probably be about 10 to 1. So, maybe it's a  
20 thousand or \$2,000 for another independent claim,  
21 but the other one is just 112 matter. All you  
22 have to do is open up the patent -- is there

1 support for it or not -- so maybe that takes him a  
2 half hour, 45 minutes. So, I do think a hundred  
3 dollars more than covers it.

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

16 Okay, what if there's a person -- let's  
17 just say a college professor -- who happens to be  
18 knowledgeable in this subject but he's got no dog  
19 in the fight. He's certainly not going to pay  
20 \$250 to share his thoughts with the Patent  
21 Examiner. But the applicant's competitors can  
22 identify, when they log in to make their

1 objections, with a symbol that they're willing to  
2 be a sponsor. So, now, the college professor  
3 takes his prior art that he knows about and an  
4 explanation and he sends it to one or all of the  
5 sponsors. It cost him nothing. It doesn't cost  
6 anybody anything. Now, who's he sending it to?  
7 He's sending it to a knowledgeable professional, a  
8 patent attorney. He's going to look this over and  
9 go this is garbage, I'm not going to spend \$250 on  
10 this or he's going to say yeah, this is great  
11 stuff, and he is certainly going to pay \$250 to  
12 submit that to the Patent Office.

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

20 Okay, now, what happens if the applicant  
21 decides to be clever and he just lays back and  
22 lets everybody protest these claims, and then on

1 day 59 without any charge he submits a new claim  
2 set. My proposal would be that there must always  
3 be 30 days for objections. So, if the objections  
4 arises in the first 30 days and he makes a change  
5 in the claim set, there's still 30 days for people  
6 to review that. But if he does it in the second  
7 30 days, then the time for objection response will  
8 be continued so that there's at least 30 days.  
9 So, all he's doing is hurting himself. He's not  
10 hurting anybody else. And the purpose of that  
11 again is to try to -- I hate to use the word  
12 "coerce" but help the applicant to submit his best  
13 claims, not his broadest claims, and to that end  
14 we mentioned in the very beginning there were  
15 three parts to this patent system, and I'm going  
16 to try not to talk about the courts and the law.  
17 But I do think it would be helpful if an infringed  
18 inventor had the right to sue for damages back to  
19 the very first day that he published a claim that  
20 is infringed and wasn't changed. That really  
21 motivates them to get it right in the beginning.  
22 I think that would help.

1                   Okay, now, what happens on day 60 or  
2 thereafter if it was extended? Examiner walks  
3 over, he looks at this for the very first time.  
4 Who knows what kind of war's been going on. But  
5 there's actually a thread of emails. This guys  
6 says he can read it all. He's sitting there  
7 reading it. Now, nothing's happened that in any  
8 way has negatively affected the Examiner. The  
9 Examiner still has available to him each and every  
10 tool he ever had available.

11                   But now something else is going on.  
12 This is a true story. An Examiner in this Patent  
13 Office was presented with a patent application for  
14 a catheter to be used in the human body for  
15 pushing liquid cement through the catheter into a  
16 broken bone. This Examiner had actually examined  
17 cardiac catheters, and his immediate question was  
18 wait a second, can't you just take a cardiac  
19 catheter and use it for this other purpose, in  
20 which case this is no invention. He couldn't find  
21 out. How could he find out? But in this model,  
22 he gets to go online and post a request for

1 information or a question, and in response to that  
2 the applicant, the objectors, and anyone else in  
3 the whole wide world is free to respond. So, my  
4 question would have been does anybody have proof  
5 that a prior art catheter is capable of  
6 functioning to deliver liquid cement into a  
7 fractured bone? My competitors are going to go  
8 get the toughest catheter they can find on the  
9 market and run that experiment. He can't do that.  
10 But these other people do it for him. So, he now  
11 has some new resources.

12 Okay, the Examiner essentially has no  
13 more than days. I know everybody's going that's  
14 too quick. But it's really not too quick. Do you  
15 know they have college courses where you take a  
16 semester and it drags out for four months, and  
17 then they have summer courses where they teach the  
18 whole course in four weeks, but they're not  
19 teaching you three courses. I think the Examiner  
20 needs to concentrate on what he's doing, and 90  
21 days is a reasonable period of time to accomplish  
22 this. All he has to do is take the first action.

1                   We all know what comprises first  
2                   actions. So, for example, it could be a  
3                   restriction requirement, and this is off subject,  
4                   but since I have you here I'm going to tell you.  
5                   I have never understood the thinking behind the  
6                   custom and practice of how the United States  
7                   Patent Office makes restrictions. They do it, to  
8                   the best of my understanding, by drawings. Am I  
9                   correct about that? Good. I don't want to be  
10                  wrong about this, because that makes no sense.  
11                  All the ones I got restrictions were by the  
12                  drawings. They go these are in, these are out.

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

15                   MR. MICHELSON: Okay. So, hopefully  
16                   you're going to tell me what I think, which is if  
17                   you can write a single generic claim that covers  
18                   the subject matter, then nothing should be removed  
19                   from that, because it's all coverable I assume.  
20                   In other words, things should be restricted by  
21                   function. So, if one thing can contain all of it,  
22                   it belongs together.



1           MR. LOVE: But for examination purposes  
2 the Examiner would examine it (off mike) claims,  
3 plus he would identify what specific species that  
4 they would concentrate on.

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

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

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

16          MR. LOVE: Better take this offline.

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

19          MR. LOVE: Unity of invention -- the  
20 international standard is different from the U.S.  
21 standard. Species and generic claims are just a  
22 small part of the whole restriction process, and

1 that's (off mike) processes.

2 MR. MICHELSON: Of course.

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

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

15 Okay. This little modest proposal I  
16 have -- what are the advantages? Well, the first  
17 one is time, and I think this is interesting.  
18 Manufacturers used to have warehouses where  
19 suppliers came and delivered trucks full of goods,  
20 and then the manufacturer moved them out of these  
21 warehouses to his assembly line. One day the  
22 manufacturer looked up and said what am I doing?

1 That over there is dead money. That's tied-up  
2 money that isn't making any money. That's a drain  
3 on productivity. I don't want it anymore. And he  
4 called up the supplier and he said listen, every  
5 morning at 8 o'clock I want you to deliver just  
6 the amount that I can push through my assembly  
7 line that day. Just-in- time-delivery it's  
8 called. You download (off mike) your iPod so it  
9 could be 7 minutes long. You don't download it in  
10 real time. You download it in 20 seconds. So,  
11 someone once said time is money. Well, compressed  
12 time must be even better. The point is how do we  
13 get more out of the same amount of time, which is  
14 really your dilemma here anyway?

15 So, there are three parties in this  
16 transaction as I see it. The first party is the  
17 inventor, and it should, under normal  
18 circumstances, be in his very best interest to  
19 have that patent issue as soon as possible. Why?  
20 Because he gets the power of the patent, the right  
21 to exclude all others, and he doesn't have it  
22 until it issues.

1           The second party is the public, what we  
2           call the public good, the general good. They're  
3           protected if the patent grants no more than that  
4           party's entitled to and is actually capable of  
5           stimulating industry and commerce.

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

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

21          In addition to that, this open system  
22          rather than the ex parte system I believe would

1 result in a more vigorous and better examination,  
2 because we're not taking anything from the  
3 Examiner that he would have had anyway. We're  
4 giving him something. We're bringing information  
5 to him. We're giving him, for the first time, the  
6 ability to ask a question to people who could  
7 really answer it and make sure he's not getting  
8 snowed, because, you know, the guy who is the  
9 applicant will say I tried that catheter, it  
10 exploded. But the competitor will say you should  
11 try this catheter, it works great. So, I think  
12 it's a great opportunity.

13 I believe that this decreases the  
14 workload on the Examiner substantially, and this  
15 is what I like the best. I really like this the  
16 best. I believe that this is an opportunity for  
17 unaffiliated, individual inventors, research  
18 laboratories, and universities to showcase their  
19 intellectual property, because no sooner do they  
20 publish their application than the people who  
21 could most make use of this technology are  
22 scrutinizing it. So, I learned a long time ago

1 that thing about if you build a better mousetrap  
2 they'll beat a path to your door. That's not  
3 true. That's not true. But what you do need to  
4 do is you need to show the product. You need to  
5 advertise. You need to get these people  
6 interested. And I think that would create a  
7 synergy which has not been there in the past.

8 Finally, and this will be the end of my  
9 talk, I think that this would unburden the courts.  
10 Probably most people here have heard of Don  
11 Dunner. He was over at Finnegan Henderson, and  
12 one year he had actually completed half the cases  
13 they heard in the Court of Appeals. It's  
14 unbelievable. And Don said to me one day you  
15 know, this is a sad state of affairs. The Patent  
16 Office isn't deciding the validity of patents, the  
17 courts are. And that's just inefficient, it's  
18 burdensome to the courts, and how can we remedy  
19 that.

20 Well, in part, having been through a  
21 number of federal litigations where people were  
22 infringing my patents, let me tell you what you

1 run into. The defense attorney representing the  
2 infringing party, or alleged infringing party,  
3 turns to the jury -- not to the judge because the  
4 jury's going to decide this -- and says ladies and  
5 gentlemen, I show these two references. Now,  
6 where'd he get these references from? This is  
7 important. He got them off the trash heap of  
8 history. These are two things that never helped  
9 anybody and didn't work. But now, with your  
10 patent application or your patent in hand, he's  
11 going to deconstruct the elements of your patent  
12 and say look, I've got one over here, I've got one  
13 over here, I've got one over here, you put them  
14 together, this is obvious.

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

1 jury.

2 Now, let's say that he can't pull any  
3 junk out. There isn't any. Lawyers are not  
4 dissuaded. He just does damned if you do and  
5 damned if you don't. The way that goes is he says  
6 ladies and gentlemen of the jury, please take a  
7 look at this stack of documents. Would any of you  
8 like to read through them? They're all shaking  
9 their heads no. He goes neither does the Examiner  
10 and nor does the Examiner have the time to do  
11 that. This is what was disclosed by the inventor  
12 in his IDS, his Information Disclosure Statement.  
13 He buried all the good references in there knowing  
14 he would smoke them by the Examiner. If only he  
15 had just been honest and put those in front of the  
16 Examiner and said look, this is the relevant art,  
17 we wouldn't be here today, ladies and gentlemen.  
18 There would be no patent issued. This patent's  
19 invalid. I see that in every one of these trials.

