USPTO Responses to Questions for the Record – Chairman Issa
U.S. House Committee on the Judiciary
Subcommittee on Courts, Intellectual Property and the Internet

"Oversight of the U.S. Patent and Trademark Office"
April 27, 2023
Witness: The Honorable Kathi Vidal, Undersecretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office
Submitted: July 25, 2023

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1. Provisions of the Patent Act and the American Invents Act (AIA) provide rulemaking authority for the agency to promulgate regulations to administer PTAB proceedings. Do you agree that regulations promulgated under this authority must remain within the bounds of the statutes you administer?

Response: Yes, USPTO rulemaking is always undertaken in accordance with the rulemaking authority Congress has provided us in the Patent Act, the AIA, and other relevant statutes. The USPTO will use its statutory authority to ensure that the rules it promulgates advance Congressional intent and that any attempts to misuse PTAB proceedings in contravention of Congressional intent are curbed to the fullest extent of the USPTO's authority.

2. USPTO released an advance notice of proposed rulemaking (ANPRM) last week that proposes a host of new regulations governing PTAB, most of which impose various substantive restrictions on entities seeking PTAB review of patents. Where in the AIA or any other statute are such restrictions mentioned or contemplated?

Response: The USPTO seeks to ensure, through notice and comment rulemaking, that AIA practices align with the USPTO's mission to promote and protect innovation and investment, and with the Congressional intent behind the AIA to provide a less expensive alternative to district court litigation to resolve certain patentability issues while also protecting against "unnecessary and counterproductive litigation costs."[1]

The USPTO started the rulemaking process by soliciting and receiving public comments in response to the Request for Comments on Discretion to Institute Trials Before the Patent Trial and Appeal Board[2] (RFC). While the public generally supported rulemaking on discretionary denial, they differed as to specifics. Additionally, since the RFC was issued, any potential rulemaking has been further informed by subsequent party behavior and public input. Though the USPTO usually goes directly into rulemaking (NPRM) without the additional step of issuing an optional ANPRM, the USPTO believed the rulemaking package on discretionary denial would benefit from the additional, specific public feedback the USPTO now seeks.

[1] H.R. Rep. No. 112−98, pt. 1, at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78; see also id. at 40 (AIA "is designed to establish a more efficient and streamline patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.").
[2] https://www.uspto.gov/patents/ptab/comments-proposed-rules-discretion

As noted by the Office of the Federal Register, the optional ANPRM step is used to solicit "comments aimed at developing and improving the draft proposal or by recommending against issuing a rule."[3] The USPTO's ANPRM does not itself propose rules, but instead seeks input the USPTO will use to determine which rule or rules may be necessary and to propose such rule or rules in upcoming rulemaking efforts. Any rules proposed will rely on the USPTO's existing authorities including those in 35 U.S.C. §§ 2(b)(2)(A), 314(a), 316(a)(2), (a)(4), (a)(6), (b), 317(b), 324(a), 326(a)(2), (a)(4), (a)(6), (b), 325(d), and 327(b). Under these authorities, Congress empowered the Director to prescribe rules related to the conduct of proceedings before the USPTO and those related to implementation of the AIA.

3. Section 311(a) of Title 35 says that anyone who is not the owner of the patent can file a petition seeking review of it. USPTO's proposed rules include a proposed ban on petitions filed by what it calls "for-profit non-competitive" entities. What statutory language does USPTO believe contemplates banning such entities from filing PTAB petitions?

Response: The ANPRM does not itself propose rules, but instead seeks input the USPTO will use to determine what rules, if any, may be necessary and to propose rules in an upcoming NPRM. As noted by the Office of the Federal Register, the optional ANPRM step is used to solicit "comments aimed at developing and improving the draft proposal or by recommending against issuing a rule."[4]

The USPTO is using the ANPRM to collect additional feedback on ways the USPTO can "address potential abuses and current inefficiencies under its expanded procedural authority."[5] Specifically, in response to the RFC and through stakeholder feedback, the USPTO heard concerns that certain for-profit entities engaged in abuse of process or otherwise did not use the IPR process for the purpose for which it was intended.

As set forth in the ANPRM, "[t]o curb the potential for abusive filings, the USPTO is considering changes that would limit institution on filings by for-profit, non-competitive entities that in essence seek to shield the actual real parties in interest and privies from statutory estoppel provisions."[6] The ANPRM further notes:

> "[T]he USPTO understands there may be instances in which entities may pool resources to challenge a patent. For example, where multiple entities are defending infringement claims in district court litigation, or have related interests in challenging the patentability of patent claims, they may join together to challenge the subject patent claims before the PTAB. Such activity may advance the Office's mission and vision and the congressional intent behind the AIA so long as the entities are real parties in interest or in privity, such

[3] https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf (*How does the agency involve the public in developing a proposed rule?*)
[4] https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf (*How does the agency involve the public in developing a proposed rule?*)
[5] H.R. Rep. No. 112-98 Part 1, at 48 (2011).
[6] Advanced Notice of Proposed Rulemaking on Changes Under Consideration to Discretionary Institution Practices, Petition Word-Count Limits, and Settlement Practices for America Invents Act Trial Proceedings Before the Patent Trial and Appeal Board (88 FR 24503, at 24508 (April 21, 2023)).

