

PTO Strategic Draft Plan 2007-2012

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Challenges and Goals



Securing Innovation

Draft of Strategic Plan

- Motivation
- Challenges
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- Conclusion

Motivation

- PTO wants to achieve excellence in all phases of intellectual property management
- As IP issues increase in number and complexity, the PTO must be better equipped to handle the burden
- Guiding Principles:
 - Quality
 - Certainty
 - Cost-effectiveness
 - Accessibility

Challenges

- Patent system must be able to handle increasing number of applications
 - Handle/reduce existing backlog
 - **Backlog awaiting examination could approach 1 million cases by 2010**
 - Reduce overall pendency times
 - Pendency: time an application remains in PTO until final decision
 - Current pendency averages over **30 months**
 - Expected to increase to **33.8 months** (to issue) by 2011
- Improve patent/trademark quality through better PTO metrics
- Invoke secure electronic filing procedures and communication protocols that are fully compatible with applicants and systems outside the PTO

Challenges (cont.)

- Work with other IP offices to harmonize efforts to **streamline PTO laws, policies and communication among the various IP offices**
- Improve measures to protect and enforce IP rights around the world
- Educate businesses, educational entities, foreign officials about IP benefits/uses; expand access to IP information

Challenges (cont.)

- Improve and adapt to organizational-specific funding requirements as well as fee structures
 - For the future, the USPTO plans to work with the Administration to explore options, which would enable PTO to borrow/invest funds
- Improve personnel/human relations/communications at PTO
- Structure staff levels to respond to the increased complexity and numbers of patent/trademark (trademark filings expected to increase 6-8% each year through 2012) applications

Challenges (cont.)

- Vital Statistics

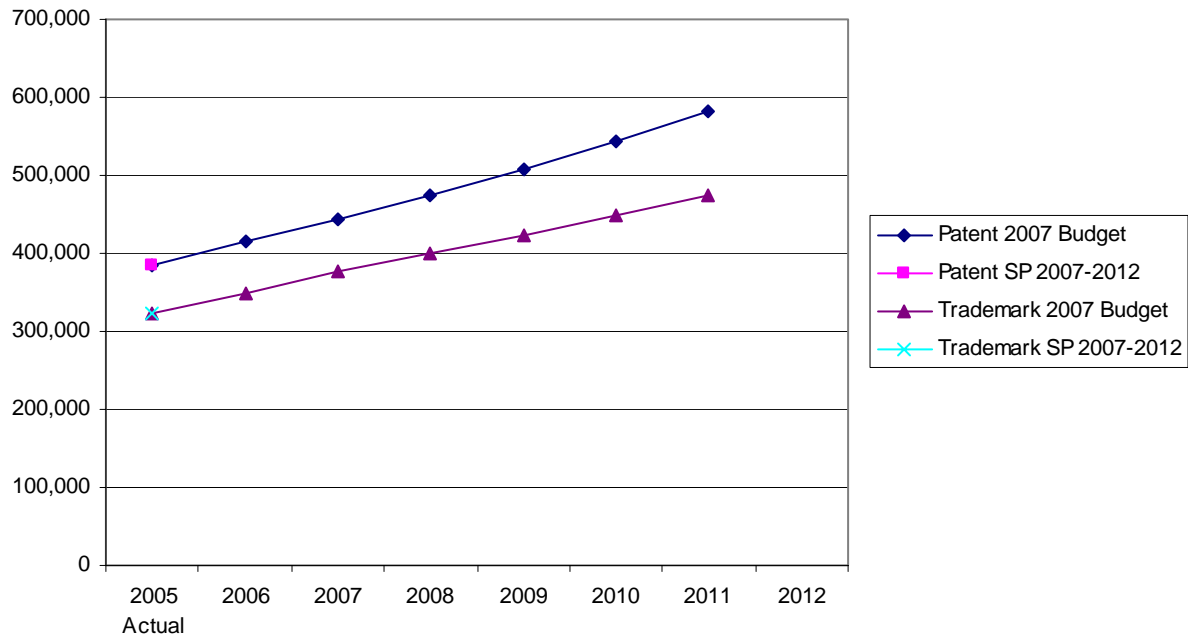
- “U.S. intellectual property today is worth between **\$5 trillion and \$5.5 trillion, equivalent to about 45 percent of U.S. GDP** and greater than the GDP of any other nation in the world.”
- U.S. IP Industries contribute “nearly **40% of the growth** achieved by all U.S. private industry and nearly **60% of the growth of U.S. exportable products** and services.”
- “GDP 10-year growth estimates would be approximately 30% lower than current predictions without the contributions of these [IP] industries”

Challenges (cont.)

- U.S. IP industries represent 18 million workers who earn an average 40% more than all U.S. workers.
- In 2003, the core copyright industries contributed **\$33 billion in reported net export revenues**
- In 2004, the patent-dependent aerospace industry reported net export revenues of **\$32 billion**

Challenges (cont.)

