



AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

241 18th Street, South, Suite 700, Arlington, VA 22202 Phone: 703.415.0780 – Fax: 703.415.0786 – www.aipla.org

October 6, 2006

USPTO Strategic Plan Coordinator
P.O. Box 1450
Alexandria, Virginia 22313-1450

Dear Sirs:

The American Intellectual Property Association (AIPLA) is pleased to have this opportunity to present its views on the USPTO's "Draft Strategic Plan for FY 2007-2012," as published on August 24, 2006. This would be the second strategic plan of the USPTO, and would build upon the current plan, the "21st Century Strategic Plan for 2003-2008."

AIPLA is a national bar association of more than 16,000 members engaged in private and corporate practice, in government service, and in the academic community. AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property.

Background

In connection with the introduction of the 21st Century Strategic Plan for 2003-2008, in a joint letter to the Honorable Mitchell E. Daniels, Director, Office of Management and Budget, dated October 24, 2002, we expressed our support for a number of initiatives related to improving patent and trademark quality, implementing e-Government, and reducing patent and trademark pendency, including hiring an adequate number of examiners to process the USPTO's workload. The USPTO has made progress with respect to many of those initiatives and we continue our support for on-going, planned, and proposed efforts to achieve those important goals.

There were other elements of the plan that AIPLA felt needed sharper focus, and a demonstrated capability for success through testing and pilot projects. We encouraged a clear statement of major goals and key measurements and milestones to be used to determine the success in achieving those goals. For example, we supported work sharing and enhanced integration with other major offices, particularly in the searching process. We note that some progress has been made in these areas.

AIPLA did oppose several other proposals, including deferred examination of patent applications and authorizing the Director to set response times to trademark office actions through regulation. We are pleased to note that the USPTO considered our comments and did not implement these and other problematic initiatives.

Finally, while we expressed our ardent support for adequate funding of the USPTO, we emphatically opposed the use of any USPTO fee revenues for other governmental programs, i.e., “fee diversion.”

A. The Draft Strategic Plan

In connection with AIPLA’s review of the Draft Strategic Plan for 2007-2012, the views we previously expressed have not changed and we again welcome the continued focus of the three stated Strategic Goals on improved quality and timeliness as well as improved protection and enforcement of intellectual property domestically and abroad. AIPLA also supports the general focus of the Management Goal on enhancing a culture of high performance by USPTO staff, becoming an employer-of-choice, and sharing responsible management of resources.

The Draft Plan announces its guiding principles to include quality, certainty, cost effectiveness, and accessibility. As to **quality**, the plan states that “timeliness and accuracy are key components,” and that “good processes, good inputs and great people” are required. The principle of **certainty** “implies consistency, predictability and accuracy.” **Cost effectiveness** “implies efficiency, measurements and delivery standards.” Finally, **accessibility** is directed to the USPTO’s practices and services, and “requires impartiality and fairness, as well as a customer-service mentality.”

We would suggest, however, that there should be several additional stated factors among those guiding principles:

Accountability should be a stated, guiding principle of the Draft Strategic Plan that would require responsiveness, openness, and transparency, not just in the USPTO practices and services, but in the planning for and the establishment of new programs, regulations, and policies that may have an economic or substantive effect on users of the system. The very assumptions and components of programs, their elements, and most importantly, their outputs and the metrics by which they are to be evaluated, should be the result of a collaborative and interactive effort between the users and the USPTO.

Flexibility is another guiding principle that should lead the USPTO to seek input and assistance from the private sector and other organizations in government with regard to tools, programs, and processes that may be utilized to define an optimum system, from IT solutions to quality initiatives, for example, the Six Sigma methodology that has resulted in significant process improvements when diligently employed in industry. Partnerships with and reliance upon those in the private sector and elsewhere in government, who already have proven success or have extensive experience with providing large bureaucratic organizations with the tools and structures of a high performing businesses, should be investigated and encouraged.

Finally, the Draft Strategic Plan should be guided by a recognition that, to the extent the patent system involves litigation of subjective issues, inefficiency and unproductive social costs result. Baseless charges of inequitable conduct brought during litigation are not only inefficient and costly in this sense, but the prospect of such charges poses a formidable barrier to increased applicant participation in the examination process. Consequently, the USPTO should avoid proposals that tend to add to, or exacerbate, such charges, and should instead emphasize proposals that reduce such unproductive litigation issues.

B. Key Issues

While we have commented subsequently with respect to the several Goals and their underlying initiatives, we wish to emphasize our position with respect to the following key issues:

Adequate and Predictable Financing of the USPTO – AIPLA has repeatedly stated that securing adequate and predictable financing of USPTO operations must be the bedrock upon which patent quality initiatives are built. Multi-year strategic plans, such as this Draft Strategic Plan, cannot be fully successful without the flexibility to fund elements of the plan that likewise span fiscal years. AIPLA has supported transforming the USPTO into a government corporation funded by user fees and having the authority to set fees, borrow and invest money, and make such multi-year financial commitments as are necessary to best implement the strategic plan initiatives. AIPLA’s support for this transformation is conditioned, however, upon the institution of mechanisms for accountability and oversight of the progress of the Office in implementing the Strategic Plan. The USPTO must develop, and agree upon with stakeholders, metrics that would provide an objective basis for measuring progress and achieving the plan objectives.

Consideration of Office Support Functions – AIPLA encourages expansion of the Draft Plan to expressly consider office support functions. If the Office makes the significant changes that they have proposed, examiners and staff alike will encounter additional burdens that are likely to add to workload and adversely affect the ability of the Office to provide quality and timely services. We note the absence of proposals that address the support functions of the Office in areas such as the processing of new patent applications, processing of allowed patent applications, processing of amendments after Notice of Allowance, processing of Certificates of Correction and, not the least, processing of PCT international and national stage applications.

Adequate Staffing – AIPLA continues to support adequate staffing, through an aggressive program to hire, train, and retain examiners over the next five years and beyond. We oppose, however, pendency reduction by rule change rather than by building a fully staffed and adequately trained examining corps. In the absence of convincing evidence to the contrary, AIPLA strongly disagrees with the Office’s oft-repeated mantra that it cannot hire its way out of its pendency and backlog problems.

Legislative Solution to Inequitable Conduct – As already noted, AIPLA opposes rule changes and policies that create or exacerbate problems with the litigation defense of inequitable conduct. AIPLA encourages the Office to actively seek and support legislative solutions to this

problem, and favors engagement by the Office in legislative activity to change the law of “inequitable conduct” along the lines of HR 2795, in order to reduce the chilling effect that current standards have on open communication between the applicant and the Office. As to proposals for post-grant opposition, AIPLA supports the proposals of the Coalition for Patent Reform.

Multi-track Patent Examination – AIPLA strongly opposes the proposal for multi-track patent examination. Many of the proposed tracks have been demonstrated historically to be ineffective, and others raise serious problems with respect to substantive effect and discrimination among applicants.

Proposed Rule Changes – With regard to the proposed Rules changes, AIPLA reiterates its positions previously submitted with respect to proposed changes in the area of Claims, Continuations, and IDS submissions. As to proposals for new rules regarding Markush claims and the preparation of pre-examination search reports, AIPLA will reserve comment until these proposals are announced, but even beforehand, we again express our desire that the proposals not create further problems with inequitable conduct or related liability.