20 So, how do we help that? Well, this is  
21 interesting. It's very hard for the competitor to  
22 make an argument but-for when the competitor is



1       there in real time and can submit the but-for's.  
2       So, not only was it not a matter of the applicant  
3       hiding applications, these other learned people,  
4       these patent counsels that work for these  
5       competitors, couldn't find them either, because if  
6       they had and if they really thought that they  
7       would prevent the claim from issuing, they would  
8       have submitted them. So, I think that would be a  
9       real boon to the courts.

10               I'm done. Thank you.

11               MR. RIVETTE: Greg, I want to thank you  
12       very much for taking the time to share with us.  
13       It's always fascinating to see a different  
14       perspective on how the system could work. I have  
15       no doubt that the guys here from the Patent Office  
16       are sitting there shaking their heads and saying I  
17       have no idea how we'd get from here to there. I  
18       can remember when we were doing the (off mike)  
19       applicant would come in with their invention and  
20       sit down with the Examiner and all this  
21       information and they would pass it on and then  
22       give the final decision right there on the spot

1       whether a patent should be granted or not.  So,  
2       that was --

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

7               MR. RIVETTE:  What was the project?

8               MR. LOVE:  The Peer-to-Patent.  
9       Peer-to-peer review.

10              MR. RIVETTE:  Yeah.

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

21              MR. ADLER:  The only difference is that  
22       --

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

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

7 MR. LOVE: Yeah.

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

10 MR. MICHELSON: \$500 and now it goes on.  
11 (off mike) are off. I'll try \$50. And the point  
12 is we need a pay-to-play system where the Patent  
13 Office is fairly reimbursed for the work efforts  
14 of its workers. That's the model (off mike) the  
15 large law firm. They don't know (off mike) all  
16 those (off mike) go great (off mike). So -- and  
17 I'm moving in response to your comment

18 About how do we get from here to there.  
19 I was telling (off mike), my lovely girlfriend,  
20 that the problem is going to be when I go to the  
21 Patent Office (off mike) and I'll say how do you  
22 get there from here, and the problem is

1       unfortunately there's a chasm and you can't do it  
2       in three small steps.  So, yes, it is a change,  
3       and the parts don't work unless the whole thing  
4       works together when I do -- I honestly believe  
5       that this is a model for a very rapid and yet  
6       vigorous examination.

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

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

11              COURT REPORTER:  Mine's better.

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

16              MR. MICHELSON:  It's like estoppel.  
17       They would really do that.

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

20              MR. MICHELSON:  Sure.

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

22              MR. MICHELSON:  It's like estoppel.

1 They had every notice to object to this. They saw  
2 the claim set. What are they doing in court now?  
3 Playing with it.

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

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

9 MR. ADLER: I'll live with that.

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

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

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

19 MR. ADLER: Right.

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

1 MR. ADLER: Yeah.

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

4 MR. ADLER: Right.

5 MR. MICHELSON: Here's the issue.

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

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

11 MR. ADLER: Oh, all right.

12 MR. MICHELSON: The Examiner said to me  
13 -- the Examiner said (off mike) I reviewed a  
14 patent application for a vascular catheter to be  
15 fed off an artery to transmit microspheres, a  
16 methylmetacrylate cement, to embolyze the vessel  
17 to kill tumor. So, there it's passing cement  
18 through the catheter. So, now the only difference  
19 is the pressure of the liquid cement. The point  
20 is that without that, his hands are tied. He's  
21 handcuffed. His hands are tied. How's he going  
22 to know whether a prior art catheter could or

1 could not be made?

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

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

6 MR. ADLER: Right.

7 MR. MICHELSON: Right.

8 MR. ADLER: Right.

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

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

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

21 MR. ADLER: Thank you. I --

22 MR. MICHELSON: -- because --

1 MR. ADLER: -- which is what --

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

4 MR. ADLER: It's just slightly.

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

7 MR. ADLER: Right.

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

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

14 MR. ADLER: Yeah, my company made those.

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

18 MR. WESTERGARD: And so that's an  
19 example, though, of a case where the catheter has  
20 been used for that purpose and then is very  
21 relevant, and the question you're asking the  
22 competition is will anybody who has this



1 experience present it to the Examiner so he can be  
2 aware that it has been done.

3 MR. ADLER: Absolutely.

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

8 MR. MICHELSON: Right.

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

17 MR. MICHELSON: (off mike) litigation  
18 you brought up an interesting point, because  
19 sometimes the people here don't get enough  
20 exposure to that and find out what's really going  
21 on. I've had people say to me I would never file  
22 for a foreign patent application, and I go why?

1 He goes because they really search. You know,  
2 things come out of Russia and wherever. You know,  
3 where did this come from? You know, some obscure  
4 reference and they go (off mike) those countries.  
5 You know, I never do that. But to be able to  
6 search the world and have all the (off mike) and  
7 bring it back -- that's good.

8 MR. RIVETTE: Thanks. That was good.  
9 Any other questions?

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

12 MS. FOCARINO: Yeah.

13 MR. ADLER: Yeah, yeah. I see that.  
14 Those wheels are turning to charge for the fear  
15 thing, yeah.

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

22 MR. MICHELSON: No anonymous --

1 MR. ADLER: You wanted to make sure --

2 MR. MICHELSON: Yeah, there's no names.  
3 That's the point. And you really can't submit  
4 unless you pay, so you either have to have an  
5 account and carry a balance with the USPTO or you  
6 use your credit card. So, between the two -- you  
7 giving permission to the internet service provider  
8 to turn over to the Patent Office all their  
9 information about the user and the fact that you  
10 have this financial information -- the chances are  
11 you'll be able to identify any party that comes  
12 onto that site and tries to create mischief. I'm  
13 not saying it's going to happen, but at least if  
14 someone tries and you have objections.

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

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

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

22 First off, Gary, thank you for traveling

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

9 MR. ADLER: Well, there is -- there is  
10 --

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

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

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

22 MR. FOREMAN: Well, we kind of heard

1 earlier today, when we had the staffers, that  
2 everything's on the table, that there's (off mike)  
3 change -- change pricing and look at ways to do  
4 different things, so I mean, I can't imagine a  
5 time where there wasn't a better opportunity to at  
6 least shake things up a little bit. So, what do  
7 we do?

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

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

17 MR. ADLER: Less than a hundred?

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

20 MR. ADLER: So, it isn't getting an  
21 overwhelming --

22 MS. FOCARINO: Not at all.

1           MR. ADLER: So, what does somebody have  
2 to agree to currently -- sorry -- what does  
3 somebody have to agree to currently to (off mike)?  
4 Are there some requirements or something that --

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

7           MR. ADLER: Yeah, she said --

8           MS. FOCARINO: I mean, then the public  
9 can submit prior art to this consortium of care  
10 reviewers and then the Examiner gets the ten best  
11 --

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

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

17          MS. FOCARINO: You don't need it.

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

21          MR. LOVE: They have to waive the  
22 prohibition against (off mike) protests, so they

1 --

2 MS. FOCARINO: Right.

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

6 MR. ADLER: A protest to what?

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

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

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

14 MR. ADLER: Yeah.

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

18 MR. MICHELSON: Can I ask a question  
19 here? I remember people (off mike) talking to me  
20 about something that had floated, which was if you  
21 would pay by the independent claim, the dependent  
22 claims -- and what was suggested, I actually want

1 a lot because I think what's wrong with the  
2 European system (off mike) more stuff. It  
3 shouldn't be (off mike) belongs there. So, just  
4 charge more. I mean, charge for what the person's  
5 asking you to do.

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

8 MR. MICHELSON: You're not making money.

9 MS. FOCARINO: We're not making --

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

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

14 MR. MICHELSON: This is obvious. So,  
15 this (off mike) with something that's walking  
16 away, one independent claim and the dependent  
17 claims, and maybe the next independent claim -  
18 honestly, (off mike) a thousand, \$2,000, because  
19 that's in our work it could take an Examiner to do  
20 a good job. But for a dependent claims, (off  
21 mike). (off mike) patent is their support, so  
22 that's maybe a hundred dollars. But I don't --



1           MR. LOVE: Sorry, but I did want --  
2           there's much -- there's more substance to the  
3           examination of dependent claims than just (off  
4           mike). You have consider 102, 103, 101, the whole  
5           (off mike).

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

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

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

15          MR. LOVE: Oh, well, that's not -- well  
16          --

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

22          MR. LOVE: And so at the examination --

1           MR. MICHELSON: That's why that's --  
2 that's the a problem. That's what I'm saying.

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

9           MR. MICHELSON: I'm not saying that.  
10 That's not -- no, I'm saying -- this is what I'm  
11 saying.

12          MR. LOVE: Okay.

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

20          MR. LOVE: I see.

21          MR. MICHELSON: Every dependent -- let  
22 me use this (off mike) -- every dependent claim

1 that depends there from is narrower than the  
2 independent. So, if your support -- there is no  
3 other issues, no 102s, no 103s, nothing --

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

7 MR. RIVETTE: Whoa, whoa, whoa.

8 SPEAKER: (off mike)

9 MR. LOVE: Pardon me?

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

12 MR. LOVE: Well, I can explain to you,  
13 but -- I'll explain to you. When an applicant  
14 submits an application, they need to get a  
15 progressive examination of the scope of the claim  
16 that they're entitled to, they will submit an  
17 independent claim. Then with what you say is --  
18 you know, they ask for a little bit -- maybe more  
19 than they think they're entitled to -- but then  
20 they further narrow it with claims of varying  
21 scope, and that's how the line is drawn in many  
22 cases somewhere along the lines of the independent

1 claims. Those dependent claims have to be  
2 examined for 102, 103, 112, 101 issues.

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

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

7 MR. ADLER: He's not saying that.

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

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

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

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

16 MR. MICHELSON: An application, yeah.

17 MR. LOVE: Okay.

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

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

22 MR. MICHELSON: I'm the Examiner.

1 MR. LOVE: The Examiner, okay.

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

4 MR. LOVE: What about the other claims?

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

10 MR. LOVE: Yes.

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

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

20 MR. MICHELSON: Right.

21 MR. LOVE: Then you have to go to  
22 dependent claims.

1                   MR. MICHELSON: No, no. (off mike) What  
2                   you're saying -- what you're saying is the  
3                   Examiner then says look, okay, now it is claimed  
4                   here by adding these three words. I'm going to  
5                   tell him that if he was going to add these three  
6                   words to the independent claim, I'll grant his  
7                   patent.