Patent and Trademark Applications Filed



Goals

- Accomplishments (patent quality) FY 2005/2006
 - Hired **978 patent examiners in 2005**
 - On target to hiring **1,200 in 2006** to address increasing backlog of unexamined applications.
 - Developed academy approach that intensifies training to new patent examiners that is a major improvement over the traditional academy
 - New employees given in-depth, basic training for up to one year combining lectures, practical applications, small group study, and one-on-one on the spot assistance with real patent applications

Goals (cont.)

- Developed a new pre-appeal brief conference pilot program enabling applicants to request panel of examiners to formally review their application rejections before they file an appeal brief
 - Reduces number of applications processed by the Board of Patent Appeals and Interferences (BPAI).
- All *ex parte* patent reexaminations pending for more than two years were processed to final determination
 - Continue to carefully track and provide necessary resources to keep the process current.
- Launched a **web-based patent application filing system** allowing electronic filing of patent applications (including automated processing of images)

Goals (cont.)

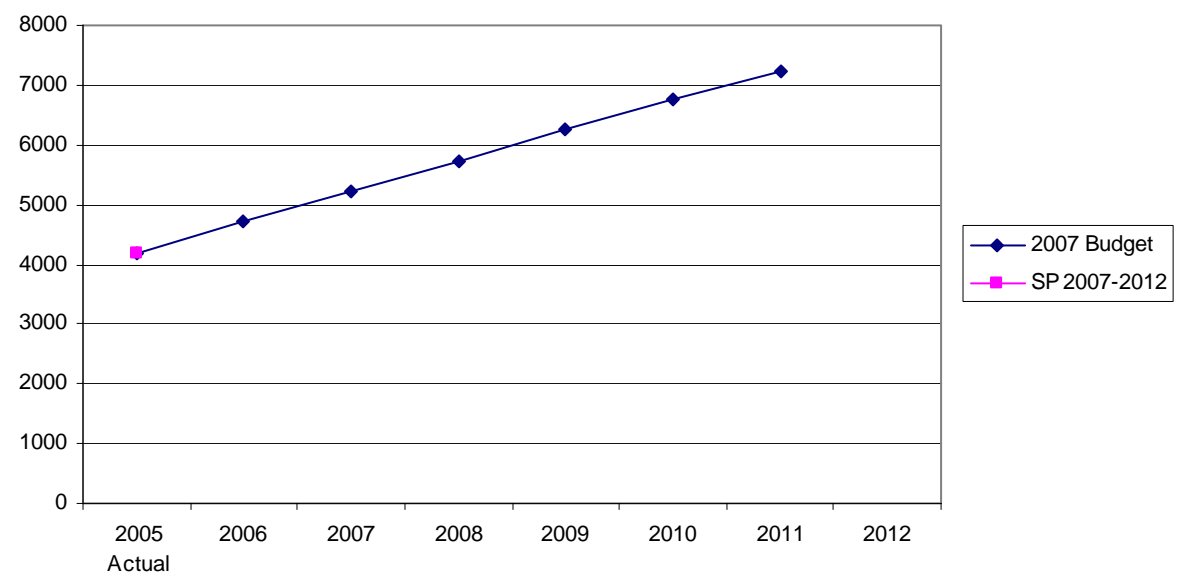
- **Goal #1: Optimize Patent Quality and Timeliness**
 - High quality patent examination will lead to final disposition in fewer months by 2012 (exact time currently unspecified)
 - Congress and public have recognized issue of “pendency” (time an application remains with the USPTO until a final decision is made) as having a direct impact on American competitiveness
 - Hire 1200 patent professionals in FY 2006
 - 1000/year in 2007-2012 for total of 7200 examiners in 7 years

Goals (cont.)

- Seek examiners with degrees in emerging technology areas
- Enhance training
- Establish retention bonus program
- Establish flat goal, piecework and awards above 100%
- Until new hires are effectively absorbed into the examination system, average patent pendency will continue to increase

Goals (cont.)

Patent Examiners on Board End-of-Year
2007 President's Budget and Strategic Plan 2007-2012



Goals (cont.)

- Develop and improve software tools for prior art searches
- Open regional PTO facilities
 - Allow examiners to work from facilities or from home!
- Transition to International Patent Classification (IPC)
- Support Outsourcing PCT Chapter I Applications
 - Outsource 20,000/year if possible

Goals (cont.)

- Improve quality and timeliness of patent examination by developing a suite of products
 - Move away from a “one size fits all” approach to patent examination—target applicant’s *specific* IP needs (level of protection sought)
 - Although well over **400,000 applications** will be filed this year, less than all will result in a patent grant and of those granted patents less than all will mature into a product that is ultimately brought into the marketplace, be licensed for use by others, or have ownership transferred to others for possible future exploitation

Goals (cont.)