> that the activity does not work to avoid the effect of statutory provisions or the Office's rules, including those related to estoppel and/or multiple challenges to a patent."[7]

The AIA does not require the Director to institute a review in any case, but gives the Director discretion not to institute a review even where the statutory requirements for institution are met.[8] As the Supreme Court explained, "§ 314(a) invests the Director with discretion on the question whether to institute review."[9] "The Director is permitted, but never compelled, to institute an IPR. And no petitioner has a right to such institution."[10] The Director's authorities on this issue are found in 35 U.S.C. §§ 314(a); 316(a)(2), (a)(6), and (b); 324(a); 326(a)(2)(a)(4).

4. Section 315(b) of Title 35 says that PTAB petitions are barred if they are filed more than one year after service of a complaint alleging infringement of a patent. USPTO's proposed rules include a proposed bar on petitions filed even within the one year period based on how fast the district court reaches trial on average, as well as other proposed restrictions that would cut the one year period short for some petitioners. What statutory language does USPTO believe contemplates reducing the one year time period for filing petitions based on the average speed to trial in district court or any other factor proposed in the ANPRM?

Response: The ANPRM does not itself propose rules, but instead seeks input the USPTO will use to determine what rules, if any, may be necessary and to propose rules in an upcoming NPRM. As noted by the Office of the Federal Register, the optional ANPRM step is used to solicit "comments aimed at developing and improving the draft proposal or by recommending against issuing a rule."[11]

In response to the RFC, though stakeholders generally supported rulemaking with respect to discretionary denial, some stakeholders expressed concerns with the use of trial dates as a factor given that trial dates are unreliable and often change.[12] The ANPRM seeks additional public input on this issue.

The ANPRM states:

> "As an alternative to determining if a trial in the district court action is likely to occur before the projected statutory deadline for a final written decision, and to ensure more

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[7] Id.

[8] See *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018); see also *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (stating that "the agency's decision to deny [an IPR] petition is a matter committed to the Patent Office's discretion").

[9] *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (emphasis in original); *see also Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (stating that "the agency's decision to deny [an IPR] petition is a matter committed to the Patent Office's discretion"); *Oil States Energy Servs., LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365, 1371 (2018) ("The decision whether to institute inter partes review is committed to the Director's discretion.").

[10] *Mylan Lab'ys Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021).

[11] https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf (*How does the agency involve the public in developing a proposed rule?*)

[12] https://www.uspto.gov/sites/default/files/documents/USPTOExecutiveSummaryofPublicViewsonDiscretionaryInstitutiononAIAProceedingsJanuary2021.pdf)

clarity and certainty, the Office is considering whether to adopt a rule providing that the Board will ***not*** invoke its discretion to deny an IPR petition based on a parallel district court proceeding if the IPR petition is filed within 6 months after the date on which the petitioner, a real party in interest, or a privy thereof is served with a complaint alleging infringement of the patent, provided that the petitioner, real party in interest, or privy did not first file a civil action seeking declaratory judgment of noninfringement of any claim of the patent before the date on which such complaint alleging infringement was filed." (emphasis added)

This "6 month" period would not be a bar but, instead, if adopted, would provide a clear, bright-line for petitioners to avoid discretionary denial based on parallel district court proceedings. As further explained in the ANPRM: "The Office recognizes that 35 U.S.C. 315(a)(1) bars institution of an IPR only if, before the date on which the petition for such review is filed, the petitioner or a real party in interest filed a civil action challenging the validity of a claim of the patent, and that 35 U.S.C. 315(b) permits a petition to be filed within one year of service of such a complaint. ***An early-filing exception would not, however, impose any earlier deadlines.*** It would instead merely offer an incentive for a petitioner to proceed promptly with any IPR petition. In the Office's experience, such an incentive is desirable because prompt filing of a petition minimizes the potential for overlapping issues and duplicative efforts that can result from parallel proceedings. For example, prompt filing of an IPR petition could permit a district court to consider the possibility of a stay before it has invested significant resources into a lawsuit or could allow the court to tailor its case management deadlines so that it can take advantage of Board decisions on any overlapping issues." (emphasis added).

Thus, if the USPTO were to propose a 6-month rule in the NPRM, the proposed rule would not bar petitions filed between 6 and 12 months, but instead would incentivize earlier filings.