TTAB Inter Partes Proceedings – As to the proposed initiatives related to reducing time to disposal for TTAB *inter partes* proceedings, AIPLA opposes reducing the length of time required to dispose of *inter partes* proceedings as this would create substantial disadvantages to applicants seeking a full and fair hearing.

Continuing Education – Finally, AIPLA wishes to note its support for appropriate programs for continuing education of those registered to practice before the USPTO, and even mandating attendance at such programs periodically. In the absence of evidence that such a traditional CLE program could not maintain the necessary competency of registered practitioners, AIPLA would be hesitant to support any requirement for continuing certification testing. Moreover, AIPLA questions the wisdom of imposing annual dues or fees when there is no assurance that such fees would be used to support such educational programs.

C. Specific Goals, Objectives and Initiatives

GOAL 1: OPTIMIZE PATENT QUALITY AND TIMELINESS

Objective #1: Provide high quality traditional examination of patent applications leading to final disposal of most applications in XX months by 2012.

Strategy: Hire more patent examiners, train and retain them more effectively, and send them home or to alternative Government sites to work. [PAT 1-8]

These eight initiatives are focused on financial, educational, and geographical approaches to hiring and retaining Examiners. These include enhanced recruitment (**PAT 1**), the expansion of GS1224S series qualifications for education in emerging technology areas, including non-engineering degrees (**PAT 2**), the establishment of regional offices (**PAT 3 & 4**), enhanced

training for employees (**PAT 5**), partnerships with universities (**PAT 6**), bonus programs (**PAT 7**), and pilot programs for flat goals, piecework, and performance awards (**PAT 8**).

AIPLA Position – The USPTO should have broad latitude in internal management matters, and AIPLA would support many of these several initiatives to the extent that their assumptions and effectiveness are proven on the basis of pilot programs and clearly stated goals. Further, AIPLA would encourage consideration of policies for retention of employees that include non-monetary incentives. Finally, in addition to evaluating “flat goal” standards for performance, other models, such as “billable-hours” models, should be considered. In particular, but without limitation, AIPLA’s position is based on the following:

PAT 1 – AIPLA supports enhanced recruitment efforts.

PAT 2 – AIPLA supports a pilot program to expand the types of degrees currently classified under the GS 1224 series to include non-engineering degrees in the areas of finance, etc. AIPLA notes the resulting disparity that would be created with respect to the qualification requirements for practice before the Office, and the recognition in the Draft Strategic Plan that removal of such disparity would be requested.

PAT 3 – AIPLA supports the establishment of a single Regional Office to provide proof of concept.

PAT 4 – AIPLA supports a pilot program for a local regional USPTO worksite for employees where adequate review of quality, access to examiners, adequate supervision, etc. is provided.

PAT 5 – AIPLA supports enhanced training programs for USPTO employees.

PAT 6 – AIPLA questions whether partnering with universities to enhance the USPTO’s abilities to hire/train employees will achieve the desired results (e.g., having off-site students reclassifying patents).

PAT 7 – AIPLA believes that a better solution to the hiring and retention problems would be to amend Title 5 USC to remove the limitations of civil service salary structure so the USPTO could pay patent examiners more attractive and appropriate salaries.

PAT 8 – AIPLA supports the establishment of a pilot program for a flat goal as the measure of expected production and pay awards for each balanced disposal produced above the 100% achievement level, assuming that quality will be closely monitored.

Strategy: Improve and enhance examination efficiency and effectiveness. [PAT 9-25]

Eight stated initiatives concern enhanced search strategy and claim interpretation training for Examiners (**PAT 9**), and the assessment of quality of patent examination and review products (**PAT 10**) coupled with a quality award for Examiners (**PAT 11**). Special efforts would be made to target reviews in problem areas (**PAT 12**). Quality metrics and performance targets would be developed with external stakeholders (**PAT 13**), the skill set of examiner/trainers would be

enhanced (**PAT 14**), a “peer review pilot” using public sector volunteers would be developed (**PAT 15**), and external validation of Office of Patent Quality Assurance (OPQA) data would be undertaken (**PAT 16**).

AIPLA Position – AIPLA generally supports quality-enhancing initiatives, so long as there is adequate opportunity provided for public input with respect to their establishment and execution, so that the likely achievement of desired results for the investment made can be enhanced. AIPLA also suggests that, in connection with the quality initiatives, the USPTO review and reconsider the effectiveness of its “second pair of eyes” program in light of these initiatives. In particular, but without limitation, AIPLA’s position is based on the following:

PAT 9 – AIPLA supports enhancement of search strategy formulation and provision of one-on-one search strategy assistance.

PAT 10 – AIPLA supports efforts to assess the quality of patent examination review products and provide feedback and adjusted training.

PAT 11 – AIPLA supports an initiative to create a stand-alone Quality Award for examiners.

PAT 12 – AIPLA supports targeted reviews by OPQA of trends of examination practice as identified by applicant complaints, but submits that there should be greater emphasis given to correcting any deficiencies found; also, there should be more than one review per year.

PAT 13 – AIPLA supports the development of quality metrics and performance targets with external stakeholders, and stands ready to work with the Office in defining and agreeing on patent quality metrics.

PAT 14 – AIPLA supports training for personnel involved in the review of the work of others.

PAT 15 – AIPLA supports a peer review pilot, though AIPLA suggests that special care be given to ensuring that peer opinions on patentability not be provided to examiners along with the prior art.

PAT 16 – AIPLA questions whether the use of third party reviewers to assess the quality of work product (note that students are mentioned) would produce any reliable information on quality; especially in light of the significant amount of training that is required to achieve the needed level of expertise.

Four initiatives concern search and classification improvements. These include adding international patent classification (IPC) search capability (**PAT 17**), the provision of support for reclassification efforts (**PAT 18**), the outsourcing of PCT Chapter 1 applications (**PAT 19**), and the development of an open source software database to provide examiners with potential prior art (**PAT 20**).

AIPLA Position – AIPLA supports efforts to enhance search and classification as well as increased Trilateral cooperation at every level where operational efficiencies and improved work product quality would result, including outsourcing of certain PCT workload. In this regard, where there are concurrently pending national and counterpart PCT applications, it would be more efficient to have both applications reviewed and searched at the same time. In particular, but without limitation, AIPLA’s position is based on the following:

PAT 17 – AIPLA supports the addition of IPC search capability; however, AIPLA further encourages the commitment of sufficient resources to this project so that its full potential may be attained, preferably by the collective effort of the Trilateral offices.

PAT 18 – AIPLA supports this initiative in general, but questions how this effort to improve the USPC relates to the initiative in PAT 17.

PAT 19 – AIPLA supports this initiative if the Office ensures that searches have reasonably high quality and actually uses the results. While outsourcing PCT searches theoretically reduces the workload for the USPTO, any savings would be offset and the resources wasted if the USPTO does not start according a greater degree of faith and credit to the resulting searches. AIPLA also questions the desirability of outsourcing PCT searches in those cases where a counterpart non-provisional U.S. application is pending in the Office. As a matter of readily achieved efficiency, international and U.S. applications should be searched at the same time.

PAT 20 – AIPLA questions the scope of this initiative and how it differs from the peer review pilot.

Five initiatives concern the implementation of examination reform. These include a limit on claims (**PAT 21**), more detailed discussion in IDS submissions (**PAT 22**), restrictions on Markush and other complex claim formats (**PAT 23**), the preparation of pre-examination search reports (**PAT 24**), and limits on continuation applications (**PAT 25**).