- Not all applicants need the results that traditional examination process brings
 - Others may be willing to accept more limited property rights in exchange for lower costs, faster processing times
- Improve and integrate existing electronic systems to promote full electronic patent application processing and improve security
 - USPTO has implemented Patent Application Location and Monitoring system (PALM), the EAST and WEST search systems

Goals (cont.)

- Patent Application Information and Retrieval (PAIR) system and Image File Wrapper (IFW) application processing system
 - Replace Image File Wrapper (IFW) with Patent File Wrapper (PFW)
 - Patent examination processing, examination workflow and application data storage is currently served and supported by IFW, which provides document images and limited workflow support through the messaging system

Goals (cont.)

- PFW is fully tagged, text based patent processing system offering real-time changes to application **w/o need for intervening PTO processing time**
- Would allow for “push-button” publication and continuous access to the current content of an application
- Create a centralized on-line docketing system
 - May allow PTO and customers to **work from identical information and use same e-tools/interfaces**
- Develop an Auto Office Action Generator Using Natural Language Processing
- Initiate a Search Exploration Project
- Increase E-Filing Initiative

Goals (cont.)

- Transform appeals processing, and enrollment and discipline functions
 - Improve BPAI flexibility and accountability
 - Enhance registered practitioner requirements
 - Introduce in-process review component to the quality data
 - Employ quality review results to guide development of examiner training programs
 - Look at customer satisfaction data, using larger samples of data, data more targeted to individual examiner level and considering data from both supervisory and quality assurance review processes

Goals (cont.)

- Accomplishments (trademark quality) FY 2005/2006
 - Established fee options to encourage greater participation in U.S. trademark system
 - Higher fees for paper filing; lower fees for electronic filing
 - Expanded Trademark work-at-home hoteling program to include 69% of eligible examining attorneys



Goals (cont.)

- **Goal #2: Optimize trademark quality and timeliness**
 - Work with Administration to identify options for securing long-term funding stability and flexibility to adjust fees
 - create a predictable/orderly operating environment for providing certainty for applicants with the ability to make and carry out cost-effective investment decisions

Goals (cont.)

- Achieve/maintain a three-month first action pendency, and reduce disposal pendency (excluding suspended and *inter partes* cases)
 - Reduce first action pendency by assigning work loads based on monthly available production capacity

Goals (cont.)

- Streamline disposal pendency procedures
 - Approved file will be reviewed immediately by examining attorney
 - Quick review
 - Files requiring correction will be routed, corrected and returned to publication queue as quickly as possible
 - May decrease post publication process by several weeks
 - Need close cooperation between PTO and Government Printing Office (Official Gazette)
- Transfer most of the examination of statements of use to Trademark Specialists
 - Examining attorney only handle **statements of use when substantive issue is raised**

Goals (cont.)

- Hire new examining attorneys
 - stabilize staff at 438 in FY 2008
 - After 2008, hiring primarily to replace attritions until 2010
 - Increased work from home
 - First action pendency reduced to 3 months by end FY 2008
 - 3-4 month pendency maintained beyond 2008
 - Reduce final pendency by at least 1 month by 2008

Goals (cont.)

- Reduce number of appeals filed with Trademark Trial and Appeals Board (TTAB) and pendency of oppositions/cancellations by implementing TTAB case resolution
 - Seek two month reduction in pendency by FY 2008
- Improve quality of examination by ensuring consistency and quality of searching and examination and provide internal on-line tools
 - Expand/improve quality review procedures

Goals (cont.)

- Create on-line dockets to monitor work
 - Expand quality review from application registration refusals to include those approved for publication, by 2008
 - Requires reassessing functions/procedures from implementation of electronic workflow/file management
- Provide electronic file management (EFM) and workflow by the end of FY 2009
 - Learn lessons from Trademark workflow process mapping done in 2006/2007
 - Implement EFM in FY 2008 for Post Registration; expand in 2009 to petitions process, the Trademark Assistance Center and Pre-Examination
 - Expand electronic file management/workflow system in FY 2007 to include the law offices, and the intent-to-use and the publication and issue processes

Goals (cont.)

- Improve notification process by email link, instead of Office Action
 - Should end problems caused when customer email programs refuse emails with large attachments or prevent receipt because they are not within acceptable parameters
- Develop interactive on-line electronic filing capabilities by 2010 and upgrade e-tools
 - Redesign Trademark Electronic Application System (TEAS), moving to on-line docket management by 2010
 - Customer accounts will permit viewing docket of cases, receive e-mail notification of upcoming deadlines, and feature real time updating USPTO application/registration files

Goals (cont.)