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

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

13                  MR. LOVE: Okay.

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

16                  MR. LOVE: Well --

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

20                  MR. ADLER: Wait, wait, wait. There's a  
21                  different point. He's asking you a different  
22                  point. I mean, if you examine -- only the

1 independent --

2 MR. MICHELSON: Of course you can do  
3 that.

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

9 MR. MICHELSON: Why is it his job? Now  
10 --

11 MR. ADLER: He has to pay for it.

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

14 SPEAKER: Huh?

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

17 SPEAKER: I'm just asking.

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

22 MR. ADLER: He's saying --

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

7           MR. ADLER:  He's changing --

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

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

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

16          SPEAKER:  Why not?  (off mike) question  
17          that.  Why he is questioning the fundamental, so  
18          --

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

21          Sorry.

22          MR. ADLER:  I understand your -- I mean



1 -- frustrations with the --

2 MR. LOVE: You know, we can talk about  
3 what would be the most efficient model, but that's  
4 not going to serve the needs of the patent  
5 community and the patent system, quite frankly.

6 SPEAKER: Why would --

7 MR. LOVE: One claim per application?

8 MR. MICHELSON: Nobody said that.

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

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

14 MR. LOVE: Okay.

15 MR. ADLER: Changing the model.

16 MR. BUDENS: A question for Peggy along  
17 this line. Are those hundred and some cases that  
18 have been in (off mike) patents -- in how many of  
19 the cases -- have outsiders submitted prior art in  
20 all of those cases, and if they have, how many  
21 times have they submitted prior art that was  
22 actually useful to the examination process?

1 MS. FOCARINO: I mean, it'll take a  
2 while to get the exact data, but it's not a huge  
3 percentage. Yes, prior art has been submitted in  
4 every single one of those applications, and then  
5 any -- I forget what the percentage was, but it  
6 was a lower percentage that also submitted that  
7 the Examiners did not find or did not at least as  
8 good an alternative use of prior art to use. So,  
9 (off mike). Yeah, I thought it was, you know --

10 SPEAKER: (off mike)

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

15 MR. MICHELSON: Uh-huh. I'm not sure  
16 that you can translate or extrapolate this  
17 experience to what I'm suggesting, and the reason  
18 why is I want people with motive. This patent  
19 attorney who works for this big company or is only  
20 taking this big company -- he knows what it takes  
21 to get a patent. He knows what's junk. And he  
22 does not want this patent issued. He's got

1 motive. Just sending out some peers -- I don't  
2 know that that's going to do it. This is  
3 different. I'm trying to use free enterprise --

4 MR. RIVETTE: But peers aren't his  
5 competitors.

6 MR. MICHELSON: Peers are his  
7 competitors.

8 MS. FOCARINO: They probably are, yes.

9 MR. ADLER: Well, the way that -- the  
10 way that really works is sort of -- in Europe  
11 where you monitor what's going on in the patent,  
12 and when it's granted you decide whether to pose  
13 it, okay?

14 MR. MICHELSON: Right.

15 MR. ADLER: That's how the real patent  
16 counsel do. Whether we want to be participating  
17 in peer to peer, the problem there is only a  
18 matter of whether we want to put our resources to  
19 do that work, you know, to look for art to knock  
20 out this patent early or just let you go through  
21 the usual examination and then see what happens.

22 MR. MICHELSON: Well, I don't see what

1 the tension is there, because we're talking about  
2 -- we're talking about the mountain coming to  
3 Mohammad --

4 MR. ADLER: Um-hmm.

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

9 MR. ADLER: That's true.

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

13 MR. ADLER: I'm not an Examiner.

14 MR. MICHELSON: I'm not saying that.  
15 All I'm saying is he's got a wealth of information  
16 --

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

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

22 MR. ADLER: Agree, yes. Whether I'm

1 motivated enough to do the work at that point.

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

5 MR. ADLER: I --

6 MR. MICHELSON: They want certainty.  
7 They want to know --

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

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

12 MR. ADLER: Absolutely.

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

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

20 MR. MICHELSON: I just --

21 MR. ADLER: -- whether we can change the  
22 peer-to- peer thing to make it more -- whether

1 more people would use it I think is a very good  
2 point. I -- it's valid. It's nothing --

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

10 MR. ADLER: -- system or not.

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

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

16 MR. WESTERGARD: Exactly.

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

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

21 MR. ADLER: So, you think that's the  
22 problem.

1 MR. WESTERGARD: I -- yeah.

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

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

5 SPEAKER: Okay.

6 SPEAKER: I want to thank you very much.

7 MR. MICHELSON: Thank you.

8 MS. FOCARINO: Thank you.

9 MR. RIVETTE: That was interesting.

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

12 MR. LOVE: You know --

13 SPEAKER: There has to be some root in  
14 reality.

15 SPEAKER: Right.

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

22 MR. PATTON: I guess we don't need John

1 Doll and Peggy for this, so we'll just start.

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

19           And let me just lead off why I'm saying  
20 that. We had numerous stakeholders from nearly  
21 every sector who expressed a desire for a  
22 pre-examination interview program. Those



1 interviews can take place before the Examiner even  
2 searches the case to ensure that the Examiner has  
3 a complete understanding of your invention. The  
4 perceived benefit is a better, more focused first  
5 action on the merits that get to the heart of the  
6 invention, which would improve both quality and  
7 timeliness. Obviously, there is the first action  
8 interview that's being piloted by the USPTO, which  
9 will, you know, be used to short-circuit  
10 prosecution and again improve timeliness. But, as  
11 noted above, there is a wide-spread interest in  
12 pre-examination interviews, and any program is  
13 unlikely to be controversial. Costs are also  
14 modest, and the USPTO appears to have the  
15 authority to implement those changes.

16 Again, just to reiterate, in this highly  
17 scientific study, that I have to thank John Doll  
18 to support, (off mike) support it when they move  
19 forward. I just want to mention since this is  
20 webcast, we did patent practitioners in  
21 Washington, D.C.; high-tech industries in San  
22 Francisco; large corporations in New York; virtual

1 focus group sessions with academics and tech;  
2 manufacturing industries in Chicago; energy,  
3 aerospace, and communications in Dallas; virtual  
4 focus sessions with financial industries,  
5 corporate patent councils in Santa Barbara; patent  
6 advocacy groups in Washington, D.C.; and pharm and  
7 biomed in Philadelphia. The point is that out of  
8 that there were five solutions offered to the  
9 USPTO that were almost unanimous, in fact  
10 completely unanimous.

11 One of them -- and having co-directed  
12 the focus groups in the PPAC project -- it's very  
13 important to note that there were consistent  
14 themes, and one of them was pre-exam interviews;  
15 and, by far, the most important change would be to  
16 force the Examiners to conduct pre-exam interviews  
17 and the possibility that the time the Examiners  
18 takes up the application before the search before  
19 a review, the applicants and their attorneys all  
20 agree that Examiners should have a brief 10- to  
21 15-minute interview. Applicants felt that  
22 Examiners really understood the invention, and I

1 don't -- after talking to Robert Budens, I don't  
2 think that's always true. I think they understand  
3 it very well. But, again, it's a matter of  
4 perception. Public perception is an important  
5 thing. So, at any rate, the point is, right now,  
6 I know that the first action interview pilot  
7 program has been very successful, and I believe  
8 there might be a presentation on that.

9 But to go back to this outreach program,  
10 we have -- I mean that -- of the top five of over  
11 1400 responses -- was to have this pre-interview.  
12 And so just to lead it off, at least representing  
13 PPAC and just kind of going from the 2008 report,  
14 would it be possible to create some sort of  
15 pre-interview pilot and, if so, how could we help  
16 that? And then obviously we'd like to hear about  
17 the first action interview pilot. So -- John,  
18 whoever.

19 MR. ADLER: Who was your question  
20 directed to? Was it directed to Robert's note or  
21 --

22 MR. PATTON: I would -- I think it was

1 directed to John.

2 MR. ADLER: Oh, okay.

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

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

8 MR. PATTON: Yeah, go ahead, Robert.

9 MR. ADLER: -- it was Robert's note or  
10 --

11 MR. PATTON: I could see the answer.

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

15 MR. PATTON: Yeah.

16 MR. BUDENS: I can tell you where the --  
17 I can tell you where the Examiners, I think, would  
18 feel about it. I think in the vast majority of  
19 cases we would consider it a waste of our time to  
20 do it before we've had a chance to pick up the  
21 case and look at it and take any action in it,  
22 search it, and even restrict it, figure out even

1 what's in the case, okay? And when you talk about  
2 a short 10- or 15- minute interview, that doesn't  
3 translate to 10 or 15 minutes of Examiner time.  
4 You heard an Examiner yesterday in the  
5 meet-and-greet tell you how for one hour of  
6 examination time she has to spend two hours of  
7 road time prepping for that case and that  
8 interview. That's reality. That's not, you know,  
9 perception, okay? And examinations are a very  
10 mentally intensive thing. You take me offline, if  
11 I'm in the middle of examining a case and I  
12 suddenly have to stop what I'm doing to go do an  
13 interview on a case I haven't even looked at yet,  
14 you've just taken, you know, two or three hours  
15 out of what I was doing in that other case because  
16 you've broken my train, you've interrupted the  
17 concentration, I have to go back to that case now  
18 and pick it up after the interview, and regain my  
19 trains of thought and action stuff. I think that,  
20 you know, purely from an examination standpoint, I  
21 don't see anywhere's near the benefit out of this,  
22 you know, pre-examination interview that would

1 account for the cost, and I don't believe either  
2 that it would be cost -- you know, it would be a  
3 minimal cost. If we have to start -- we have  
4 750,000 cases in our backlog. If we have to start  
5 interviewing in every one of those cases -- I'll  
6 let Peggy address the other time issue -- that  
7 it's not -- I don't think it would be an  
8 insignificant hit there either. But I don't think  
9 that it brings us, you know, the kinds of results  
10 that would justify the Examiner time that would do  
11 it. I think the first action interview pilot,  
12 while we still are a little questionable if that  
13 (off mike) have a discussion on that, I think that  
14 one shows the potential for more merit in actually  
15 accomplishing something useful for both the  
16 Examiners and the applicants.