AIPLA Position – Initiatives PAT 21 - 25 each relate to proposals to modify Rules set forth in Chapter 37 of the Code of Federal Regulations, which govern, *inter alia*, the examination of patent applications before the Office. Three of these, “Limits on Claims,” “Information Disclosure Statement,” and “Limits on Continuations,” are complete proposals previously published for public comment, and AIPLA has submitted extensive and detailed comments in each instance. The remaining two, “Markush Practice” and “Pre-examination Search Reports,” are identified in the Strategic Plan as pending publication as Advanced Notices of Proposed Rulemaking, and AIPLA would expect to submit comments on these as well.

AIPLA has repeatedly emphasized its view that pendency will be brought under control when USPTO funding is secure and adequate, and when the examining corps is up to strength and fully trained. AIPLA believes that it is a fallacy, or at best an unsupported conjecture, that the Office cannot “hire its way out of the pendency problem,” an assertion that has been made so often that the Office treats it as irrefutable dogma.

The pendency problem arose during several years of inadequate funding caused by fee diversion, which left the Office unable to hire a sufficient number of examiners to handle the relentlessly growing workload of ever more complex patent applications being filed. The result was not only predictable, but unavoidable—pendency and backlog grew, as did applicant frustration. Note that it was not the current Rules that caused this result—the Rules now being considered for drastic change were in play long before the pendency problem, and the Office coped just fine when it was fully staffed. Consequently, we fail to see why patient, methodical attention to hiring, training, and retaining an adequate examining corps should not, over time, reverse and eliminate the backlog and return pendency to an appropriate duration, and we believe that this can and should be accomplished without dramatic changes to the Rules, changes that are fraught with unintended consequences.

As a final point, AIPLA notes with approval and appreciation the comments made on September 11, 2006 by Director Dudas that the Draft Strategic Plan would undergo significant changes before final publication. We particularly appreciate these comments in light of the statements in the Draft Strategic Plan that, in connection with the proposed Rules, “The Office received over 500 public comments from intellectual property organizations, governmental agencies, law firms, patent practitioners, independent inventors, and other individuals. The vast majority of the comments are adverse to the proposed rule changes.” The mere receipt of more than 500 public comments indicates the significance of the proposed changes. The overwhelming negativity of the comments should suggest a need to rethink the proposals rather than incorporate them in the new Strategic Plan.

PAT 21 – AIPLA opposes the proposed limit on claims for the reasons expressed in our letter of April 24, 2006.

PAT 22 – AIPLA opposes the proposed IDS rules for the reasons expressed in our letter of September 6, 2006.

PAT 23 – AIPLA questions the scope of the initiative. One can sympathize with the desire to constrain excessive or abusive Markush claiming practices as outlined in PAT 23, but it is not possible to comment without seeing the proposed rules.

PAT 24 – AIPLA opposes the proposed requirement for pre-examination search reports until there is adequate statutory constraint placed on charges of inequitable conduct to alleviate the prospect of cooperation by applicants being used against them in litigation.

PAT 25 – AIPLA opposes the proposed rules regarding continuation applications for the reasons expressed in our letter of April 24, 2006.

Objective #2: Improve quality and timeliness of patent examination by developing a patent suite of products.

Strategy: Offer alternative products and thereby move away from the current one-size fits all filing and examination system. [PAT 26]

AIPLA Position – Under this proposal, the USPTO would explore a variety of products and examination options, including (1) deferred examination, (2) petty patent grant, (3) regular examination track, (4) accelerated examination, (5) collaborative examination, and (6) applicant requested pre-grant opposition.

Regardless of the substantive value, appeal or need for a suite of products as postulated in this initiative, the proposal to “*explore with its customers and other stakeholders* whether some combination of alternative examination processes and patent products will provide a more efficient usage of the examination resources of the USPTO by only providing the level of examination required by the applicant” is a refreshingly open and inclusive approach [emphasis added]. This initiative follows, however, a path well worn by the rulemaking proposals: the attempt to fix a human resource problem by reducing the size of the job rather than acquiring the resources needed to do the job.

PAT 26 – Recognizing that the options listed in the proposal are not exclusive, AIPLA opposes these specific options since each of these proposals has at least the following problems:

Deferred examination – this would shift the burden for determining the scope of protection likely to be granted to pending applications to the public, causing wasteful duplication of effort and placing a damper on competition. Third parties would face increased uncertainty with respect to the scope of available patent protection unless they are able to initiate examination. This would inhibit, rather than enhance, competition and the development of new products. Fundamentally, however, AIPLA believes that this proposal is based on unrealistic assumptions – as we believe that the EPO has a dropout rate in the range of 10 %, far below the 20 to 40 % mentioned. The fact that the current backlog has resulted in a *de facto* deferred system is not a reason to perpetuate such a system.

Petty patent grant – without knowing the details, AIPLA finds it difficult to provide precise comment. We note, however, that many petty patent systems do not examine the patent, again shifting the burden to the public to determine the likely scope of protection. Similarly, unexamined petty patents, while often invalid, nevertheless impose risks and costs on third parties trying to clear new products. Again, this would inhibit, rather than enhance, competition and the development of new products. Finally, AIPLA notes that petty patent systems were considered and rejected by the 1992 Secretary of Commerce Advisory Committee Report.

Regular examination track – AIPLA believes that this would become a default track for SMEs, individuals, and other underfinanced applicants, while reserving higher cost and preferential examinations to major corporations, thereby creating two separate classes of applicants.

Accelerated Examination – AIPLA believes that the current accelerated examination system is burdensome, costly, and risky for applicants. Moreover, history has shown it is not likely to be much used without addressing the litigation defense of inequitable conduct (at least looking at the USPTO’s recent proposal), and favors the well-heeled, pushing SMEs and less wealthy applicants to the back of the line (the

regular examination track). The Office should instead revert to the previous practice of petitions to make special.

Collaborative Examination – AIPLA believes that the “platinum plated” examination proposal obviously discriminates in favor of the well-to-do.

Applicant Requested Pre-grant Opposition – AIPLA believes that this proposal not only favors the wealthy, but is unlikely to receive much use without addressing inequitable conduct, due to the requirement to file an ESD. Also, pre-grant opposition, even if requested by the applicant, is an unnecessary intrusion on the examination process, even if limited to consent by the applicant, as it would delay public certainty as to the scope of a patent right. Further, inequitable conduct considerations would militate against any assumption that this would be a voluntary process.

Objective #3: Improve and integrate existing electronic systems to promote full electronic patent application processing; implement better/more secure systems.

Strategy: Promote the utilization of electronic text content to facilitate the examination process and increase user acceptance of electronic filing systems. [PAT 27 - 31]

These initiatives include the establishment of a patent filewrapper (PFW) (**PAT 27**), establishment of a centralized on-line docketing system where applicants share responsibility for accurate application data (**PAT 28**), automatic Office Action generation using natural language processing (**PAT 29**), the exploration of commercial and public search capabilities for use in redesign of patent search systems (**PAT 30**), and increased e-filings to 75% by FY 2008 (**PAT 31**).

AIPLA Position – AIPLA encourages and supports the PFW (**PAT 27**), and on-line docketing and related system enhancements (**PAT 28**), but is concerned about the scope of applicant’s proposed responsibility for accuracy of the data in the system. Any proposal should be mindful of the broad spectrum of applicants who have differing degrees of training, resources, or accessibility to such systems.