As to statutory language, the AIA does not require the Director to institute a review in any case. Congress expressly gave the Director discretion not to institute a review even where the statutory requirements for institution are met. [13] As the Supreme Court explained, "§ 314(a) invests the Director with discretion on the question whether to institute review."[14] "The Director is permitted, but never compelled, to institute an IPR. And no petitioner has a right to such institution."[15] This discretion extends to setting standards for discretionarily denying institution if there is a pending parallel district court action involving claims challenged in the IPR or PGR to reduce overlap with parallel proceedings. The Director retains discretion under 35 U.S.C. §§ 314(a) and 324(a) to deny institution of an IPR or PGR in circumstances in which such parallel proceedings in district court would result in significant inefficiency or in which there is

[13] See *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018); see also *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (stating that "the agency's decision to deny [an IPR] petition is a matter committed to the Patent Office's discretion").
[14] *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (emphasis in original); *see also Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (stating that "the agency's decision to deny [an IPR] petition is a matter committed to the Patent Office's discretion"); *Oil States Energy Servs., LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365, 1371 (2018) ("The decision whether to institute inter partes review is committed to the Director's discretion.").
[15] *Mylan Lab'ys Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021).

gamesmanship or harassment.[16] Any regulations proposed by the USPTO in a future NPRM on related matters would rely on these and other existing authorities.

5. Currently, certain judicial districts have an average time to trial less than 18 months such that anyone sued for infringement in those districts would be presumptively banned from filing PTAB petitions unless they meet various new requirements under the rules proposed in the ANPRM. Where in Section 315(b), or any other statutory provision, is the basis for banning petitions based on which court they are sued in?

Response: The ANPRM does not itself propose rules, but instead seeks input the USPTO will use to determine what rules, if any, may be necessary and to propose rules in an upcoming NPRM. As noted by the Office of the Federal Register, the optional ANPRM step is used to solicit "comments aimed at developing and improving the draft proposal or by recommending against issuing a rule."[17]

The goal of the ANPRM is to gather input to ensure AIA practices align with the USPTO's mission to promote and protect innovation and investment, and with the Congressional intent behind the AIA to provide a less expensive alternative to district court litigation to resolve certain patentability issues while also protecting against unnecessary and counterproductive litigation costs.[18] The ANPRM seeks comments from the public on the Office's practice of exercising discretion to reduce overlap with parallel proceedings, particularly when trial in a parallel court proceeding would precede a final written decision from the Office.[19]

As to statutory language, the AIA does not require the Director to institute a review in any case, but gives the Director discretion not to institute a review even where the statutory requirements for institution are met.[20] As the Supreme Court explained, "§ 314(a) invests the Director with discretion on the question whether to institute review."[21] "The Director is permitted, but never compelled, to institute an IPR. And no petitioner has a right to such institution."[22]

In addition, the AIA states that "the Director shall prescribe regulations . . . establishing and governing inter partes review . . . and the relationship of such review to other proceedings under

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[16] 35 U.S.C. §§ 316(b) and 326(b).
[17] https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf (*How does the agency involve the public in developing a proposed rule?*)
[18] H.R. Rep. No. 112−98, pt. 1, at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78; see also id. at 40 (AIA "is designed to establish a more efficient and streamline patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.").
[19] See, e.g., Fintiv, 2020 WL 2126495, at *2–7 (summarizing the factors the Office has considered when a patent owner argues for discretionary denial due to an earlier court trial date).
[20] See *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018); see also *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (stating that "the agency's decision to deny [an IPR] petition is a matter committed to the Patent Office's discretion").
[21] *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (emphasis in original); *see also Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (stating that "the agency's decision to deny [an IPR] petition is a matter committed to the Patent Office's discretion"); *Oil States Energy Servs., LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365, 1371 (2018) ("The decision whether to institute inter partes review is committed to the Director's discretion.").
[22] *Mylan Lab'ys Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021).

this title."[23] Any such regulations are to be informed by any "effect on the economy" and "the integrity of the patent system," among other considerations.[24] This would include the interplay between a PTAB proceeding and any co-pending civil action for infringement under 35 U.S.C § 271 or to invalidate the challenged patent under 35 U.S.C. § 282(b). The discretion authorized under the statute extends to setting standards for discretionarily denying institution if there is a pending parallel district court action involving claims challenged in the IPR or PGR to reduce overlap with parallel proceedings that would result in significant inefficiency or in which there is gamesmanship.[25] This includes considering as one factor whether trial in a parallel court proceeding would precede a final written decision from the Office. Any regulations proposed by the USPTO in a future NPRM would rely on these existing authorities.

6. Section 314(a) of Title 35 says that, in all cases, you cannot institute an IPR unless the petition shows a "reasonable likelihood of prevailing." USPTO's proposed rules include a proposed change to that standard in certain cases, requiring the petition to instead show "compelling evidence of unpatentability." What statutory language contemplates that the Section 314(a) standard will be modified to this "compelling evidence" standard in certain cases?