17 MR. PATTON: Right. Again, this is not  
18 my personal opinion. You know -- and it's up for  
19 critical debate, and I know Robert has -- I said  
20 this before when the subject has come up, but, you  
21 know, this is my (off mike) packet present this  
22 information. This is information that came, as I

1 said, from all the, you know, the stakeholders.

2 So --

3 MR. RIVETTE: Well, I think it's also as  
4 PPAC. As we present information to you and we  
5 respond to give you advice, one of the things that  
6 I think is interesting is that it is one of the  
7 top five. So, something's going on here. It's a  
8 perception problem. It's a perception problem,  
9 Robert, that people are not feeling the fed -- the  
10 Examiner understands it. This perception problem  
11 -- why is this the case? Why have we got this so  
12 high on the list? So, this is one of the things  
13 that we're graveling with. Something else is  
14 going on. There's an underlying cause on why this  
15 has risen so high.

16 MR. FOREMAN: Let me add something. You  
17 know, Robert, you brought up some really good  
18 points, but procedurally it could be changed. I  
19 mean, those interviews could happen one day a week  
20 or two days a week so they're not in the middle of  
21 a file and then all of a sudden they've got to  
22 walk down the hall and meet with someone and take

1       them away. So, I think we can find an efficient  
2       way to meet with the person who's filing the  
3       patent, but the spirit of it -- I mean, they're a  
4       whole reason why we brought this up in the PPAC  
5       meeting last year -- is that in many cases the  
6       inventor doesn't understand what they're actually  
7       getting a patent on. They don't understand what  
8       the patent application is and having the  
9       opportunity to meet with the Examiner and explain  
10      what their invention is and what they're looking  
11      to protect, there could be a discussion to  
12      determine whether or not that's even an  
13      opportunity.

14                 I have seen hundreds if not thousands of  
15      inventors who have gotten patents, believe they  
16      have protection on something that they really  
17      don't have protection on, because when the whole  
18      process happens and the claims get narrowed and  
19      narrowed or the attorney in their desire to be  
20      able to get a patent ends up protecting something  
21      that really had no value to the inventor to begin  
22      with. So, there's the opportunity for the



1 inventor and the Examiner and the attorney to  
2 really define what it is that they're trying to  
3 get.

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

15 MR. BUDENS: I think it -- I think it's  
16 a little of both, because I think to some extent  
17 there's a perception of the outcome part. They  
18 don't -- I mean, we had some of this discussion  
19 when these results were first coming out. How  
20 many applicants don't even know they could come to  
21 an interview if they want, because it never comes  
22 up with the attorney. The attorney just goes to

1 the interview and what have you. There may be a  
2 perception that the applicant is kind of out of  
3 the process. The timing issue -- I would agree  
4 with you, Marc. I think the best time to  
5 accomplish what Louis is talking about is when  
6 everybody is familiar with the case and has, you  
7 know, been familiar with the prior art and can sit  
8 down and actually look at the claims, look at what  
9 the applicant -- bring the applicant to the  
10 interview, whether it's a first action interview  
11 about or any interview, and have everybody in the  
12 room doing the process. But to have us sit down  
13 and talk when I have no familiarity with the case  
14 I don't think makes it nearly as productive, you  
15 know, an effort as it would be if all parties are  
16 familiar with the case and can sit and talk in the  
17 same language.

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

1 would actually -- what would that conversation be  
2 about?

3 MR. BUDENS: I think --

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

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

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

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

16 MR. MATTEO: So, I think one of the  
17 things that I would like to see -- I mean, we've  
18 immediately defended into a conversation about  
19 very specific recommendations or requests. It  
20 seems to me that the better approach might be use  
21 this as a datapoint -- unless you already have the  
22 data beneath this -- as a datapoint to suggest

1 that a large number of a broad constituency is  
2 unhappy and they have a need that needs to be  
3 fulfilled, because I think --

4 MR. RIVETTE: I think --

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

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

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

1 quickly.

2 MR. RIVETTE: Right.

3 MR. MATTEO: Right.

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

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

14 MR. RIVETTE: Right.

15 MR. DOLL: So, if they were given that  
16 option, they would say oh, hell, yeah, that's even  
17 better, because the Examiners (off mike) revoke,  
18 search the case, and come up with -- come to the  
19 interview with an idea as to whether these claims  
20 are patentable, what's the best prior art. So, I  
21 think we're giving them Mercedes when all they  
22 wanted was a Chevrolet.

1           MR. PATTON: I would have to tend to  
2 agree with John on that issue.

3           SPEAKER: Tend?

4           SPEAKER: He's agreeing with him --

5           SPEAKER: The take to him.

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

11          SPEAKER: Um-hmm.

12          MR. PATTON: -- And we do have the  
13 detail -- I don't have it in front of me, but one  
14 of them was the fact that they were worried --  
15 and, again, this is not my opinion, I'm just  
16 transmitting it -- they were worried that the  
17 Examiner would be so entrenched in their opinion  
18 already and would have wasted time, because they  
19 wouldn't even know the real nature of the  
20 invention that they were trying to do. So, if  
21 they could just talk for ten minutes to say  
22 listen, this is my invention, I want you to know

1 this is my main focus, this is what I'm trying to  
2 focus on, you know, that would be a way to let the  
3 Examiner know -- you know, I -- their first couple  
4 of claims -- this is what -- this is what I'm  
5 patenting. And a lot of people even in pharma and  
6 bio were saying that it took so long because they  
7 didn't understand exactly what they were trying to  
8 patent but then they -- it would take longer and  
9 longer. So, go ahead, Tony.

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

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

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

1 hours worth of searching but basically doing  
2 exactly what you're talking about, Robert, which  
3 is to sit back and listen. I think the other side  
4 of this, the second part of what I think is going  
5 on -- again, just my perception -- is they don't  
6 feel -- maybe people just need to be able to tell  
7 you -- but these are inventors, right? I mean,  
8 they need to just be able to feel they've spoken  
9 to somebody, that they're not left out of this  
10 system. And they don't feel that way. And I  
11 think that that's a human thing and it's a  
12 behavioral issue that we may want to think about  
13 how we address. So, to your point, though -- I  
14 want to circle that -- I don't think this is a  
15 long prepped session. I think this is more of a  
16 what do you think you're doing.

17 Okay, I got that. So, that's just my  
18 comments.

19 MR. BUDENS: It's a distinct possibility  
20 but I think your second comment was actually more  
21 to the problem, which is that people, you know --  
22 because I suspect that the vast majority of those



1        comments didn't come from the practicing attorneys  
2        who get in our faces all the time. It probably  
3        came from the CEOs and the invented inventor and  
4        people who don't get in to see us all the time,  
5        many of whom because they didn't -- you know, it's  
6        a Dean Cainwood effect, you know -- I didn't even  
7        know I could come to the Patent Office. And I  
8        think maybe what we're looking at, you know, is  
9        solving two different issues. One is actually  
10       solving the interview problem with the first  
11       action interview pilot where we actually do a  
12       constructive, creative attempt at accelerating,  
13       you know, the move to allowable subject matter.  
14       But then maybe we need to do some kind of PR job  
15       with the, you know, inventor community and say,  
16       you know, look, you know, anytime you want to talk  
17       to the inventor, go talk to your attorney and both  
18       of you come on in and schedule an interview and we  
19       come in, or when we do the first action interview  
20       pilot, you know, we may -- we put in there -- and  
21       I thought we did, actually, because when we got  
22       done we kind of went through this little (off

1       mike) when we were working on the pilot -- that,  
2       you know, maybe we should make it mandatory that  
3       the inventor and the applicant comes in or at  
4       least a notice to the applicant as well as the  
5       attorney that this interview is open to the  
6       inventor or something like that. That's a PR  
7       issue.

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

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

1 wasn't -- it was the practitioners and so forth.  
2 So, my -- again, my only job here is to transmit  
3 this information --

4 MR. RIVETTE: And duck.

5 MR. PATTON: And -- pardon me?

6 MR. RIVETTE: And duck.

7 MR. PATTON: Yes, and duck.

8 MR. ADLER: Throw and duck.

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

21 MR. RIVETTE: I've got another way. I  
22 mean, what we get back everybody -- (off mike) I'm

1 going to beat this thing to death -- is to get  
2 more transparent with, like, a Wiki. You put up  
3 the top five, you put up the ideas on why -- what  
4 we're going to do, why we're going to do it. It's  
5 like having people give you feedback. In today's  
6 world I just think we're doing this wrong. I  
7 think we're doing it at cost. Not an effective  
8 manner. And we're not getting everybody thoughts  
9 and ideas.

10 Go ahead. Sorry.

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

22 MR. FOREMAN: Take notes.

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

7           MR. FOREMAN:  Whole different issue.

8           MR. ADLER:  -- is a different issue.  
9           It's substantive.  I think it's a great idea.  I'm  
10          very interested to hear about the data.  But I  
11          don't think it should be limited to those applying  
12          only under accelerated exam, and I think that's a  
13          real limitation.

14          MR. FOREMAN:  It's not.

15          MS. GARBER:  It's not.

16          SPEAKER:  It's not.

17          SPEAKER:  It's not.

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

21          MR. RIVETTE:  That's the PTO response,  
22          right?

1                   MR. ADLER:  Hey, I'm reading what it  
2                   says.  I'm not making that up.  I mean --

3                   MR. RIVETTE:  -- wired in accelerated  
4                   examination.

5                   MR. PATTON:  That's substantive.

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

9                   SPEAKER:  Yes.

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

12                  MS. GARBER:  Can I make a suggestion?

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

15                  MR. RIVETTE:  Let's go through --

16                  MS. GARBER:  Yes, that was --

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

19                  MS. GARBER:  Thank you very much --

20                  MR. ADLER:  All right.

21                  MS. GARBER:  -- because I think if we  
22                  are given the opportunity to go through --

1 MR. ADLER: Go ahead.

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

9 MS. FOCARINO: Right.

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

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

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

22 MR. ADLER: That's all.

1 MS. FOCARINO: How to do it in person,  
2 how to do it personally, and what -- you know, we  
3 take that very seriously, so I think giving them  
4 the tools is half the battle.