AIPLA also supports enhanced search tools and e-filing initiatives. With regard to the automatic Office Action generator initiative (**PAT 29**), however, while research into such a possibility may be appropriate, it appears overly optimistic to include such an initiative in a five-year strategic plan that must first accomplish such basic infrastructure concerns as fundamental text processing and workflow organization. In particular, but without limitation, AIPLA’s position is based on the following:

PAT 27 – AIPLA supports the initiatives for establishing the PFW, especially if in connection with standards-based electronic filing of patent applications in a single format in multiple offices, beginning with initiatives involving EPO, JPO, and WIPO. Such a format should be directed not only to obtaining a filing date but also to achieving examination without a need for reformatting or restructuring the application after the filing date has been assigned.

PAT 28 – AIPLA supports on-line docketing and the establishment of a capability for the applicant to change data, such as attorney docket numbers. AIPLA questions, however, the linkage of this initiative to enhancing the ability of SPEs to manage workflow using PFW that may result in delays in implementation of on-line docketing.

PAT 29 – AIPLA supports this initiative; however, we do not perceive the prospects for the USPTO to successfully develop an automated pre-examination search and basic application formalities review and a “complete” first office action on the merits through the use of “pattern matching” as realistic during the stated term of the Plan.

PAT 30 – AIPLA supports improvement of the USPTO’s search engines.

PAT 31 – AIPLA supports improvement of existing electronic systems and promotion of full electronic patent application processing. Initiatives involving fee reductions and non-monetary incentives should be considered in order to rapidly achieve the stated goal of 75%. This initiative also should consider the USPTO identifying policies for accommodating possible failures in the e-filing system so that greater confidence in the system can be developed.

Objective #4: Transform appeals processing, and enrollment and discipline functions.

Strategy: Become a more responsive organization and effectively administer post-grant review if enacted, and enhance communication and involvement with registered patent practitioners.
[GC 1 & 2]

The related initiatives include improvement of BPAI flexibility, accountability, staffing, and retention in light of increasing work load (**GC1**) and enhanced registered practitioner requirements (**GC 2**). The requirements include mandatory CLE through the Office or private vendors, annual dues, ethics standards, especially those governing conduct impeding efficient examination, and expanded qualification for practice in light of new technologies.

AIPLA Position – AIPLA supports these initiatives in general, but with specific exceptions. In particular, but without limitation, AIPLA’s position is based on the following:

GC 1 – AIPLA generally supports improvement of the Board of Patent Appeals and Interference’s (BPAI) flexibility and accountability. As to the specific proposal to permit APJs to rely on patent attorneys assigned to them to expedite the merits review of the appeals for decision, these initiatives would be supported so long as inefficiencies are not introduced due to the added staffing on cases.

GC 2 – AIPLA questions the scope of the proposal to enhance registered practitioner requirements, as it continues and expands upon the Periodic Recertification for Registered Practitioners and Disciplinary Actions initiative contained in the 21st Century Strategic Plan by further defining the requirement for Continuing Legal Education (CLE).

AIPLA continues to be concerned with the CLE proposals in this initiative, which were discussed in its letter of February 7, 2004 to then Acting Director Dudas. AIPLA supports a reasonable mandatory CLE requirement in principle, but remains concerned that it would create administrative burdens for both the USPTO and practitioners, and instead of an education requirement would become a continued competency requirement unsupported by evidence that the competency of registered practitioners is a problem requiring the USPTO's attention. As to the requirement for annual fees, AIPLA is reluctant to support additional fees until the issue of fee diversion has been favorably resolved and a simplified method of collection is arranged. Further, any registration and disciplinary rule change proposal should address conflicts between state bar disciplinary rules, and establish a workable process by which conflicts can be resolved.

GOAL 2: OPTIMIZE TRADEMARK QUALITY AND TIMELINESS

Objective #1: Achieve and maintain a 3-month first action pendency, and reduce disposal pendency excluding suspended and *inter partes* cases.

Strategy: Develop alternatives for predicting workloads, processing and managing the workforce and assigning work, reduce post-examination time by consolidating or eliminating redundant functions, and attract, hire and retain a highly qualified workforce. [TM 1-7]

These proposals include the reduction of first action pendency to three months (**TM 1**). They also include the reduction of disposal pendency by elimination of redundant levels of review of applications approved for publication (**TM 2**), changing the timeframe for TMOG legal review and quality review (**TM 3**), the timeline for TMOG opposition and publication process (**TM 4**), and the development of process maps of the entire examination process (**TM 5**). The final two proposals include improved training (**TM 6**) and expanded tele-work opportunities (**TM 7**).

AIPLA Position – AIPLA supports these initiatives in general, but with specific exceptions. In particular, but without limitation, AIPLA's position is based on the following:

TM 1 – AIPLA supports the goal of timely initial examination but encourages the USPTO to balance achievement of this goal with timely examination of amended applications and consistent treatment of applications. The Strategic Plan explains that factors beyond the USPTO's control (primarily, the fluctuating level of filings and budget constraints) prevent it from being able to ensure consistent pendency under its present model for staffing and distributing work. The plan proposes the following actions, among others, to meet the goal of a consistent, three-month first-action pendency: to “shift resources so that first action pendency becomes the priority absent sufficient resources to manage total inventories,” and to “transfer Statement of Use examination to non-examining attorneys.”

The goal of achieving consistent three-month first-action pendency should be balanced with the interest of applicants in achieving a final determination as to registrability. In times of higher filing rates, shifting work priority to meet the three-month goal will necessarily result in shifting resources away from examination of

amended cases. According to the plan, shifting examination resources to initial examination would give “applicants with a vested interest in registration . . . an incentive to file a more complete application.” While true, issuance of a Section 2 refusal is usually beyond the applicant’s control. Crucial business decisions and investments turn on whether an initial refusal can be overcome. Moreover, applicants who have invested the time and expense of filing a response to an Office action have demonstrated that they continue to have a strong interest in successfully achieving registration. Timely examination of responses should not be sacrificed to meet a consistent three-month pendency goal for first actions.

The Office may want to consider whether alternative ways to define and achieve this goal might be developed that would provide an equivalent or better way to meet the needs of its customers. The plan acknowledges that there is a reduced demand for final determination by some intent-to-use applicants and applicants relying on a foreign registration basis. This suggests that these applicants might not object to delayed first action examination.

Finally, examination of the nature of the use demonstrated by the specimen filed in a trademark application is an integral part of the determination of whether a mark is entitled to registration. The proposal to transfer examination of Statements of Use to non-examining attorneys would result in an inconsistent system, under which applications filed on the basis of use under Section 1(a) are fully examined by an examining attorney, but intent-to-use applications under Section 1(b) are not. Nothing distinguishes the nature of these filings other than the time at which the claim of use is made (i.e., when the application is filed or after the Notice of Allowance issues). Initiative TM-1 does not explain how this proposal would aid in meeting the goal of achieving three-month first action pendency and reducing final pendency, but presumably, the idea is that transferring this work away from examining attorneys would give them more time to focus on first examinations. AIPLA questions whether the determination of whether an attorney versus a non-attorney will examine the claim of use in a trademark application, when the only determining factor is when the claim is filed, is a desirable way to achieve the goals of this initiative.