Response: The ANPRM does not itself propose rules, but instead seeks input the USPTO will use to determine what rules, if any, may be necessary and to propose rules in an upcoming NPRM. As noted by the Office of the Federal Register, the optional ANPRM step is used to solicit "comments aimed at developing and improving the draft proposal or by recommending against issuing a rule."[26]

The ANPRM seeks feedback on whether "in certain circumstances, when a challenge presents compelling merits the proceeding will be allowed to proceed at the Board ***even where the petition would otherwise potentially be a candidate for discretionary denial***."[27] In addition to which circumstances the "compelling merits" standard should apply, the ANPRM further seeks feedback on the "compelling merits" standard itself. As stated in the ANPRM, "[c]onsistent with the intent of the AIA and our mission, it is only this high certainty that would compel the Board to review claims for the public benefit when other considerations favor discretionary denial."[28]

The AIA does not require the Director to institute a review in any case in which the "reasonable likelihood of prevailing" standard is met, but gives the Director discretion not to institute a review even where the statutory requirements for are met.[29] As the Supreme Court explained, "§

[23] 35 U.S.C. § 316(a)(4) and 316(b). See also 35 U.S.C. § 326(a)(4) (applicable to PGRs).
[24] Id. at § 316(b).
[25] 35 U.S.C. §§ 314(a), 316(a)(4) and 316(b).
[26] https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf (*How does the agency involve the public in developing a proposed rule?*)
[27] ANPRM at 24507 (emphasis added).
[28] Id.
[29] See *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018); see also *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (stating that "the agency's decision to deny [an IPR] petition is a matter committed to the Patent Office's discretion").

314(a) invests the Director with discretion on the question whether to institute review."[30] "The Director is permitted, but never compelled, to institute an IPR. And no petitioner has a right to such institution."[31] In addition, the AIA statute states that "the Director shall prescribe regulations . . . establishing and governing inter partes review . . . and the relationship of such review to other proceedings under this title."[32] Any such regulations are to be informed by any "effect on the economy" and "the integrity of the patent system," among other considerations.[33] Any regulations proposed by the USPTO in a future NPRM would rely on these and other existing authorities.

7. USPTO's recent notice proposes rules that would ask PTAB judges to investigate the petitioner's relationships to third parties, contractual agreements, corporate structures, investments in certain products or services, and other such issues. Although they are experts in patent law and have scientific or technical expertise, do you believe PTAB judges have appropriate expertise and are equipped to address all of those issues as well?

Response: The ANPRM does not itself propose rules, but instead seeks input the USPTO will use to determine what rules, if any, may be necessary and to propose rules in an upcoming NPRM. As noted by the Office of the Federal Register, the optional ANPRM step is used to solicit "comments aimed at developing and improving the draft proposal or by recommending against issuing a rule."[34]

Congress specifically contemplated having the PTAB determine issues of corporate and contract law as it relates to the consideration of real party in interest and privity under 35 U.S.C. §§ 315(a)(1), (a)(2), (b), (e)(1), (e)(2), and 325(a)(1), (a)(2), (e)(1) and e(2). Further, 35 U.S.C. §§ 312(a)(2) and 322(a)(2) require a petitioner to identify all real parties in interest.

The PTAB already applies the common law formulations of "real party in interest" and "privy" to ensure that entities related to a party in an AIA proceeding are considered when evaluating conflicts and the effect of estoppel provisions.[35] For example, relationships based on corporate structure, contract, or financial interest are often considered by the PTAB in identifying real parties in interest or those in privity with a party to the proceedings. The PTAB also considers similar factors when analyzing discretionary denial of serial petitions. Thus, the PTAB judges have been adjudicating these issues since the implementation of that AIA over a decade ago, in accordance with the current state of the law, and have built up the appropriate expertise on these issues.

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[30] *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (emphasis in original); *see also Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (stating that "the agency's decision to deny [an IPR] petition is a matter committed to the Patent Office's discretion"); *Oil States Energy Servs., LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365, 1371 (2018) ("The decision whether to institute inter partes review is committed to the Director's discretion.").
[31] *Mylan Lab'ys Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021).
[32] 35 U.S.C. § 316(a)(4) and 316(b). See also 35 U.S.C. § 326(a)(4) (applicable to PGRs).
[33] Id. at § 316(b).
[34] https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf (*How does the agency involve the public in developing a proposed rule?*)
[35] See Consolidated Trial Practice Guide, 12–18 (Nov. 2019) (citing Taylor v. Sturgell, 553 U.S. 880 (2008)).

Any possible proposed rule requiring disclosure of such information by a party would improve transparency with regard to proceedings before the PTAB and would assist in proper conflicts and other determinations without entailing adjudications different in kind from the adjudications the PTAB judges already perform.