5 MR. ADLER: Thanks. Go.

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

20 MR. ADLER: Okay.

21 MS. GARBER: -- we'll remind you all  
22 quickly of what the program is, and we'll you its



1 progress to date and importantly, too, what our  
2 next steps are, because this was just a very small  
3 pilot.

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

17 MR. ADLER: Okay.

18 MS. GARBER: And we wanted to resolve  
19 issues more timely, because he have found  
20 sometimes in our process as (off mike) applicants  
21 I think Examiners would agree sometimes it takes  
22 up a whole back-and-forth communications before

1 the parties are on the same page with other.

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

1 Office prior to the issuance of a typical first  
2 action.

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

7 MS. GARBER: No.

8 MR. ADLER: Thank you.

9 MS. GARBER: No.

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

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

18 MR. ADLER: Fine. Good. Okay.

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

22 MR. ADLER: All right.

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

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

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

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

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

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

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

20 MR. ADLER: Yeah.

21 MS. GARBER: After the applicant --  
22 after we mail the pre-interview communication, the

1 applicant has 30 days to respond to us with a  
2 request for interview and substantive amendment  
3 for (off mike), and the interview is to be held  
4 within 60 days.

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

7 MS. GARBER: It is not limited in time.

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

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

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

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

22 MR. PATTON: Generally like a couple

1 hundred or --

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

4 MR. PATTON: Requests.

5 MS. GARBER: We don't know that.

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

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

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

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

18 SPEAKER: 191.

19 MS. GARBER: 191 to be exact.

20 SPEAKER: All right.

21 MR. RIVETTE: Wendy, if you don't mind,  
22 I think one of the points of contention with the

1 attorneys was they thought that 30-day time period  
2 may be too short, so if you would address --

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

5 MR. RIVETTE: If you would address that.

6 MS. GARBER: No, and I was going to say  
7 that's why I put the timing on here. That first  
8 30-day period when Drew discusses our plans for  
9 (off mike), I was going to re-visit -- some  
10 applicants do think that 30-day time period is too  
11 short.

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

14 MS. GARBER: Yes.

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

19 MS. GARBER: They -- yes.

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

22 MS. GARBER: I -- I --



1 MR. ADLER: Just to be --

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

4 MR. ADLER: Is it a scheduling thing?

5 MS. GARBER: And looking at --

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

8 MR. ADLER: Okay.

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

12 MR. ADLER: Thank you.

13 MS. GARBER: And discuss potential  
14 amendments.

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

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

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

1 after filing.

2 MS. GARBER: No. No-no.

3 MR. PATTON: Just another question.

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

7 MS. GARBER: Accelerated examination is  
8 12 months from filing to final disposition.

9 MR. PATTON: Right.

10 MS. GARBER: So --

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

13 MS. GARBER: Well, it --

14 SPEAKER: No.

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

22 MR. PATTON: My only point is that in an

1 accelerated examination, a individual or company  
2 could want to be in this process and have redone  
3 -- I'll (off mike) USPTO and PPAC -- have redone  
4 accelerated interviews like this -- you know, the  
5 191 -- has there just been a few that have been in  
6 the one-year patent process or accelerated --

7 MS. GARBER: No. These were for -- to  
8 keep it out of the weeds as much as possible, the  
9 accelerated examination process includes an  
10 interview, but it includes an interview after the  
11 Examiner has searched and come up with rejections.  
12 If the Examiner does not believe that an  
13 accelerated examination -- if the Examiner does  
14 not believe that claims are in condition for  
15 allowance, they are strongly encouraged -- and I  
16 put the emphasis on "strongly encouraged" -- to  
17 contact the applicant and hold an interview to see  
18 if they can get the claims in condition for --

19 MR. PATTON: My only point is you're  
20 doing that already and it's in a different system  
21 and format of this. So, my only comment was, was  
22 it to compare -- comparative analysis between

1 doing it in a much more condensed time frame --  
2 has it worked, has it been conducive as opposed to  
3 something that, you know, it's a lot longer time  
4 frame.

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

17 MR. ADLER: Boing.

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

20 MR. PATTON: I know -- this is rather  
21 oversimplified, but I know with myself, I could  
22 read a 50- page document and be -- totally

1 misinterpreted the main point of it. If I talk  
2 with someone for 10 minutes, I get oh, is that  
3 what you meant; oh, really; oh, I didn't look at  
4 it that way. And, you know, I think that's a  
5 normal requirement for most people.

6 MR. ADLER: This is the point.

7 MS. GARBER: Yeah.

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

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

12 MR. DOLL: Can I add something?

13 MS. GARBER: Yes.

14 MR. DOLL: I'm not sure you understand  
15 this, but what we did is the accelerated the  
16 examination process first. What I always thought,  
17 and what we thought was going to be the most  
18 valuable part of accelerated examination, was the  
19 Examiner's search document where they come in and  
20 do the search and explain to the Examiner. But we  
21 surveyed Examiners, we surveyed attorneys, and the  
22 best part of accelerated examination was the

1 interview. After hearing that, you know, Peggy  
2 and I started talking about let's take that lesson  
3 learned from accelerated exam and start a new  
4 pilot. That's where this came from -- out of  
5 accelerated examination -- that everybody loves  
6 the interview.

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

9 MR. DOLL: Right.

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

13 MR. DOLL: Um-hmm.

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

17 MR. PATTON: And, you know, it's  
18 interesting to comment, too, that while the  
19 discussion's been going today, we're going over  
20 the outreach program, and the pre-interview or  
21 first action interview, however you want to  
22 interpret it, was right in the center of the

1 quality discussion, and I wanted to bring that up  
2 earlier but I figured we'd hit it now, that that  
3 was one of the biggest issues to create a more  
4 quality (off mike) is to have to be more  
5 communicative in the process early on.

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

1 so I'm very pleased so far -- so what I've heard.

2 So keep going.

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

5 MS. GARBER: Absolutely.

6 MR. WESTERGARD: Okay.

7 MS. GARBER: Absolutely.

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

11 MS. GARBER: 2100.

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

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

17 MR. ADLER: All right.

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

20 MR. WESTERGARD: Next week.

21 MR. GARBER: Yeah, we'll do that  
22 tomorrow. Oh, tomorrow's Saturday.



1                   Okay, so after the interview, if there's  
2 no agreement as to allow the subject matter, we  
3 send out -- you see I put first action on the  
4 merits acronym on top?

5                   MR. ADLER: Um-hmm.

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

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

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

13                  MR. ADLER: Got it.

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

21                  MR. ADLER: Wait a second. Explain that  
22 again? That -- the thing in the blue is not the

1 real -- is not the first Office Action?

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

5 MR. ADLER: Oh, it is.

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

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

11 MS. GARBBER: It, too, looks like this.

12 MR. ADLER: Fine.

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

17 MR. ADLER: Fine.

18 MS. GARBBER: Okay.

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

21 MR. ADLER: That's fine.

22 MS. GARBBER: We're going to call it the

1 (off mike) project if you want it.

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

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

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

16 MR. PINKOS: Okay.

17 MS. GARBER: And as we've already  
18 touched upon also, the applications that were  
19 originally eligible for the pilot -- and we have  
20 stopped receiving applications for the pilot. The  
21 time to receive the request is currently over. It  
22 was two technology areas -- in Technology Center

1 2100, Computer Networks, which has now moved to  
2 2400, and Database and File Management. Those are  
3 two large computer technology areas that have a  
4 fairly high inventory, and so we were looking to  
5 see if there was any pendencies (off mike).  
6 Because the cases are not taken out of cue and we  
7 did want data early, we had filing date  
8 requirements for the cases, and so there were some  
9 filing date requirements. And overall there 5500  
10 applications were eligible for the pilot. We did  
11 send out a mailer to all those applications that  
12 were eligible to try to gauge what kind of  
13 response that we could get.

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

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

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

22 MS. GARBER: That's what I always --

1 That's what I always do, yes.

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

4 MR. HIRSHFELD: As of January 23rd, we  
5 have 493 requests to join the pilot and, as Wendy  
6 said, there were about 5500 eligibles. So, that  
7 number of 493 represents about 9 percent of those  
8 that are eligible. It's very clear that the  
9 amount of enthusiasm on the outside was much more  
10 than even we anticipated when this was started.

11 Also, as Wendy said, the cases in the  
12 pilot are still going through prosecution. So,  
13 out of that 493 where we've obtained a  
14 pre-interview communication in 273 of those cases  
15 and, again, that's a -- the Examiner has done  
16 their search, done the short form, which is a  
17 pre-interview communication, and mailed it out.  
18 Subsequent to that, you have the interview, we  
19 have 191 interviews being held --

20 MR. ADLER: She is saying that the  
21 difference between 273 and 191 is that there were  
22 80 folks who dropped -- who decided not to -- who

1 dropped -- opted out?

2 MR. HIRSHFELD: No. No.

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

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

6 MR. ADLER: Thank you. Just trying to

7 --

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

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

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

17 MR. ADLER: Did anyone drop out?

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

20 MR. ADLER: Small?

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

1 MR. ADLER: Okay. Okay.

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

6 MR. ADLER: All right.

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

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

21 MR. PATTON: So, just as a comment, you  
22 know, 3 or percent dropped out for whatever

1 reason. That's a pretty successful pilot, and it  
2 just -- it demonstrates or validates or our study  
3 validated after the fact, however you want to look  
4 at it, that that need for communication is -- it  
5 seems like it's in an untapped source.

6 MR. ADLER: Um-hmm.

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

21 MR. BUDENS: And in response, though,  
22 and to keep a little bit of a different



1 perspective because in -- when we think back of  
2 how high this was and the outreach results and  
3 what have you, okay, how important it was, I still  
4 find it a little interesting that we only got a 10  
5 percent participation rate, you know, when it was  
6 offered to everybody, because there's no big  
7 downsides in this program, you know, meaning the  
8 Examiner's support document, you know, the things  
9 that come along contingent with (off mike)  
10 concerns with inequitable (off mike). This was  
11 just a basic process, and yet, you know, only 493  
12 out of the 5500 eligible cases did it. So, while  
13 we hear that it's, oh, such a major and important  
14 thing, when it was offered only 10 percent of the  
15 people so far have accepted it. So, just to keep  
16 a little perspective. I'm not saying it's not a  
17 good thing. I just want to keep the perspective  
18 here.