TM 2 – AIPLA partially supports and partially opposes this initiative. The Office's goal to reduce the final disposal pendency (through consolidation or elimination of redundant review levels) of applications approved for publication is laudable. Even under the Office’s current practices, however, practitioners have seen many applications published in the *Official Gazette*, and many issued registrations, containing profound errors. Errors noticed most often are to the presentation of the mark, wherein extraneous matter is printed alongside or throughout the mark. Further, practitioners have noticed textual errors in owner information and the identification of goods and services (not caused by applicant error). In short, quality should not be unduly sacrificed for the sake of speed in the disposition of trademark applications.

TM 3 – AIPLA supports the reduction in disposal pendency by changing the time frame for the Trademark *Official Gazette* ("TMOG") legal review and the Office of Trademark Quality Review ("OTQR") image review from the end to the beginning of the publication

period. To this end, it appears that the Office intends to make internal changes to the timing of TMOG legal review and OTQR image review. It is unclear whether these changes would have any impact on practitioners beyond the reduction in disposal pendency. One issue to consider is whether the proposed changes are worth making, given that they are expected to reduce post-examination processing time for only about 3% of all files approved for publication.

TM 4 – AIPLA supports, in concept, the reduction of disposal pendency by revamping the timeline for the TMOG opposition and publication process, but the specifics of the proposal are not completely clear. The following issues need to be addressed and clarified:

The Draft Strategic Plan states that the notice of allowance will be generated electronically and sent by email within two weeks of the end of the opposition period for “qualifying applicants.” The plan does not, however, define “qualifying applicant.” While the proposal sounds generally acceptable, information is needed about what a “qualifying applicant” is to fully assess this proposal.

The proposal would increase usage of TEAS by mandating electronic submission of all correspondence for the period between the approval for publication and registration. Will electronic submissions be limited to TEAS forms during this period or will applicants be able to submit other types of documents? If TEAS forms are required, it would appear that additional forms will need to be developed for various post-publication issues. For example, if the application is assigned after publication and the assignee wants the registration to issue in its name, not the name of the original applicant, a new form will be required. Assignments recorded during the period between publication and registration are not automatically updated in the USPTO's system and a written request for issuance of the certificate of registration in the name of the assignee needs to be filed. We recommend that applicants have the ability to file any submission during this period electronically, even if no corresponding TEAS form exists.

TM 5 – AIPLA supports the USPTO's investigation of improvements to the Trademark examination process to reduce processing time, improve process efficiency and quality, improve tools and understanding, enhance electronic workflow, and eliminate paper driven processes. AIPLA also supports the development of and access to a process map, and suggests that such be completed in advance of the stated goals of September 2008 and FY 2009, respectively. The identification of opportunities for process improvements, as well as improvements in staffing, production, and quality, should be continuous and on-going and should commence before September 2008.

TM 6 – AIPLA supports USPTO efforts to improve the training provided to employees working remotely, and to expand meeting capabilities for remote workers. Specifically, AIPLA supports the USPTO's research, development, and implementation of state-of-the-art remote training and meeting capabilities for use in all examination-related positions.

AIPLA understands the USPTO's commitment to its remote work program, and acknowledges that the USPTO is a recognized leader in the adoption of telework. Given this commitment, it makes sense to provide remote employees with the necessary information and tools to work effectively. One concern that has been expressed about the USPTO's remote work program is that it tends to isolate remote employees from their colleagues, which could lead to inconsistency in examination. While the USPTO has implemented safeguards to minimize this impact, the availability of effective remote training and meeting capabilities would further reduce this impact by increasing the opportunity for interaction among and between remote and on-site employees.

TM 7 – AIPLA supports the expansion of telework opportunities as a means of reducing traffic congestion, improving air quality, and supporting disaster recovery efforts, as well as attracting and retaining quality employees and enhancing quality work product. While the telework program generally has been a success, AIPLA suggests that the Office implement or tighten its policies for examining attorneys to promptly return phone calls the same or following day and require that the examining attorney make at least three attempts to contact persons who have called them so as to facilitate telephone communication and reduce the "telephone tag" problem that currently exists with attorneys or applicants trying to communicate with Office employees working at home. Currently, telephone communication with work-at-home examiners is not as efficient as it can and should be, with days sometimes passing without returned phone calls.

Strategy: Reduce the number of appeals filed with TTAB and reduce the overall pendency of TTAB opposition and cancellation proceedings. [GC 3]

AIPLA Position – AIPLA submitted detailed comments with regard to proposed changes to the TTAB rules of practice in January 2006. AIPLA partially supports and partially opposes this initiative. In particular, but without limitation, AIPLA's position is based on the following:

GC 3 – In January 2006, the Office published a set of proposed changes to the TTAB's rules of practice. AIPLA and other IP organizations submitted detailed comments in response. AIPLA has no objection to parties in TTAB proceedings participating in discovery conferences, but the Office must be more specific as to what is required as a result of such conferences. For example, if the parties agree to modify the TTAB's normal rules of discovery for their particular case, will the TTAB consent to, implement, and enforce, the parties' agreement? AIPLA also has no objection to initial mandatory disclosures of information, but not in the way the Office proposed earlier this year. Such initial mandatory disclosures should track what is already provided in FRCP 26(a). AIPLA also has no objection to pre-trial disclosures of percipient witness information. In certain cases, where the parties are able to stipulate to all relevant facts, accelerated case resolution through the submission of stipulated facts would be desirable. AIPLA believes that TTAB Interlocutory Attorneys and the parties should make greater use of telephone conferences in contested cases. Although implemented by the TTAB several years ago, the practice has not blossomed to its full potential.

In the context of TTAB proceedings, AIPLA is unclear about what is meant by "achieve and maintain a three-month first action pendency." AIPLA does support

reducing the length of time taken to finally dispose of an *inter partes* proceeding before the TTAB on summary judgment or after final hearing on a full evidentiary record, but does not support the method proposed by the Office to reduce pendency of *ex parte* cases. Requests for reconsideration are the last opportunity for trademark applicants to supplement the prosecution record, after having seen the full position and evidence submitted by the Examining Attorney. Three months may not be sufficient for the applicant to marshal all of its evidence. Further, submission of evidence electronically is not feasible in all cases, given the current insufficiency of the Office's online software to handle large evidentiary submissions. AIPLA agrees that there should be better means of transferring cases between the Trademark Examining Corps and the TTAB. Because this process has been awkward and ineffective, trademark prosecution cases linger unnecessarily for months.

Objective #2: Improve quality of examination by ensuring consistency and quality of searching and examination and provide internal on-line tools.

Strategy: Expand the current standard for quality review, apply to all aspects of examination and processing, and capture the results for evaluation. [TM 8-10]

Included in the underlying initiatives are an increase in the use of Quality Review findings and tools (TM 8), the development of comprehensive training and procedures (TM 9) and a revision of the measurement for final office actions (TM 10).

AIPLA Position – AIPLA supports these initiatives in general. In particular, but without limitation, AIPLA's position is based on the following:

TM 8 – AIPLA supports the use of documented, relevant Quality Review findings as a means to increase the overall quality and efficiency of the trademark examination process. Once it has been determined that the Quality Review findings are relevant to improving quality and efficiency, the Trademark Office should aggressively implement major portions of this initiative.

The Office should develop and maintain a central location where all examination resources can be accessed. However, to permit the efficient filing and prosecution of trademark applications, these examination resources should be available to the public; *e.g.*, on the world-wide web, not a USPTO intranet site. AIPLA further recommends that this Internet site contain copies of all TTAB decisions and class-specific examination guides.