- Customer accounts will permit viewing docket of cases, receive e-mail notification of upcoming deadlines, and feature real time updating USPTO application/registration files
- Respond to Office Actions, make appropriate changes in applications/registrations
- Docket system would give automatic notification of upcoming events in life of application/registration
 - Example: “A section 8 affidavit is due.”

Goals (cont.)

- Accomplishments (improve IP protection) FY 2005/2006
 - Initiated placement of PTO intellectual property rights (IPR) experts in Brazil, China, India, Russia and other developing regions
 - Jennifer Ness posted in Bangkok, Thailand
 - Dominic Keating posted in New Delhi, India
 - Minna Moezie posted in Cairo, Egypt
 - Dorian Mazurkevich posted in Sao Paulo, Brazil

Goals (cont.)

- Sworn into Commercial Service on September 18, 2006 with 2-5 terms
- Todd Thurwatcher (International Trade Administration), will be posted in Beijing, China
- IP experts will support their host countries' governments on IPR issues, including devising strategies to stop counterfeiting and piracy; will support U.S. government efforts to improve IPR protection and enforcement
- Established Global Intellectual Property Academy (GIPA) to expand IP training programs for foreign government officials

Goals (cont.)

- Implemented trial Patent Prosecution Highway program electronic file wrapper access and electronic priority document exchange through PTO Trilateral Cooperation with Japan, Europe
- Entered into agreement with Korean Intellectual Property Office (KIPO) to perform search/examination for international applications file w/USPTO under the Patent Cooperation Treaty (PCT)

Goals (cont.)

- Will allow applicants additional flexibility to choose a given international authority **based on the technology disclosed in the international application**, speed of services provided and cost of obtaining searches and examination of international applications
- Applicant designating KIPO as International Searching Authority (ISA) will pay search fee of \$218 instead of \$300 or \$1000, as applicable if USPTO is the ISA

Goals (cont.)

- Applicant designating KIPO as the International Preliminary Examining Authority (IPEA) will pay international examination fee to KIPO equivalent of \$218 instead of \$600 or \$750, as applicable if the USPTO is the IPEA
- USPTO can dedicate more resources to reducing the backlog of pending national applications

Goals (cont.)

- **Goal #3: Improve intellectual property protection and enforcement domestically and abroad**
 - Support initiatives to strengthen IP protection and curb IP theft
 - Increase domestic/foreign activities of PTO to advocate US IP policies, protecting/enforcing American entities' IP rights

Goals (cont.)

- Expand foreign postings of IP experts
- Expand Global Intellectual Property Academy (GIPA)
- Negotiate/implement intellectual property rights (IPR) chapters of free trade agreements (FTA)
- Continue efforts to develop unified standards for IP practice
 - Promote PCT reform to reflect global uniformity
 - Include searching standards, search/examination guidelines and quality templates
 - Increase electronic processing
 - Reduce redundant services throughout IP offices

Goals (cont.)

- Provide policy guidance on all domestic IP issues
 - Develop domestic IP reform
 - Increase definitiveness/effectiveness of IP rights
 - BPAI decisions should promote clarity of law
 - Increase TTAB precedential decisions (60-80/year)
 - Citation of non-precedential decision in briefs filed will be permitted no later than FY 2007
 - Use of those citations to identify needs for precedential decisions beginning FY 2008

Goals (cont.)

- Support Congressional personnel in crafting post-grant review legislation
 - Will increase efficiency for *inter partes* disputes on patent validity and litigation will decrease as PTO provides forum for challenging patentability of patent claims
- Foster innovation and competition through global application of IP information and education; promote positive customer interaction with PTO
 - Increase outreach to public
 - Increased public awareness will increase knowledge of science/technology (taking place) at educational institutions

Goals (cont.)

- **Management Goal: Achieve organization excellence by enhancing culture of high performance, becoming “employer of choice”, and ensuring responsible management of resources**

Goals (cont.)

- Function as true business partner, achieving superior enterprise performance and providing strategic leadership
 - Improve administrative management procedures
 - Higher more diverse workforce
- Ensure operational excellence in enterprise-wide management processes
 - Tighten financial management
 - Improve quality/efficiency of human resources

Goals (cont.)

- Simplify on-line access to and availability of PTO information/data

Conclusion

- Improvement and modernization of PTO's guardianship of IP begins with *quality*
 - Quality of examination, information to customers, and administration of the PTO itself
- Attain *certainty* by
 - Hiring a superior workforce using integrated, seamless work tools
 - Providing consistency and fostering good communication

Conclusion (cont.)

- Realize *cost-effectiveness* through improved project management metrics, including new Service Level Agreements (SLA) linked to employee performance appraisals
- Achieve *accessibility* by outreach to the community of inventors and investors to promote a culture of awareness of IP
 - Ensured by accurate and streamlined use of Internet based methods of interaction with the PTO