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

22 MR. HIRSHFELD: I also suspect, because

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

7 MR. ADLER: All right.

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

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

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

18 Nineteen of those 59 allowances were  
19 allowed before the pre-interview communication.  
20 So, in other words, the Examiner picked up the  
21 case, did the search, saw that it was allowable  
22 either on its, you know, in its current format

1 where (off mike) Examiners amendment and when it  
2 had (off mike).

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

5 MR. HIRSHFELD: Thirty-four applications  
6 --

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

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

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

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

21 MR. ADLER: Yeah, 34 is still okay. All  
22 right.

1                   MR. HIRSHFELD: The 34 cases were  
2 allowed after the pre-interview communication but  
3 before the second short Office Action. In other  
4 words, before the first Office Action on the  
5 merits, the legal first Office Action on the  
6 merits. And what that number shows is that  
7 interview really has an effect, because in those  
8 34 cases, there was a rejection, a proposed  
9 rejection, sent out in the pre- interview  
10 communication. There was an interview. There was  
11 a meeting of the minds, and the case ended up  
12 being allowed -- cases.

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

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

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

20                   MR. HIRSHFELD: Yes.

21                   MR. ADLER: Does that -- could that  
22 include an amendment to the claims?

1 MR. HIRSHFELD: The --

2 MR. ADLER: Did that include, you know

3 --

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

7 MR. ADLER: In response to that.

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

12 MR. ADLER: Yes.

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

15 MR. ADLER: Or do they actually --

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

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

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

21 MR. ADLER: Yeah.

22 MR. PATTON: -- they're also supposed to

1 send in either a proposed amendment or arguments.

2 MR. ADLER: All right.

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

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

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

21 MR. MATTEO: In defense of the personal  
22 opinions -- I'm curious in particular in the

1 spirit of feedback, loops, etc. This is a pilot.  
2 Everybody knew it was a pilot. Are you doing some  
3 sort of a debrief with all of the people who  
4 participate here to get their sense of whether  
5 they believe it was a positive experience or  
6 whether (off mike) because they committed to it or  
7 something?

8 MR. ADLER: The Examiner --

9 MR. HIRSHFELD: Yes, we are. We have a  
10 survey that, again, has to be completed, and  
11 actually Robert and I (off mike) discuss the  
12 feedback.

13 MR. RIVETTE: No.

14 MR. MATTEO: Debrief from --

15 MR. HIRSHFELD: Debriefing the other  
16 side. Debriefing applicants in terms of --

17 MR. RIVETTE: Did they like it? Did  
18 they --

19 SPEAKER: How was it for you?

20 SPEAKER: Right.

21 SPEAKER: How was it for you, exactly --

22 SPEAKER: Sorry. We're doing that right

1 now?

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

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

19 MR. ADLER: Customer --

20 SPEAKER: Customer.

21 MR. MATTEO: Customer, exactly.

22 MR. RIVETTE: Customer.



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

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

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

1 think -- I think that's --

2 MR. PATTON: It could even be similar to  
3 some of the questionnaires we have in the outreach  
4 where it's done a little more scientifically and  
5 it's tabulated and it's information that would be  
6 available to PPAC at the next meeting, and then  
7 the question would be is that we could put that  
8 back out -- in terms of communication with the  
9 public, put that out to everyone that was involved  
10 before, and then the question I just have to add  
11 on to this -- and I know that won't quite to turn  
12 to lively discussion -- is how come this can't all  
13 be put into implementation this year, because that  
14 --

15 MR. PINKOS: Meeting next week.

16 MR. PATTON: Okay, next week.

17 MR. ADLER: Right, across the --

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

21 MR. ADLER: It might help your  
22 pendencies.

1           MR. PATTON: -- communication. What are  
2 the barriers of implementing this? Is it budget,  
3 or is it the unions, or we don't have enough time  
4 for the Examiners to do this properly? What -- I  
5 mean, are there barriers to this?

6           MR. HIRSHFELD: I'm going to skip to the  
7 next slide, which is going to address that, but  
8 before I skip there I just wanted to point out  
9 that the, you know, 25 percent allowance rate  
10 prior to the legal first action on the merits is  
11 obviously very high as compared to what (off mike)  
12 --

13           MR. ADLER: Six times? Seven times?

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

16           SPEAKER: So, pendency --

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

19           MR. FOREMAN: And just to add on, I  
20 mean, I think it's important that we capture the  
21 data after this, but we should also be asking them  
22 before the interview what their expectations are,

1 because, in other words, you can't benchmark them.  
2 You can tell them -- afterwards you can say was  
3 this good for you and they'll say yeah, it was  
4 great. But if you didn't ask them beforehand if  
5 there was any trepidation, was there any issues  
6 related to why they may or may not want to do it,  
7 you don't have anything to gauge it against. So,  
8 any one who goes through this process -- you  
9 should ask them before what are their expectations  
10 of the interview, what do you hope to get out of  
11 it, why are you participating in it? And then  
12 when it's over say -- ask them the same questions:  
13 Was it good? Did it meet your expectations? Was  
14 it better than what you thought? I mean, that's  
15 --

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

18 MR. MATTEO: But to take that a step  
19 further, like I was saying before, it's an  
20 antecedent to even putting the pilot together.  
21 You want to understand what your customer base  
22 might be looking for, and so it's going back again

1 to that constant continual feedback loop into best  
2 practice development.

3 MR. ADLER: Yeah.

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

6 MR. ADLER: It's a think game.

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

9 MR. ADLER: It's a mindset.

10 MR. MATTEO: Exactly.

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

12 --

13 MR. MATTEO: Exactly.

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

16 SPEAKER: You?

17 MR. ADLER: No.

18 MR. PINKOS: I was just going to say you  
19 use the term "customer." I'm not so sure the  
20 applicants are necessarily the customer. In some  
21 sense they are, but usually in the business world  
22 the customer's always right, correct?

1 MR. ADLER: They don't have to be.

2 MR. PINKOS: Sometimes the applicant is  
3 not.

4 MR. ADLER: Okay, all right.

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

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

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

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

17 SPEAKER: Drew.

18 MR. ADLER: Go ahead, Drew.

19 MR. HIRSHFELD: The last slide I have  
20 for you is the next steps, and we have been  
21 seeking to expand into other technology areas.  
22 Specifically, we'd like to go into each TC. As

1 Wendy mentioned before, it's been a collaborative  
2 effort with the union, and Wendy and Robert and I  
3 have had discussions about this, and some feedback  
4 from --

5 Robert, would you like to comment on the  
6 feedback?

7 MR. BUDENS: Sure. One of the issues we  
8 still have is -- and we've been talking about this  
9 as a pilot, but from our point of view right now,  
10 it's only half of a pilot. We've only gone about  
11 halfway through the prosecution of most of these  
12 cases. The ones that have been allowed early, you  
13 know, are done, but we still have, you know, 150  
14 that went on to first action. Those are going to  
15 go on to amendment and regular standard  
16 prosecution. The concerns -- we took this after  
17 conversations that we had with Wendy and Drew and  
18 took this to POPA's executive committee last week  
19 for -- you know, to see if we could get their  
20 approval to expand the program, you know, that we  
21 would work together and pick out some more  
22 technology and expand it. At that point in time,

1       there's still a serious concern for POPA that we  
2       don't know overall whether this is a positive or a  
3       negative impact on time for Examiners, and the  
4       reason being is one of the things that we did when  
5       we started the pilot -- we moved the count -- you  
6       know, the first production count for the Examiner  
7       -- up to the point of the mailing of the  
8       pre-interview summary, okay? So, that puts the  
9       count up with a certain -- you know, we did a good  
10      thing. That's where the Examiner did the search  
11      and did -- you know, wrote up the briefing and  
12      mailed it out to the applicant.

13                 Now we have from that point forward the  
14      interview, the first action, and potentially the  
15      amendment and the final rejection and the after  
16      file prosecution stuff. We don't know if, at that  
17      point, it's actually going to add more time to the  
18      Examiner, because at the final rejection stage,  
19      we're going to basically then have to go in and  
20      write up a full rejection, like we normally would,  
21      which we hadn't done prior to that point in  
22      prosecution, plus address arguments of the



1 Examiner. So, what we're trying to do in talking  
2 with Wendy and Drew is to see if we can look at  
3 the data, see how many cases we can see have gone  
4 through the full length of prosecution in this  
5 pilot, whether they've gone to first action  
6 allowance or whether they've gone all the way to  
7 final rejection and abandonment or whatever so  
8 that we can get a feel for is this at least time  
9 neutral and preferably a time savings or not, and  
10 so we want to take a -- get a little better feel  
11 for what the back end of this pilot actually looks  
12 like, and then I think we'll be able to, you know,  
13 reconsider that, and I think they're already  
14 working on trying to put some data together for  
15 us. Unfortunately, right now, you know, I'm bound  
16 by what the executive committee, you know, has  
17 spoken. And so at this point, we're officially  
18 opposed to expanding the program until we can get  
19 a little bit more data from it. And I think we --  
20 I think everybody's finding the results of this  
21 very interesting and promising.

22 MR. ADLER: Okay. Can I ask you a

1 question about something you just said? After the  
2 regular first Office Action -- you're talking  
3 about the cases that aren't allowed after, right?  
4 You say you respond to the first Office Action,  
5 and then you have to issue -- and you still -- you  
6 look at that and you go it's not allowable, it's  
7 still -- you issue a second Office Action. Final,  
8 right?

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

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

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

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

18 MR. BUDENS: Not within the pilot.

19 MR. ADLER: Yeah.

20 MR. BUDENS: You've been doing smaller

21 --

22 MR. ADLER: So, if you didn't have to do

1       it until now, how are you spending more time doing  
2       it now than you would have under the --

3               MR. BUDENS: Part of the issue is --

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

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

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

15              MR. BUDENS: We don't get counts for  
16       final rejections. That's the point. We're  
17       getting the first count up early in -- when we do  
18       the pre-interview summary, when we've done the  
19       searches. Then all the rest of the prosecution of  
20       that phase up until abandonment is basically time  
21       that we don't get time for, you know, credit for  
22       work product. We have to be doing other accounts

1 and stuff. So, the problem becomes if the final  
2 rejections in these kinds of cases become harder  
3 -- you know, more time intensive than a normal  
4 final rejection, because a normal final rejection  
5 is going to be cut and pasting a lot of stuff from  
6 your first Office Action.