AIPLA supports the development of an online system to replace the mailing of office actions. The USPTO should, however, vet this proposal with its customers, since some users of the Trademark Office may have to change the way they docket office actions.

AIPLA supports the use of a proactive system of data mining to produce lists of existing descriptive terms for each class and misidentified terms commonly included in IDs. Such a system could be used to streamline the ID manual, improving consistency and reducing customer frustration.

AIPLA recommends establishment of an intranet site for training purposes. Such an intranet site could include exemplary office actions and provide remedial training for particular examiners. This intranet site could also contain reports regarding error rates as well as digests of each published TTAB decision.

AIPLA strongly supports the creation of standard operating procedures (SOPs) for processing cases and other administrative procedures. Such procedures should be instituted as soon as practicable.

TM 9 – AIPLA supports this initiative as drafted. There is a need for the Office to develop structured and comprehensive initial training programs for employees that will ensure that all employees receive the same recommended training. AIPLA believes that the implementation of such programs, and the elimination of *ad hoc* training, would result in a greater level of consistency in examination quality. As such, AIPLA supports the development of comprehensive employee training programs and procedure manuals for all examination related positions. AIPLA encourages the USPTO to develop programs and manuals that maximize the uniformity of training received by employees.

TM 10 – AIPLA supports the use of documented, relevant Quality Review findings as a means to increase the overall quality and efficiency of the trademark examination process. Proposals for updating existing materials and resources as well as designing new programs so that *ad hoc* training can be eliminated are supported. We support the analysis and incorporation of quality review findings in training, examination guidelines and policy, and manuals, so long as such inclusion is subject to public input. Finally, we endorse revised measures of final Office actions. In this regard, because the majority of trademark applications are approved for publication, the current "final action" review procedure does not accurately assess the overall quality of examination. AIPLA supports the expansion of quality control procedures to include all Trademark final work products, rather than just final refusals. AIPLA notes that this initiative presents no significant drawbacks for the USPTO—rather; the proposed initiative would greatly enhance the USPTO's ability to measure and report on the quality of examination, and to target areas for improvement.

Objective #3: Provide electronic file management and workflow by the end of FY 2009.

Strategy: Using lessons learned from the trademark workflow process mapping done in 2006 and 2007, complete the implementation of the electronic workflow and file management system by the end of FY 2009 for trademark specialists and legal instrument examiners. The system will allow a more efficient design and control of the work process, provide tools to monitor and better manage the work, measure production and timeliness and evaluate quality. [TM 11]

AIPLA Position – AIPLA supports these initiatives in general. In particular, but without limitation, AIPLA's position is based on the following:

TM 11 – AIPLA supports the implementation of the Trademark Information System (TIS) to provide fully electronic file management and workflow structures, and to eliminate the need for manual transactions between separate systems by the end of FY 2009.

Although we support the implementation of TIS, we suggest that the USPTO implement safeguards, practices, and procedures governing any application changes made by filers directly through the system. In particular, to the extent that the system allows filers to make changes to an application, AIPLA encourages the USPTO to ensure that such changes, and any resulting change to the application filing date, are immediately posted on the USPTO's TESS and TARR databases. In addition, systems should be designed and/or integrated to alert the Examining Attorney to conduct a new search of Office records for conflicting marks if the filing date is changed subsequent to the date on which the Examining Attorney searched Office records. **Objective #4: Develop interactive on-line electronic filing capabilities by 2010 and upgrade e-tools.**

Strategy: Upgrade search tools both on-line and internally to improve the ability to identify generic and descriptive terms, and replace some of the trademark electronic application systems (TEAS) current function with an on-line docket system that allows applicants and their representatives to amend their applications, respond to Office Actions and otherwise make appropriate changes in applications and registrations. The docket system would give automatic notice of upcoming events in the life of an application or registration, e.g., a section 8 affidavit is due. [TM 12-13]

AIPLA Position – AIPLA supports these initiatives in general, but with specific exceptions. In particular, but without limitation, AIPLA's position is based on the following:

TM 12 – AIPLA supports the USPTO's efforts to improve the consistency, quality, and efficiency of searching and examining trademark applications. Specifically, AIPLA supports the USPTO's development of internal on-line search tools for use by examining attorneys ("EAs"), provided that EAs are adequately trained in using such tools and do not give undue weight to these tools in the examination process.

This initiative includes three different proposals: (1) to create a new web-based search tool to expand the number and types of databases available to EAs; (2) to enhance "data mining" by creating an automated system that would perform text searching within the Trademark Image Capture and Retrieval System ("TICRS") database of marks contained in incoming trademark applications to identify trends and potential substantive issues; and (3) to create a system for performing automated preliminary searches of all terms in a mark in designated databases.

Web-Based Search Tool – AIPLA supports, in principle, any effort to expand EAs' ability to search for and identify relevant information bearing on whether a particular mark is registerable, including adding databases that may reflect whether the mark has any generic or descriptive meaning in a relevant field. However, neither these databases nor the information contained therein should be given dispositive weight by EAs, but rather should be considered along with all other probative evidence of record and given appropriate weight according to the circumstances of each particular application. Similarly, applicants whose marks have been rejected based on information from these databases should be permitted to submit arguments about the appropriate weight to be given to such information, and to present additional evidence and arguments in support of registration.

Data Mining – AIPLA supports, in principle, the Office’s proposal to create an automated system that would preview incoming trademark applications using text searching of the TIGRS database to identify trends, new terms, and potential substantive issues, and to pass along this information to EAs assigned to those applications. We assume that the primary purpose of this procedure is to enhance consistency of examination of marks that share similar terms. If the procedure is intended to have some other purpose or significance, the Office should provide more explanation. We are also concerned that the part of the proposal requiring that “individuals” (presumably not the EAs assigned to the applications) review reports on these automated searches, do “preliminary research,” and attach “conclusions and evidence” and “relevant information packages” to the applications may add layers of complexity, expense, and delay to the examination process. We suggest considering as an alternative that the automated search results be delivered to the EA without any intermediate review or research.

Automated Preliminary Searches – AIPLA’s comments and concerns on this proposal are similar to those expressed above. We support, in principle, the proposal to create an automated system that would perform a preliminary search of terms in a mark against selected databases, and provide the system-generated report to the EA with the application. As explained above, however, the Office should select these databases carefully to ensure reliability and trustworthiness, and EAs should not automatically give information contained in such databases controlling weight. Further, the Office should ensure that the generation and processing of reports from these searches not add unnecessary complexity, expense, or delay to the examination process.

TM 13 – AIPLA supports the initiative to expand/enhance the trademark electronic filing experience, maximize the benefits of electronic filing by ensuring high quality data with statutory and regulatory timeframes, and encourage e-filing by offering appropriate incentives. AIPLA supports the stated objectives of developing interactive on-line electronic filing by 2010 and upgrading e-tools. AIPLA opposes, however, certain of the “potential incentives” such as eliminating the Certificate of Mailing and Express Mailing procedures for all filings. AIPLA supports the continued allowance of both procedures and strongly recommends that the doors to the USPTO not be closed entirely to paper filings.

AIPLA recognizes the need to continue development of all e-filing and research systems, to minimize server outages, and to improve the interaction between TEAS and the Revenue Accounting and Management Payment System (RAMPS) to ensure that RAMPS has the bandwidth to handle the ever increasing level of electronic trademark filings and prosecution.

