

## New Law Requires Revised Strategic Plan

The Senate and House passed a bill that orders the USPTO to prepare a strategic plan "in close consultation with" the Patent Public Advisory Committee (PPAC). The bill also requires the USPTO director to consult with the PPAC "with respect to the development of each aspect of the strategic plan," and to submit the new plan to Congress within four months of the law's enactment.

The bill—the Justice Department appropriations authorization bill, H.R.2215—was finally approved by both houses of Congress on Oct.4 and signed by President Bush on Nov. 2. In addition to the mandates regarding the strategic plan, the bill allows third party requesters in USPTO *inter partes* patent reexamination proceedings to appeal to the Court of Appeals for the Federal Circuit and allows patent reexamination on the basis of previously cited prior art.

The prior Senate version of the bill acknowledged the USPTO's June 3 strategic plan, which the USPTO could have interpreted as congressional support. The final bill ignores the June strategic plan and orders that a new plan be transmitted to Congress. This indicates congressional

rejection of the previous plan.

While the PPAC has said that it believes in the goals and objectives of the plan, such as improved quality, pendency reduction, and e-government, many PPAC members have voiced reservations about some fundamental elements of the plan, such as contracting out the search. The PPAC had not been consulted about the previous June 2002 strategic plan prior to its completion. The four months following the law's enactment will determine if USPTO's consultation with the PPAC will effect some changes to the plan.

The bill overrules previous case law, specifically *In re Portola* [42 USPQ2d 1295 (CA FC)], and thus allows the USPTO to rely on art already cited in a patent as a basis for reexamination. Under *Portola*, examiners are presumed to have fully considered all possible rejections based on the references cited in the prosecution of the application, even if they were never used in any actual rejection. Regarding *inter partes* reexamination, the 1999 American Inventors Protection Act (AIPA) had established the optional procedure so that a third-party requestor of a reexamination

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## USPTO Suspends Legal Studies Program

The USPTO announced at the end of September that it is halting funding of the Non-duty Hours Legal Studies Program and PTO University "due to uncertainties in the budget." Employees currently enrolled will be permitted to complete the fall semester, but no employees will be grandfathered into the program.

The agency's rationale cited the budget and "the likelihood of receiving substantially less funding than requested by the President for FY2003." The training program had to be eliminated "to ensure the proper functioning of the Agency."

POPA is investigating the budget as much as possible to determine which other programs can instead be cut. For example, *Federal Computer Week* recently reported that the USPTO contracted \$70 million for "systems engineering and technical assistance" for FY2003. It is unclear if all of those funds are required for the USPTO's "proper functioning." The legal studies program, in contrast, costs approximately \$2.2 million annually.

Because Congress has not passed a FY'03 budget, the agency is operating under the stopgap budget allowed by the Continuing Resolution (CR). The CR allows for the same level of funding as last year, which includes the legal studies

program. Inflationary increases in ongoing programs, such as salaries, can be offset by the budgeted amounts spent in FY'02 on non-recurring expenses, such as capital expenses.

The POPA/USPTO Legal Studies Agreement only allows the program to be cut if it's necessary for the agency's functioning. Under the agreement, the USPTO would have to make the case that the programs it does want to fund instead—such as the multimillion dollar computer contracts—are necessary for the agency functioning. Any other rationale is just an excuse and displays a lack of respect for employees. ▼

## USPTO Cuts Classification

The USPTO has reassigned all but two patent classifiers to mainly examination duties but has not contracted classification to the private sector as planned, thereby worsening the already critical classification crisis that has created nearly 100 subclasses containing 2,000 patents or more.

The National Intellectual Property Researchers Association (NIPRA) recently published a comparison of the size of USPTO patent subclasses in 1995 and 2002. The

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## **POPA and USPTO Negotiate Impact of Classifier Reassignment**

POPA and the USPTO in early October signed an agreement that ameliorates the impact on classifiers reassigned to examination duties.

POPA believes that transferring classifiers is a mistake, but the agency maintains that it is exercising its management rights and will not consider alternate views. The recent POPA/USPTO agreement delineates an accommodation for the employees who have heretofore made classification their career and who have not examined patent applications for more than a decade. Two classifiers will retain their full classification duties, but the majority will become hybrid classifier/examiners, devoting 25 percent of their time to classification and the rest to examination. The agreement covers training, awards and learning curves, giving time and opportunity for the affected employees to become reacquainted with examination. This sets a precedent for future treatment when employees are involuntarily switched into a new situation.

For example, most of the employees in the new hybrid position will be treated for examiner performance and training purposes as if they are new employees starting at GS-9, while retaining their pay based upon their higher graded classification duties. They will then progress through the examiner performance and training levels until they get to levels associated with GS-13. An employee may remain at the GS-9 level for 1,248 actual examining hours (the equivalent of three quarters), and at the GS-11/12 levels for 1,664 actual examining hours (the equivalent of a year). Those who prefer the lesser reporting requirements of the higher levels may progress faster if they have an average productivity over 13 consecutive pay periods of halfway to the next higher learning-curve-grade and if they show proficiency in other critical elements at the next higher learning-curve grade.

The full POPA/USPTO Agreement on Classifier Reassignment is available online at [www.popa.org](http://www.popa.org).

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would have an opportunity to comment at each stage of examination. But to limit the patentee's expenses, the AIPA stated that the third party may not appeal to the Court of Appeals for the Federal Circuit and that the USPTO's reexamination decision is binding. The new law will allow such an appeal.

The statute will also cure previously confusing language in Section 102(e) to clarify that a published PCT application will qualify as prior art as of its filing date if, and only if, that filing date is on or after Nov. 29, 2000, the PCT application designated the United States, and the application was published in English.



## **Feel Good— Give through the CFC**

Is America becoming a "heartless society"? Economist John Kenneth Galbraith once warned, "as America becomes affluent, we increasingly ignore or rationalize the plight of the poor."

Let us prove that Galbraith is wrong. We do care. We will not ignore the plight of the jobless, the sick, the elderly, and the handicapped.

The Combined Federal Campaign gives us the opportunity to express our own personal commitment to helping the less fortunate. Your donation will give you the good feeling that comes from knowing that you brightened the lives of your neighbors.

As an organization committed to the ideal of helping people, POPA urges you to contribute as generously as you can. Get that good feeling!

*Ronald J. Stern*

Ronald J. Stern, President  
Patent Office Professional Association

## **USPTO Cuts Classification**

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study found that the number of subclasses containing 1,000 to 3,000 patents nearly doubled during that time. The count of subclasses with 3,000 or more patents nearly quadrupled.

The optimal subclass size, according to USPTO past practice, is 50-100 patents. When subclass size grows to 300-400 patents, they typically have become candidates for reclassification. The problem with overgrown subclasses has been deteriorating significantly since 1995.

### **USPTO Subclasses with Over 1,000 Patents**

	Year		
	1995	2002	Change
Subclasses with >1,000 patents	415	769	185%
Subclasses with >2,000 patents	27	60	222%
Subclasses with >3,000 patents	5	234	60%
Patents in largest subclass	3,812	10,830	284%
Patents in largest 20 subclasses	51,871	105,419	203%

Compiled by PATENTEC for NIPRA

While classification is necessary for both computerized and paper files, when subclasses get this large the paper files are literally unusable. Computer searching also will suffer because such searches will lack the precision narrowness available through proper classification.