8. Where in the AIA, or any other statute, do you believe Congress contemplated PTAB judges adjudicating issues of corporate law, contract law, finance, business practices, etc.?

Response: Congress specifically contemplated having the PTAB determine issues of corporate and contract law as it relates to the consideration of real party in interest and privity under 35 U.S.C. §§ 315(a)(1), (a)(2), (b), (e)(1), (e)(2), and 325(a)(1), (a)(2), (e)(1) and (e)(2). Further, 35 U.S.C. §§ 312(a)(2) and 322(a)(2) require a petitioner to identify all real parties in interest. As set forth in the previous response to Question 7, the PTAB has developed appropriate expertise on these issues.

9. USPTO's recent notice proposes some rules it says are aimed at preventing repeated abusive attacks on patents at PTAB. But two studies that USPTO has conducted and published indicate that very few PTAB cases involved repeated serial attacks on patents. Does USPTO believe that repeated serial attacks on patents is a substantial problem, and what data is the agency relying on that supports that conclusion?

Response: The ANPRM does not itself propose rules, but instead seeks input the USPTO will use to determine whether rules may be necessary at some point in the future, and if so, which ones. As noted by the Office of the Federal Register, the optional ANPRM step is used to solicit "comments aimed at developing and improving the draft proposal or by recommending against issuing a rule."[36]

While USPTO's analysis and review of data indicate that there are a relatively small number of serial challenges, the data suggests that it is the USPTO's own practices that have resulted in a further reduction in those challenges. Indeed, over the past several years, the USPTO, via precedential decisions and written guidance in the trial practice guide, has issued guidance to its APJs and practitioners on how to address multiple petition challenges. As the USPTO studies have shown, this guidance has markedly reduced the number of multiple petition challenges filed by petitioners. The few successful multiple challenges per year represent situations where petitioners seek accommodation under extenuating circumstances and the safe harbors set out in the guidance (e.g., when challenging a large number of patent claims, or to correct minor errors).

The USPTO believes that there is a public benefit to potentially codifying and clarifying its existing practice related to repeated serial challenges through notice and comment rulemaking. And, indeed, based on responses to the RFC, stakeholders generally support rulemaking with respect to discretionary denial. The proposals in the ANPRM seek to potentially codify the approaches that have shown to be successful in diminishing the frequency and potential for unfair multiple petition challenges and to solicit feedback on potential further refinements.

[36] https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf (*How does the agency involve the public in developing a proposed rule?*)

10. USPTO, like all executive agencies, must comply with the Congressional Review Act (CRA) for any agency statement "of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements" of the USPTO, and that compliance is required before any such statement takes effect, as set forth in 5 U.S.C. § 801(a). Does USPTO intend to comply with the Congressional Review Act and submit the required report and materials to Congress and the Comptroller General before any final rule is ultimately issued from your recent ANPRM?

Response: USPTO always complies with the requirements of the CRA when it undertakes rulemaking, and intends to submit any required report and materials to Congress and the Comptroller General in connection with any final rule resulting from the rulemaking process that has begun with the recent ANPRM.

11. Does USPTO agree that its subject matter eligibility guidances have general or particular applicability and future effect since they apply to all patent applications currently pending and filed in the future; that the guidances are designed to implement, interpret, or prescribe law or policy; and that the guidances describe the procedure or practice requirements of USPTO, including that of patent examiners and PTAB?

Response: USPTO's subject matter eligibility guidance – which has been incorporated into the Manual of Patent Examining Procedure (MPEP) Sections 2103 through 2106.07(c) – explains how Office personnel including patent examiners should evaluate claims for patent subject matter eligibility under 35 U.S.C. 101. This guidance relates to agency management and personnel, because it instructs agency personnel how to apply Section 101, does not prescribe law or policy, and is not binding on the public.

12. Does USPTO agree that its 2022 memorandum prescribing guidance as to discretionary denials of PTAB petitions has general or particular applicability and future effect since it applied to all PTAB petitions pending at that time or filed in the future; that the memorandum is designed to implement, interpret, or prescribe policy; and that the memorandum describes the procedure or practice requirements of USPTO and PTAB?

Response: The June 2022 memo sought to memorialize current practice to provide transparency to the public and ensure consistency across PTAB panels going forward. This memo relates to agency management and personnel, because it instructs agency personnel how the Director intends them to exercise the authority over AIA trials she delegated to PTAB.

13. Does USPTO agree that at least some of its designations of precedential PTAB decisions have general or particular applicability and future effect because they are binding on all PTAB judges and apply to all cases going forward; that those designations are designed to implement, interpret, or prescribe law or policy; and that those designations describe the procedure or practice requirements of USPTO and PTAB?

Response: Decisions deemed precedential are intended to provide transparency and consistency for future PTAB panels and decisions rather than to engage in rulemaking through the use of precedent. Precedential decisions relate to agency management and personnel, because they instruct PTAB judges how the Office intends to address similar scenarios when they arise in future AIA trials. The USPTO is proceeding with notice and comment rulemaking, building on the feedback received from the RFC with the current ANPRM.