AIPLA supports the development of the second generation of TEAS using a tutorial question/answer approach, but also recommends the continued use of prepared online forms for core trademark transactions. The increased flexibility promised with the proposed second generation of TEAS is positive, but certain online filing forms are efficient and should be maintained. The proposal that experienced users could bypass the Q&A format to display the complete form and proceed with their e-filing makes sense, particularly for high-volume users. The proposed personal accounts and smart-system

that permits transactions or changes based on the status of the application should increase the efficiency of e-filing and responding to office actions. Enhancement of back-end processing functionality for all existing forms to increase automated processing would be required, as the USPTO has noted.

AIPLA recommends that not only should the TEAS and ESTTA interfaces be as consistent as possible, but there should be enhanced electronic communication between the various electronic systems (TEAS, TESS, TARR, TTABVUE, ESTTA and TDR) to increase the efficiency of trademark prosecution and to eliminate delays after disposition of certain issues before the Examining Division and the TTAB.

Notwithstanding the efficiency of and anticipated improvements in e-filing at the USPTO, AIPLA strongly recommends that the USPTO maintain the ability for practitioners and members of the public to file applications and related trademark documents on paper to facilitate filings by *pro se* applicants, small businesses, and lawyers. This is especially important for documents that may not conform to a preset template or otherwise are not contemplated by the enhanced e-filing system.

In addition, as there is with TTAB filings, there should be the capacity, when e-filing, to submit a *sui generis* paper (for example, an executed abandonment of application signed by an adverse applicant) which can simply be filed as an attachment (in PDF or other format) to a general online filing regarding an application. For example, when counsel seeks to have an adverse applicant abandon an application, it is difficult to ask that person to go online, navigate E-TEAS or ESTTA, and abandon its application. It is simpler and more efficient for an attorney to create an express abandonment, send it to the adverse applicant for signature, and then file that express abandonment directly with the USPTO.

The doors to the USPTO should not be closed to paper filings, although such filings will certainly continue to decrease dramatically in the future. Given the vulnerability of electronic systems to routine outages, whether due to power failures, server problems, or software issues, the ability to manually file papers with the USPTO to protect and preserve costly legal rights should be maintained at some level.

AIPLA opposes the proposed elimination of Certificate of Mailing and Express Mailing procedures for all filings as an incentive to increase e-filing. AIPLA prefers the current system, where marginally higher fees are charged for paper filings as opposed to electronic filings, rather than the elimination of the ability to use the mails to file trademark-related papers with the USPTO.

Although we would like to consider the matter more fully, AIPLA generally supports the option of a higher fee for some sort of truly expedited processing of electronically-filed submissions, so long as that expedited processing does not affect or alter the priority filing date (or time) of an electronically filed trademark application. We are concerned, however, that such a fee-tiered processing system might discriminate against small to medium enterprises (“SMEs”).

AIPLA opposes the idea of discriminating between applications or applicants based on the “quality” of the application and the timeliness and medium (e-mail) of

responses to office actions. This proposal is troublesome because it could adversely affect property rights of fully compliant applicants. AIPLA believes that the current “Priority Action” system is preferable and more objective. Any incentives for expedited processing should be completely objective and not left to the subjectivity of individual examining attorneys as to which applications should be handled on an expedited track.

GOAL 3: IMPROVE INTELLECTUAL PROPERTY PROTECTION AND ENFORCEMENT DOMESTICALLY AND ABROAD

Objective #1: Support efforts and initiatives aimed at strengthening intellectual property protection and curbing theft of intellectual property.

Strategy: Increase our presence and activities domestically and internationally to advocate U.S. Government IP policy so that U.S. businesses and innovators can better secure and enforce their IP rights. [EA 1-4]

These initiatives generally include the expansion of foreign postings for IP experts (**EA 1**), expanded global intellectual property academy (**EA 2**), expanded training and capacity building in foreign countries (**EA 3**), and the negotiation and implementation of IPR Chapters of free trade agreements (FTAs) (**EA 4**).

AIPLA Position – AIPLA generally supports these initiatives.

Objective #2: Continue efforts to develop unified standards for international IP practice.

Strategy: Advocate progress towards global harmonization of IP, recognizing that many U.S. applicants conduct their business in a global environment. [EA 5-6]

The underlying initiatives are concerned with advocating progress in intellectual property-related norm setting bodies by promoting the harmonization of global IP systems and reduction of duplication of efforts through bilateral, regional, and multilateral fora (**EA 5**), and the development of guidance for electronic filing and processing for enhanced efficiency, capability, and interoperability of electronic filing and processing systems among IPO offices internationally (**EA 6**).

AIPLA Position – These two initiatives recognize the global nature of intellectual property practice and the concomitant need for simplification and unification of national and regional IP systems. In particular, but without limitation, AIPLA’s position is based on the following:

EA 5 – AIPLA supports such user and office-friendly changes, provided they maintain and preferably improve quality while, where possible, reducing system costs.

EA 6 – AIPLA supports more streamlined electronic filing and processing of patent and trademark applications and, as a member of the industry trilateral group, AIPLA supports the “one application” concept. AIPLA also generally supports the related goals of the

PLT and SPLT, and welcomes initiatives by the Office that encourage or further such goals.

Objective #3: Provide policy guidance on all domestic IP issues.

Strategy: Promote domestic policies that advance the effectiveness of IP. [EA 7]

The underlying initiative includes certain domestic IP reform proposals, including the drafting of legislation to implement intellectual property (IP) treaties (**EA 7**).

AIPLA Position – AIPLA notes the recognition in the Strategic Plan that IP policy initiatives of the Administration would be advanced by establishing patent, copyright, and trademark reform focus groups. Such outreach efforts by the USPTO are sure to pay dividends when positions are developed in concert with those most affected. Unfortunately, all too often in the past proposed rules and draft legislation have been prepared in an apparent vacuum without consideration of the impact outside the walls of the USPTO. AIPLA hopes that this initiative indicates an intention to more aggressively seek counsel from outside those walls, as recently exemplified by “focus sessions” on deferred examination and inequitable conduct.

EA 7 – AIPLA supports these initiatives to the extent that any proposed rules, draft legislation, and treaty provisions are prepared following consultation with and in consideration of the impact on users in the United States.

Strategy: Increase the certainty and effectiveness of IP rights through development in decisional law. [GC 4-5]

AIPLA Position – AIPLA supports the initiative to increase the impact of decisions rendered by the agencies to IP review boards.

GC 4 – AIPLA supports increasing the impact of decisions rendered by the Board of Patent Appeals and Interferences (BPAI) and the Trademark Trial and Appeal Board (TTAB) in developing best practices for patent and trademark examination and allowance.

As to the BPAI, permitting the citation of non-precedential decisions in appeal briefs and automated posting of all BPAI decisions with improved search capability are desirable initiatives. However, AIPLA believes that the selection of test cases and the establishment of examination guidelines that may be the basis for such test cases should be developed with public input. Topics that include plant progeny, motivation to combine, treatment of business methods, written description, and signal claims are controversial, and the USPTO should not proceed unilaterally to develop patent policies through test cases in such areas.

On the trademark side, AIPLA appreciates the TTAB’s increased number of published decisions during 2006 and supports the Board establishing an improved mechanism for receiving suggestions from the bar regarding which non-precedential opinions might be redesignated precedential by the Board. AIPLA agrees that this desired increase in the number of precedential decisions issued by the Board should be

carried out in a way that does not adversely affect the Board's pendency-to-decision time for Board cases.