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

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

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

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

17 MR. ADLER: Uh-huh.

18 MR. HIRSHFELD: If I may address -- oh,  
19 sorry.

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

22 MS. FOCARINO: I think we have to

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

6 MR. ADLER: Right.

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

10 MR. DOLL: We should be taking time.

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

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

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

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

21 SPEAKER: You want to make them?

22 MR. PATTON: I just have a question

1 about innovation, and in a way it would be great  
2 on this topic -- it looks like it's going so well  
3 -- to use this as something for the press,  
4 something to show -- and this is my question.

5 When did this pilot start? How long ago?

6 MS. FOCARINO: April.

7 MR. PATTON: It was April.

8 MR. ADLER: Eight or nine months ago.

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

16 MR. BUDENS: I mean, that's hard to say,  
17 because a lot depends on the applicants, you know,  
18 barring extensions of time, what have you. I  
19 think -- you know, I think we've looked at what  
20 we've wanted to see and see if we could find a  
21 handful of, you know, cases that have gone through  
22 the whole process. As Peggy just said, if we've

1       only had one case, it's hard to draw any  
2       conclusions. Did that case save time? Did it  
3       cost the Examiner more time? Whatever. I think  
4       what we want to do is get to the point where we've  
5       seen some of those, you know, other 150 cases get  
6       through the final -- through the prosecution  
7       stage, then see what the Examiners are saying at  
8       that point. The Examiner feedback at this point  
9       in the pilot has been very positive, and that's  
10      been a good sign. But there's, again -- the cases  
11      haven't gone through -- the vast majority cases  
12      have not gone through full prosecution yet.

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

21               MR. HIRSHFELD: I hate to (off mike)  
22      some misinformation a little bit here.

1           That we have been -- and as I said Wendy  
2           and I have been formulating, you know, our  
3           response and Robert has been kind enough to invite  
4           us to talk to his executive committee, so we've  
5           been through a lot of the cases. And there  
6           actually have been just under 30 finals that have  
7           been done, and in 75 percent of those cases, there  
8           was a new rejection in many at the final stage.  
9           So, a new rejection necessitated by an inventor,  
10          which makes sense, of course, after the  
11          interviews.

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

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

16                 MR. ADLER: Yeah, but it's not a final.

17                 MR. HIRSHFELD: Yeah, it is a final.

18                 MS. FOCARINO: Yes, it is a final.

19                 MR. HIRSHFELD: It is a final.

20                 MR. ADLER: It's a final.

21                 MR. HIRSHFELD: Right.

22                 MR. ADLER: Yeah, all right.



1           MR. HIRSHFELD: In the cases where you  
2 have the new rejection that was necessitated by  
3 the amendment, you are rewriting that essentially  
4 from scratch anyway, so the block --

5           MR. ADLER: All right.

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

15           And if I can just go back and summarize  
16 the view of the final being extra work, what we're  
17 doing in a nutshell is just shifting work from the  
18 front end to the back end, except once you add a  
19 higher allowance rate at the front end, you're  
20 eliminating that back end in, as we said, a great  
21 percentage of the cases. So, this is the feedback  
22 that we'll be giving to the Executive Committee.

1 SPEAKER: Dave?

2 MR. PATTON: So, what my question was  
3 --- is -- it's taken about nine months and let's  
4 say we do it for -- go on for another nine, twelve  
5 months and study it some more, and then we wait.  
6 I don't know how it would -- I don't how long it  
7 takes to put something into effect. So, I mean,  
8 from start to finish for innovation it could be,  
9 like, a three-year process maybe, two and a half  
10 years? That's my point is that if it -- right now  
11 if it looks good for quality and it's being -- and  
12 there is a rather urgent matter for quality and  
13 pendency and issues like this, is -- and coming  
14 from industry and business, you know, all you do  
15 is you have people pushing, you know, how do you  
16 go faster, how do you go faster to got to get this  
17 done in half the time. Is it -- does the team  
18 think that this would -- does it sound like it's  
19 something that could wait a year and a half?

20 MR. RIVETTE: Okay, so -- (off mike)  
21 listen to the discussion. I'll tell you where I'm  
22 coming out on this thing, and that is I think we

1       should implement it. I think there should be a  
2       feedback loop, and if we find out that there's a  
3       problem with the data at some later point that we  
4       reevaluate, but the concept that we've got to go  
5       through everything first, get all the data done,  
6       and put everything up -- it is not the way the  
7       world works, it is not where, you know, you get  
8       innovation faster, there's no cycling in here. It  
9       is all serial. Nothing's parallel. I think it's  
10      just the wrong approach to how we're going to  
11      solve the problems at the office.

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

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

17               MR. FOREMAN: All right, I mean, we all  
18      believe -- I mean, what's frustrating for us is  
19      that we continue to come to these meetings and we  
20      debate this, but no one wants to actually initiate  
21      it, and you're right, Doug, I mean, innovation is  
22      a process of change that occurs fairly rapidly,

1 and Marc and I were saying if it feels good keep  
2 doing it.

3 MR. RIVETTE: You know --

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

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

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

11 SPEAKER: Exactly.

12 MR. DOLL: We think it's good.  
13 Applicant's fine. There's good results.

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

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

18 MR. DOLL: The executive board meets.

19 MR. FOREMAN: Okay.

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

22 MR. RIVETTE: Okay, so what does it take

1 -- what is it going to take? We have to sit down  
2 with the executive board.

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

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

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

15 MR. RIVETTE: Right.

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

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

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

22 MR. RIVETTE: Yeah, I got that, I got

1 that, but if we (off mike) some opt-out mechanism  
2 -- I mean, this is how we do it in business,  
3 right? You come up with an idea. If we were  
4 trying to sell a business or we were trying to  
5 come to a contractual agreement and you said I  
6 need this data, this data, this data, this data  
7 and three years -- yeah, there's no deal that's  
8 going to get done. So, what we normally do in  
9 business is you'd come in with an opt-out. You  
10 say look, the data we think is going to look like  
11 this. If it doesn't look like this, at that point  
12 we're going to reevaluate how we do this. And  
13 that's the way I have been doing it for 25 years  
14 in business, because otherwise you just never get  
15 it done. And that's what we're -- that's the  
16 frustration we're feeling here. We talk about it.  
17 We talk about it. We talk more about it. We  
18 start a little program, and it just doesn't get  
19 anywhere.

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

1 MR. RIVETTE: I know you're optimistic.

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

4 MR. RIVETTE: Can we do it?

5 MR. BUDENS: I cannot override the  
6 executive committee.

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

9 SPEAKER: No, no, no, we understand.

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

20 MR. WESTERGARD: (off mike) I mean, it  
21 was a sell by such and such a date and it was  
22 over, and then it was time for reevaluation. Why

1       can't the new pilot be a six- month pilot across  
2       all art units --

3               MR. RIVETTE:  Yeah.

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

6               MR. RIVETTE:  Right.

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

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

19              We got to change this Office or I'll  
20      tell you what's going to happen.  I'll tell you,  
21      you know, flat out.  I think if we don't change  
22      this Office, Congress is going to change this



1 Office for us or the White House is. And they're  
2 going to come in here and they're going to say you  
3 know what, this is not working.

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

6 MR. RIVETTE: Yep.

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

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

13 MR. RIVETTE: We will.

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

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

20 MR. BUDENS: I understand --

21 MR. ADLER: (off mike) something that's  
22 working Why would you --

1                   MR. BUDENS: I was surprised the  
2 executive committee voted it down. I thought we  
3 had (off mike) convince them (off mike).

4                   MR. ADLER: All right, so --

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

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

14                   MR. RIVETTE: Yeah.

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

1 back down and we'll figure it out.

2 MR. RIVETTE: That's right.

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

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

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

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

16 MS. FOCARINO: -- make -- yeah.

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

19 MS. FOCARINO: I know.

20 MR. RIVETTE: And the potential  
21 ramifications and benefits are so big that it  
22 doesn't -- at least from our standpoint -- from a

1 business standpoint it doesn't make sense to look  
2 at this as this big and we'll go to this big and  
3 then we'll go to a little larger. It's, you know,  
4 jump in, figure this thing out, and we're going to  
5 work it together.

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

9 MR. RIVETTE: Twenty -- 20 --

10 MR. ADLER: Thirty? Go ahead.

11 MR. HIRSHFELD: Three independent --

12 MR. ADLER: Three independent, 30 total.

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

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

1                   SPEAKER: Louis is beating his head  
2 against --

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

11                  MR. RIVETTE: Um-hmm.

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

17                  MR. BUDENS: Right. I want to just say  
18 that one of the things -- while we're sitting in  
19 this room, we tend to look at things from a little  
20 higher altitude, I think, at things than your  
21 basic example. Your basic example is going to go  
22 is this going to take me more time to do the job

1 or less time to do the job. That's going to be  
2 the question they ask. We're looking at it as how  
3 do we solve the art problem and how do we, you  
4 know, increase or decrease pendency. We're  
5 looking at bigger issues. Your average Examiner  
6 is looking at it as is this going to take me more  
7 time or less time, and so I think some of the  
8 reaction we get is how do we respond to that, and  
9 I think what we have is a situation where  
10 Examiners are not sure that it's going to save  
11 them time or not yet.

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

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

1 --

2 MR. ADLER: It's --

3 MR. MATTEO: -- with demonstrable  
4 results.

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

11 MR. BUDENS: I'm not arguing.

12 MR. ADLER: Right, so --

13 MR. BUDENS: I'm not arguing.

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

16 SPEAKER: If I could just --

17 MR. BUDENS: I'm inclined to go along  
18 with it.

19 MR. PATTON: I talked with Robert --

20 MR. ADLER: I know, I'm just saying --  
21 no, all right, okay.

22 MR. PATTON: -- and I know Robert wants

1 innovation as much as any of us.