14. The stated basis for many of USPTO's PTAB rules such as the NHK/Fintiv rule and many of the proposed rules in its recent ANPRM is Section 314(a). Does USPTO believe that Section 314(a) grants the Director the authority to impose any condition on institution that the Director deems appropriate and, if not, what are the limits on the Director's authority?

Response: The statutory language allowing for discretionary denials is based on the AIA statute which does not require the Director to institute a review in any case, but gives the Director discretion not to institute even where the statutory requirements for institution are met. [37] As the Supreme Court explained, "§ 314(a) invests the Director with discretion on the question whether to institute review."[38] "The Director is permitted, but never compelled, to institute an IPR. And no petitioner has a right to such institution."[39]

The Director's institutional authority is not without some limits. The primary limit is found in 35 U.S.C. § 314(a) itself, which precludes institution of an inter partes review if the petitioner fails to demonstrate "a reasonable likelihood" that at least one challenged claim is unpatentable. Additionally, the Federal Circuit has explained that "there is no reviewability of the Director's exercise of [the Director's] discretion to deny institution except for colorable constitutional claims."[40] Thus, in exercising her discretion to deny institution, the Director cannot act in a way that violates the Constitution.

15. In recent years, USPTO has been inundated with trademark applications originating in China that seek registration of marks often based on fraudulent information. The Chinese Communist Party and the government has, in the past, provided incentives to encourage this practice. Has the President or any Biden Administration official, including yourself, discussed the issue of fraudulent trademark registration filings with the Chinese government, and if so, what has been the response of the Chinese government?

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[37] See *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018); see also *Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (stating that "the agency's decision to deny [an IPR] petition is a matter committed to the Patent Office's discretion").

[38] *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348, 1356 (2018) (emphasis in original); *see also Cuozzo Speed Techs., LLC v. Lee*, 579 U.S. 261, 273 (2016) (stating that "the agency's decision to deny [an IPR] petition is a matter committed to the Patent Office's discretion"); *Oil States Energy Servs., LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365, 1371 (2018) ("The decision whether to institute inter partes review is committed to the Director's discretion.").

[39] *Mylan Lab'ys Ltd. v. Janssen Pharmaceutica, N.V.*, 989 F.3d 1375, 1382 (Fed. Cir. 2021).

[40] *Mylan*, 989 F.3d at 1382.

Response: On February 21, 2023, I met virtually with the China National Intellectual Property Administration's (CNIPA's) Commissioner Shen Changyu and a delegation from CNIPA. At that meeting, I raised a number of concerns about China's intellectual property-related policies, including those relating to the use of subsidies and other incentivization mechanisms.

In response, Commissioner Shen provided updates on the use of intellectual property as collateral within the People's Republic of China, a policy that incentivizes businesses to seek patent protection and file for trademark registration. Commissioner Shen reported that in 2022, 486.8 billion RMB, or approximately 70 billion USD had been loaned using intellectual property as collateral. In addition, Commissioner Shen asserted that CNIPA was committed to eliminating bad faith trademark and irregular patent applications.

I responded by highlighting USPTO concerns about China's subsidies and their negative impact on USPTO, CNIPA and other foreign intellectual property offices, and asked for further updates on China's subsidization programs based on prior representations CNIPA had made about the PRC phasing out any patent subsidy programs.

In response, Commissioner Shen asserted that CNIPA shared the USPTO's concerns about the subsidization of IP applications, and further asserted that local governments –not the central government or CNIPA–issue these subsidies. In addition, Commissioner Shen noted that in 2020, CNIPA issued a notice to local governments on the elimination of all subsidies for applications, and that their goal is to eliminate all subsidies by 2025.

The USPTO continues to engage on this matter with relevant PRC trademark authorities, and will continue to monitor the subsidization and incentivization programs.

16. You've often spoken about the importance and need for strong IP protections for U.S. innovators throughout the world. Do you agree that allowing China and other foreign competitors to waive the IP rights of U.S. innovators is harmful to those innovators and to our country?

Response: As I have emphasized since becoming Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (USPTO) in April 2022, our nation needs the progress and growth that IP protection and enforcement provide. To that end, the United States needs a robust and reliable world-wide IP ecosystem that cultivates an innovation mindset and catalyzes inclusive innovation and entrepreneurialism—one that drives economic prosperity, U.S. competitiveness, supply chain resiliency, national security, and creative problem-solving. The USPTO collaborates with its counterpart IP offices not only on global solutions, but also country-specific solutions. The USPTO also provides input to the Office of the United States Trade Representative (USTR) for the Special 301 Report which identifies a wide range of concerns and challenges raised by U.S. stakeholders regarding IP protection and enforcement, as well as market access, in many trading partners around the world.

