

**“Meet the USPTO Brass”
Address to the Assoc. of Corporate Counsel
October 20, 2009**

Thank you, Alex, and members of the Association of Corporate Counsel for this opportunity to meet with you today and share with you some of POPA’s thoughts on issues facing patent examiners and the U.S. Patent and Trademark Office (USPTO).

POPA represents approximately 6,500 patent professionals at the USPTO. The vast majority of these are the agency’s patent examiners – the engineers, scientists and attorneys who determine the patentability of the hundreds of thousands of patent applications received in the USPTO each year. POPA’s members are diligent, highly skilled, hard working professionals. They take great pride in the work they do and are committed to maintaining the quality and integrity of America’s patent system.

The U.S. patent system is a powerful engine driving innovation in America. It has helped produce the most powerful and robust economy in history. The vital role of patents to the U.S. and global economies is clearly evidenced by the rapidly expanding efforts of inventors and companies to protect intellectual property throughout the world.

Today, we are blessed to live in interesting times. The world’s major economies are in a state of flux. Our own U.S. economy is in recession. As in times past, America is once again looking to the creative genius of its innovators to develop new technologies, create new industries with new jobs and restore the vibrancy of our economy. Those same innovators look to the U.S. Patent and Trademark Office to protect their intellectual property. And the USPTO looks to its examining corps to issue those patents where appropriate.

The USPTO has been the target of much criticism in recent years for failing to allow high-quality patents and doing so in a timely manner. For many years, POPA has repeatedly stated that, to reduce pendency, the agency needed to hire more examiners. To improve quality, the agency needed to provide examiners with more time to examine patent applications, better tools to search the prior art and the legal and technical training to effectively use those tools.

Today, examiners are starting to see the fruits of POPA’s repetition. Starting in Fiscal Year 2005 the agency began an extensive hiring program that has more than doubled the size of the examining corps. This massive hiring, coupled with the recent drop-off in patent application filings has resulted in the first

significant reduction in the backlog of pending unexamined applications in a number of years.

I am also happy to tell you that POPA and the USPTO, under the direction of Under Secretary Kappos, have just undertaken the most significant changes to the examiner production system since its creation in the 1960s. Most notably, these changes will provide more time for examining patent applications, redistribute work credit to better align with when examiners have to do the work, provide time for examiner-initiated interviews and reduce the amount of work credit for RCE applications.

- **Combination of count system changes and more time for examiners**
 - More time overall (increase in Hrs/BD)
 - More time for FAOM (shift in counts so FAOMs get more credit)
 - Provide time for examiner-initiated interviews
 - Diminish credit for RCEs
 - Consistent credit for transferred or “inherited” amendments
- **Revised Production Award Program**
- **Process changes**
 - Increase work credit certainty for examiners
 - Increase fairness to applicants by implementing a more disciplined examination order
 - Balance the load on IT systems by encouraging earlier submission and review of work
- **Improved working conditions**
 - Reduce examiner reluctance to allow applications
 - Shift resources from a focus on Examiner Recertification to front end quality improvements

There is still much to do, however. We have serious issues with our IT infrastructure that hampers our ability to improve our examiner tools. We also still need improved legal and technical training.

Unfortunately, all these issues are currently at the mercy of our continuing funding problems. The funding of the agency remains a paramount concern to examiners. The recent downturn in the economy has highlighted the need for the agency to be able to respond to economic changes quickly and effectively.

Recently, Secretary of Commerce Gary Locke set forth the views of the Administration on Patent Reform. The Administration and USPTO management support broad rule-making authority for the USPTO including the ability to set fees by rule. This is an area, however, where POPA remains at odds with the Administration, Congress and USPTO management. POPA does not support such broad scope authority for the agency. We oppose giving the agency substantive rule making authority and believe that this level of authority should remain with Congress. Similarly, we believe that the authority to create or eliminate patent fees should remain with Congress so that the public may have adequate input into the fee setting process. Once Congress has created a fee, however, we then believe that the agency needs to have the authority to adjust that fee through rule-making. In fact, we would support an expedited rule-making procedure to allow the agency to more quickly adjust to changing economic conditions so long as such a process retained sufficient oversight by a separate entity such as the Patent Public Advisory Committee to insure fairness to the agency, its employees and its external stakeholders.

We are also at odds on the subject of outsourcing searches. While POPA is not categorically opposed to work sharing processes that put the best prior art in front of the examiner, the final decision of patentability is an inherently governmental function and should remain with the examiners at the USPTO. This avoids any possibilities for conflicts of interest that could negatively impact the integrity of the U.S. patent system. We support the language in the Patent Reform Act of 2009 establishing the sovereign nature of examination and search duties of U.S. patent examiners while allowing for international agreements on worksharing.

Of course, labor and management will always have differences of opinion on many subjects. POPA believes, however that the recent successful collaborative efforts of POPA and the USPTO have set a new tone for our working relationship that will allow us to reach better solutions to the issues facing the U.S. Patent and Trademark Office. Now we need your help to provide the funding the agency needs to give examiners the time, tools and training they need to do the job right the first time.

Thank you for listening today.