2 MR. ADLER: I know, I'm not --

3 MR. PATTON: And I know he's sensitive  
4 to that.

5 MR. ADLER: I know.

6 MR. PATTON: He's in between a rock and  
7 a hard spot, but I know he wants innovation.

8 SPEAKER: I'm trying to figure out  
9 "rock."

10 MR. PATTON: And I guess what I'm trying  
11 to say -- everyone is saying -- is kind of like  
12 the elephant in the room -- we all want it -- it  
13 just would be great to find a way -- and I think  
14 it will happen, I'm very positive, but there's got  
15 to be a way to do it quicker.

16 MR. RIVETTE: I want the elephant. I  
17 don't want the gestation period.

18 MR. ADLER: Yeah, yeah, right. There  
19 you go. Fine.

20 MR. DOLL: It's a long time for an  
21 elephant.

22 MR. RIVETTE: You dog, that's my point.



1                   SPEAKER: Do you know what the gestation  
2 period is for an elephant?

3                   MR. RIVETTE: Exactly, and it's sounding  
4 a lot like what this one's going to take to get  
5 off the ground.

6                   MR. ADLER: Well, thank you. I mean,  
7 that's very helpful. I mean, that was very -- it  
8 was to the point. It got us right us there. That  
9 was good. And thank Wendy, too.

10                  MR. HIRSHFELD: You're welcome. You  
11 know, Robert has -- as I said, Robert has invited  
12 -- the timing of this, you all know, is that we  
13 met with Robert even last week, and he has invited  
14 us to talk to the executive committee, which  
15 should be next week. So --

16                  MR. ADLER: Good.

17                  MR. HIRSHFELD: -- I'm hoping that I can  
18 persuade them with the stuff I told you, plus we  
19 also have, you know, Examiner feedback. We did do  
20 surveys in-house, and they certainly seem to be  
21 very positive feedback, so hopefully we can --

22                  MR. ADLER: -- get more customer

1 feedback.

2 MR. HIRSHFELD: But we would like to  
3 expand it corps-wide, not just to few more art  
4 units. The optimum deal for us would be expand it  
5 corps-wide. If you want to set a time period,  
6 that's fine. But rather than just picking a few  
7 art units or a few work groups here or there,  
8 let's open it up. I was at the University of  
9 Dayton several months ago and they were asking  
10 from the audience when are you going to open this  
11 up to all of us? When are you going to let  
12 everybody opt into this program?

13 SPEAKER: When you file --

14 SPEAKER: Maybe at this point, we take  
15 this one offline, because I think we --

16 SPEAKER: Yeah, we're --

17 SPEAKER: -- ability to talk. I think  
18 we just need to --

19 MR. PATTON: Just one last question.  
20 Maybe I could direct this to John or Peggy. Let's  
21 say that we have a six-month and the actual pilot  
22 is done. How long does it take after that to

1 actually put it into effect? Is that a day, a  
2 year?

3 MR. DOLL: Peggy's dying to answer that,  
4 aren't you, because it's an easy question.

5 MR. PATTON: If it was hard she was  
6 going to answer it.

7 MS. FOCARINO: Yeah, right.

8 MR. DOLL: It can be done immediately.

9 MR. PATTON: Like one day.

10 MR. DOLL: No, less.

11 MS. FOCARINO: Yes.

12 MR. PATTON: Like one hour.

13 MR. DOLL: If the Union agrees --

14 MR. PATTON: Wow.

15 MR. DOLL: -- it's immediate. If you  
16 need to talk about it, if you need to negotiate,  
17 or if you need to go, that's time lost. But it  
18 can be done immediately. If the union agrees,  
19 there's no negotiating.

20 MR. PATTON: One hour. You can do that  
21 -- in the push of a button.

22 MS. FOCARINO: Yes.

1           MR. BUDENS: In this particular case, I  
2 think once we reached agreement, we were up and  
3 running fairly quickly.

4           MR. DOLL: Right.

5           MR. RIVETTE: Okay, so let me move this  
6 thing out a little bit. We are not going to be  
7 able to get to nationwide workforce and university  
8 project. I mean, unless Dave wants to run through  
9 that in 15 minutes.

10          MR. WESTERGARD: I think we need more  
11 time.

12          MR. RIVETTE: I think we need more time.

13          MR. WESTERGARD: It's been -- at least  
14 the nationwide workforce. That's a big deal. You  
15 could just agree with me that it's a good thing  
16 and that you ought to do it starting --

17          MR. DOLL: Now? I agree with me.

18          MR. PINKOS: Can you press the button on  
19 that one, too?

20          MR. DOLL: I can.

21          SPEAKER: No.

22          MR. RIVETTE: So, what I think we should

1 do is have a --

2 SPEAKER: I can.

3 MR. RIVETTE: -- a PPAC meeting in, say,  
4 the three to four weeks on just this topic. This  
5 is a very important topic to all of us. We've all  
6 got points of view on it. They need to be aired.  
7 I think we should do it telephonically. I think  
8 we've got two things that need to be done. We  
9 need to have a budget discussion in closed session  
10 in a week -- in a week and a half --

11 MR. PINKOS: OCIO -- some of us do --  
12 the roadmap.

13 MR. RIVETTE: Right. Maybe we can do  
14 both of those --

15 MR. PINKOS: Same one.

16 MR. RIVETTE: Same one, and then we -- I  
17 think we do need -- and this would be a public  
18 session -- the nationwide workforce, and we can,  
19 you know, make it auditory and make it open to  
20 everybody, but I think that needs to be done  
21 because we're not going to get to them today.  
22 It's just -- it's not going to happen.

1                   So, the only, you know, market-based  
2                   examination models and full utilization, prior art  
3                   -- how do we want to handle those? Do we want to  
4                   do the same thing to those? I mean, I think we've  
5                   had a good day. Don't get me wrong. I think  
6                   we've had a very good day. I think we've had a  
7                   lot of good interaction. There was a lot on our  
8                   plate today. So, the question is how do we go  
9                   forward?

10                   MR. ADLER: I think it's better to do --  
11                   I think it's better to put two topics and do them  
12                   by phone --

13                   MR. RIVETTE: Yeah.

14                   MR. ADLER: -- in the next two weeks  
15                   rather than try to ram it through or even try to  
16                   do too many at the next call either. I think -- I  
17                   think the length of the conversations about these  
18                   topics is good, and I also think if we get  
19                   together in two weeks we might be able to revisit  
20                   just briefly where we are in the things we just  
21                   talked about. Maybe we'll have a positive  
22                   decision at that point about whether we go forward

1 on that. You know, the more you -- the more you  
2 do it, the faster you do it. So --

3 MR. DOLL: That's not always true.

4 MR. ADLER: Well -- but in a  
5 manufacturing environment -- all right, whatever.  
6 But, I mean, I think it would be an opportunity to  
7 sort of see where we are and whether we've made  
8 any progress in your conversation. So I think  
9 it's good.

10 MR. RIVETTE: Why don't I do this. I'll  
11 send out some emails on some ideas on when we have  
12 our next meeting for what the topics are.

13 We've got a couple of minutes extra. I  
14 know people are going to start getting antsy about  
15 getting out of here for airplanes, especially Dave  
16 because he now has to actually go out to Dulles  
17 instead of being able -- so, I'll actually -- you  
18 know, I'll turn it over to you, John, if you want  
19 to have some closing remarks.

20 MR. DOLL: Did you tell them about  
21 George and Conyers?

22 MR. RIVETTE: No.

1           MR. DOLL: Okay. One of the things that  
2 we wanted to bring up earlier is that George  
3 Elliott is currently assigned to representative  
4 Conyers again. He was there last year for most of  
5 the term. Conyers came back and made a request  
6 that we send somebody back down to pick up where  
7 George Neece specifically asked for George, so we  
8 have George there now. We had three people there  
9 last year. We had John Waylon with Leahy, we had  
10 Remmy who was here.

11           SPEAKER: With Hatch.

12           MR. DOLL: Yeah, we had Remmy Yusal with  
13 Hatch, and Conyers came back. We're willing to  
14 send more people. We think it was extremely well  
15 received. We think it was helpful. And so that's  
16 something that I think is a very positive effect.

17           I think today's session has been one of  
18 our better sessions. I think the conversations  
19 we've had have been very, very good, so I'd like  
20 to continue those.

21           MR. BUDENS: Do you want to send me up  
22 to the Hill or --



1 MR. DOLL: Yeah, I would love to.

2 MR. RIVETTE: So, one of the other  
3 things is we think we found out what the problem  
4 with the team room is.

5 SPEAKER: We did?

6 SPEAKER: We did.

7 MR. RIVETTE: It appears -- we should  
8 all be getting an email. It may be the key fobs.  
9 If they're not activated within 30 days, they can  
10 go away.

11 SPEAKER: Ah.

12 MR. RIVETTE: Ah. And --

13 MR. DOLL: If you don't use it, you'll  
14 lose it. Every 30 days you have to use that fob  
15 or it deactivates.

16 MR. RIVETTE: No one mentioned these  
17 things to us.

18 SPEAKER: No.

19 MR. FOREMAN: We're getting in.

20 MR. DOLL: You can open a PDF file but  
21 you can't open up a Word file. It has something  
22 to with --

1 MR. RIVETTE: Well, I can't even get in.

2 MR. DOLL: John Owens wanted to come  
3 down and talk in private session so he could walk  
4 you through what the problems were, and he's  
5 willing to do that on a conference call.

6 MR. BUDENS: But there's got to be  
7 something else going on, too, inside the firewall.

8 MR. ADLER: Could he do it now?

9 MR. DOLL: We can try to get him down  
10 here now if you would like.

11 MR. ADLER: I'm not going anywhere.

12 MR. RIVETTE: So, why don't we close --  
13 why don't we close out -- are we done?

14 (Whereupon, at 2:39 p.m., the  
15 PROCEEDINGS were adjourned.)

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## 1 CERTIFICATE OF NOTARY PUBLIC

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3 I, Carleton J. Anderson, III do hereby certify  
4 that the forgoing electronic file when originally  
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15 /s/Carleton J. Anderson, III

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17 in and for the Commonwealth of Virginia

18 My Commission Expires: November 30, 2012

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ANDERSON COURT REPORTING  
706 Duke Street, Suite 100  
Alexandria, VA 22314  
Phone (703) 519-7180 Fax (703) 519-7190