U.S. right holders have expressed a range of concerns about the IP landscape in China, including bad faith misappropriation of trademarks, widespread counterfeiting and piracy, theft of trade secrets, infringement of patents, government interference with licensing transactions, a lack of

transparency and due process in standards essential patent disputes, and limited access to Chinese standards-setting processes.

The USPTO is in close contact with a wide variety of U.S. right holders to ensure we have up-to-date information about their experiences and concerns. Working directly with the Chinese government or in combination with USTR, and other agencies, including ITA, the USPTO presses for reform to laws, regulations, judicial practices, and examination procedures across the full range of intellectual property rights. We also actively reach out to U.S. right holders through virtual and in-person engagements, and free written materials, to educate American businesses about challenges and opportunities in the protection and enforcement of intellectual property rights in China. The U.S. also supports U.S. government-wide efforts to address threats posed by China, including by advising and coordinating with other U.S. government agencies on strategies to promote U.S. IP policy and encourage effective IP protection and enforcement in China. The same applies to threats to IP posed by other countries.

17. China supported the waiver of IP protections on COVID-19 vaccines by the WTO, as did the Biden Administration before you became USPTO Director. Do you agree that China's biopharmaceutical industry has or will substantially benefit from having unfettered access to U.S. intellectual property on advanced vaccine and vaccine manufacturing technology?

Response: To the extent that this question seeks information about the consensus decision by ministers of World Trade Organization (WTO) Members to adopt the June 2022 Ministerial Decision on the TRIPS Agreement at 12th WTO Ministerial Conference (MC12), the USPTO respectfully directs you to USTR. China has made a binding commitment not to avail itself of the June 2022 Ministerial Decision.[41]

18. The WTO is currently considering expanding the IP waiver to additional technologies, namely technology that could be used in therapeutics or diagnostics for COVID-19 regardless of whether they have other uses or applications. Do you agree that China's biopharmaceutical industry would substantially benefit from having unfettered access to U.S. intellectual property on these technologies?

Response: On December 16, 2022, USTR requested that the U.S. International Trade Commission (ITC) launch an investigation into COVID-19 diagnostics and therapeutics and provide information on market dynamics to help inform the discussion around supply and demand, price points, the relationship between testing and treating, and production and access. The ITC's report is due to USTR on October 17, 2023. The report will be public, and the USPTO awaits its findings. To the extent that this question seeks information about ongoing negotiations on this issue occurring among Members at the WTO, the USPTO respectfully directs you to USTR.

[41] https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/IP/C/W690.pdf&Open=True

19. Although the Biden Administration supported the initial WTO IP waiver, it supported delaying the decision on whether to expand the waiver. Were you or USPTO consulted when the Administration made the decisions on the initial waiver and the delay of the waiver's expansion, and if not, why not?

Response: I was confirmed as Under Secretary of Commerce for Intellectual Property and Director of the USPTO on April 5, 2022, roughly one year after USTR announced the Biden-Harris Administration's support for a waiver of IP protections for COVID-19 vaccines, and about two months before the consensus decision by ministers of WTO Members to adopt the June 2022 Ministerial Decision on the TRIPS Agreement at MC12. That said, starting many months before both my arrival at USPTO and the MC12 conference, USTR conducted a U.S.-government interagency consultation process on this issue through the Trade Policy Staff Committee (TPSC). At that time, USPTO shared its perspectives and continues to do so in the TPSC process.

20. Is USPTO aware of any data indicating that IP rights held by U.S. businesses contributed significantly to any country's inability to vaccinate its population for COVID-19, and if so, what is that data?

Response: IP protection incentivizes the development of pharmaceutical technologies, including vaccines. Indeed, IP protection enabled the collaboration necessary for the unprecedented development of COVID-19 vaccines. The USPTO has not evaluated whether IP rights held by U.S. businesses contributed significantly to any country's inability to vaccinate its population for COVID-19.

21. Do you believe entities that have been sanctioned by the U.S. government, such as being placed on the Department of Commerce's Entity List, should continue to be able to apply for and receive U.S. patents, or enforce those patents against Americans?

Response: The USPTO strives to foster IP ecosystems at home and abroad that promote fair competition. The USPTO focuses on driving innovation and commercialization of that innovation for the betterment of the U.S. economy and society at large. With respect to decisions regarding the sanctioning of entities by the U.S. government, the USPTO respectfully directs you to the government offices responsible for implementing those programs. For example, with respect to the placement of entities on the Department of Commerce's Entity List, that office would be the Department of Commerce's Bureau of Industry and Security (BIS). In addition, the USPTO continues to work with BIS and across government on issues that impact the U.S. and U.S. stakeholders as well as U.S. innovation and competitiveness.