AIPLA also supports the OGC proposal to change TTAB practice to permit the citation of both precedential and non-precedential Board decisions in briefs filed with the Boards. Such a change is consistent with the amendment to Federal Rules of Appellate Procedure 37.1, which will take effect in the Supreme Court and U.S. Circuit Courts on January 1, 2007. AIPLA recommends that the applicable Board Rules should require that when non-precedential decisions are cited in briefs such decisions are followed by a parenthetical indicating that the decision is "non-precedential."

AIPLA also supports the proposal to increase and enhance the ability to search online for Board decisions. An enhanced search capability, capable of finding and printing decisions where the serial number or proceeding number is not known, would facilitate online research.

AIPLA Position – As a member of the Coalition for Patent Reform, AIPLA supports an "all issues" post-grant review opportunity for all patents during a 9-month window opening upon patent issue, as stated in testimony before Congress and in draft legislation supported by AIPLA. In particular, but without limitation, AIPLA's position is based on the following:

GC 5 – AIPLA opposes USPTO efforts to develop post-grant review legislation without broadly seeking input from the affected stakeholders. Further, AIPLA is surprised by the revelation, for the first time in this strategic plan, that draft legislation has been prepared and that proposed rules are being implemented to implement the expected legislation. Such action by the USPTO, without also at least sharing a copy with the user community, is undesirable and inconsistent with an open and transparent administration of the system.

Objective #4: Foster innovation and competitiveness by delivering IP information and education worldwide, and providing effective customer experiences in obtaining USPTO services.

Strategy: Leverage USPTO's patent, trademark, copyright and enforcement expertise to ensure Americans benefit from the effective use of intellectual property. [DIR 1]

The underlying initiative involves promoting the importance of IP through community outreach and public awareness projects through: (1) communication, (2) education and support, and (3) public awareness.

AIPLA Position – AIPLA supports this initiative in general. In particular, but without limitation, AIPLA's position is based on the following:

DIR 1 – AIPLA supports USPTO assistance to independent inventors, small businesses, and students for purposes of education and protection of innovations globally.

MANAGEMENT GOAL: ACHIEVE ORGANIZATIONAL EXCELLENCE BY:

- **Enhancing a culture of high performance and becoming the employer-of-choice**
- **Ensuring responsible management of resources**

Objective #1: Function as a true business partner that achieves superior enterprise performance and provides strategic leadership.

Strategy: Take a leadership role in developing an enterprise-wide approach to provide reliable and consistent information for decision-making purposes. [CFO 1-3]

AIPLA Position – AIPLA has repeatedly stated that securing adequate and predictable financing of USPTO operations must be the bedrock upon which patent quality initiatives are built. Multi-year strategic plans, such as this Draft Strategic Plan, cannot be fully successful without the flexibility to fund elements of the plan that likewise span fiscal years. AIPLA has and continues to support transforming the USPTO into a government corporation funded by user fees and having the authority to set fees, borrow and invest money, and make such multi-year financial commitments as are necessary to best implement the strategic plan initiatives. However, AIPLA’s support is conditioned upon the institution of mechanisms for accountability and oversight of the progress of the Office in implementing the Strategic Plan. Metrics must be developed and agreed upon with stakeholders that would provide an objective basis for measuring progress and achieving the plan objectives.

CFO 1 – AIPLA supports development of a dashboard that displays integrated executive management information for reporting, analyzing, and monitoring the strategic, financial, operational, and performance health of the USPTO.

CFO 2 – AIPLA supports development of enterprise-wide management analysis expertise.

CFO 3 – AIPLA supports appropriate steps to utilize revenues without fiscal year limitations, and to evaluate, in conjunction with the Administration and Congress, appropriate steps that the USPTO might take to retain and utilize revenues without fiscal year limitations.

Strategy: Recruit, hire, develop and retain employees with competencies for accomplishing our mission. [CAO 1-8]

These initiatives generally involve the provision of an efficient and effective hiring system (**CAO 1**), the enhancement of the diversity of the USPTO workforce (**CAO 2**), ensuring availability of management tools (**CAO 4**), supporting expanded telecommuting and alternative work arrangements (**CAO 5**), developing a sustainable internal communications program (**CAO 6**), ensuring policies and procedures related to a safe and secure workplace (**CAO 7**), and ensuring recognition and reward for high performance (**CAO 8**).

AIPLA Position – AIPLA supports these initiatives in general.

Objective #2: Ensure operational excellence in enterprise-wide management processes.

Strategy: Enhance the capabilities of financial systems and processes. [CFO 4-6]

These initiatives include the establishment of an enterprise-wide approach for financial management (**CFO 4**), the establishment of methods for more accurate and timely prediction of application filings, workloads, and revenues (**CFO 5**), and the provision of a full self-service environment (**CFO 6**), including submission of invoices electronically, reverse auctioning tools, e-travel, etc.

AIPLA Position – AIPLA supports these initiatives in general, but would suggest that the USPTO should collaborate with public user groups with respect to financial transactions of the public with the USPTO.

Strategy: Improve human resources processes and services. [CAO 9-12]

These initiatives include compliance and transparency in HR processes (**CAO 9**), the establishment of HR standards (**CAO 10**), the leveraging of IT in streamlining HR processes (**CAO 11**), and enhancing competencies of HR staff (**CAO 12**).

AIPLA Position – AIPLA generally supports these initiatives.

Strategy: Improve the quality, cost-effectiveness, and timeliness of IP solutions. [CIO 1-2]

These initiatives include the simplification of IT systems and support infrastructure (**CIO 1**). The USPTO has not made details available for **CIO 2**.

AIPLA Position –

CIO 1 – AIPLA supports the aggressive development of IT resources to ensure enterprise-wide operational excellence, including enhanced use of the Internet and implementation of more powerful and robust search engines and the implementation of a text-based PFW system.

CIO 2 – AIPLA questions the underlying details of this initiative and withholds comment on CIO 2 until it is available for review and comment.

Objective #3: Dramatically simplify on-line access to, and availability of, USPTO information and data.

Strategy: Improve user friendliness of online products and services and patent and trademark search systems, provide direct, online access to uncertified copies of USPTO documents, and strive to develop and implement e-government systems for filing and processing that are internationally compatible. [CIO 3]

AIPLA Position –

CIO 3 – AIPLA supports the goal of simplifying access to on-line data and providing on-line services (copies, data, and documents) and encourages collaboration with publicly available resources and commercial enterprises to develop products that have a significant demand.

Conclusion

In conclusion, many of the proposed goals, strategies, and initiatives would advance the quality and timeliness of patent and trademark processing, examination, and issuance. In many instances, however, the initiatives lack details, and in others the initiatives should be reconsidered. AIPLA has, in this letter and earlier comments, offered its suggestions for developing or modifying such initiatives. There are particular initiatives that AIPLA believes to be ill-conceived, burdensome, costly, and counter-productive to a system that must strive to maintain the competitiveness of U.S. industry worldwide. AIPLA welcomes the opportunity to work with the Office to develop systems, engage in pilot programs, monitor performance, and continue to refine the world's leading IP protection system.

Sincerely,

A handwritten signature in black ink that reads "Michael K. Kirk". The signature is written in a cursive, flowing style.

Michael K. Kirk
Executive Director