22. Successive Administrations of both parties have identified countless instances of Chinese theft of U.S. intellectual property, Chinese attacks on U.S. trademarks via a flood of counterfeit goods, Chinese piracy of copyrighted content by U.S. creators, Chinese attempts to unfairly dominate international standard setting via patents, and other IP-related misconduct. What should Congress and USPTO prioritize and do to best support U.S. innovators and the American public against these urgent threats?

Response: The USPTO is pursuing five main lines of effort to protect America's innovators, creators, and brand owners.

First, through its team of experts based at USPTO headquarters and in three cities in China, USPTO engages and educates U.S. rights holders on the importance of IP protection, including outreach to American IP right holders on challenges in protecting and enforcing intellectual property rights in China. These efforts include providing free online written materials designed to be especially helpful to small- and medium-sized enterprises, free in-person seminars and webinars featuring government, business, and academic experts on U.S. and China intellectual property systems, such as the USPTO's "China IP Roadshows," and engaging with American rights holders in two-way information exchanges to accurately assess rights holders' needs and in private one-on-one meetings as requested, including consultations with the USPTO's China-based personnel.

Second, the USPTO engages with its counterparts at both the national and local levels in the PRC Government to advance U.S. interests, press for legal reform, provide training, and share illustrative rights holder experiences. The USPTO will continue to press China to level the playing field for American companies and rights holders via multilateral and bilateral vehicles to ensure that China complies with its international and bilateral treaty obligations involving IP, including full implementation of all intellectual property commitments of the Economic and Trade Agreement between the Government of the United States of America and the Government of the People's Republic of China (also known as the Phase One Trade Agreement).

Third, the USPTO focuses on capacity building for protection and enforcement of IP in key countries along international trade routes, improving IP systems in key transit points around the world to reduce the flow of counterfeit and piratical goods.

Fourth, the USPTO serves as a resource for the executive and legislative branches to advise on PRC-related IP issues including the preparation of reports on critical IP issues, such as China's use of subsidies for patent and trademark applications, which have cluttered IP registries and injured legitimate rights holders. The USPTO will continue to serve as a resource for technical evaluation of draft legislation upon request.

Fifth and finally, the USPTO supplements bilateral engagement by coordinating with like-minded foreign governments bilaterally and in multilateral forums to pursue initiatives that address China IP concerns.

23. How does USPTO measure success in improving patent quality, and how does USPTO determine whether any particular patent quality initiative is successful?

Response: The USPTO monitors patent quality using a variety of indicators including patent quality metrics, process measures, and perception surveys.

The patent quality metrics are determined from a random sample of Office actions reviewed by the Office of Patent Quality Assurance (OPQA) for statutory compliance. For fiscal year (FY) 2023, through the end of quarter 2, the percentage of Office actions reviewed that meet statutory compliance for each statute is:

- 35 USC 101: 98.3%
- 35 USC 102: 96.4%
- 35 USC 103: 92.1%
- 35 USC 112: 94.5%

The granularity of data obtained by reviewing all claims in an Office action for statutory compliance provides meaningful feedback to Technology Center (TC) management and quality assurance specialists and facilitates the identification of quality trends, training opportunities, as well as an evaluation of recent training at the examining corps level and below. In addition to the random reviews that underpin the statutory compliance metric, OPQA conducts numerous other reviews throughout each fiscal year, often in partnership with the TCs.

The USPTO also leverages process measures that assist the agency in tracking the efficiency and consistency of the examination processes. This includes evaluating certain types of transactions in the Patent Data Portal (PDP) as well as use of a standard review form to identify trends and examiner behaviors indicative of either best practices, potential quality concerns and consistency of practice.

Since 2006, the USPTO has conducted both internal and external stakeholder perception surveys semi-annually. The internal quality survey administered to patent examiners focuses on internal and external factors impacting examiners' ability to provide high-quality patent examination. The external survey gathers perceptions about examiners' adherence to rules and procedures and satisfaction with search and prior art. The results of these surveys are a vital quality indicator and used to validate other USPTO quality related metrics assuring alignment with our stakeholders' perceptions. While the survey questions remain static to facilitate longitudinal analyses, a single open-ended question is incorporated during each enumeration to explore current topics of interest to the USPTO, such as specific effects of recent quality efforts or considerations for pending quality initiatives The key performance measure obtained from the external perception survey is a quality Net Promoter Score (NPS) that measures the net difference of customers rating overall examination quality as "good or excellent" and those reporting quality of work product as "poor or very poor". An NPS target of greater than 50 is sought by USPTO, which is a widely-adopted threshold to signify the healthy performance of an organization. The quality-related NPS for USPTO has remained strong over the past two years and is currently well above target at 57. Recent improvements in the score can be attributed to a focus on response to applicant's arguments, a statistically-derived key driver of customer perceptions. The monitoring of these indicators supports the investigation of specific quality issues relevant to our stakeholder community as well as to the specific needs of each TC providing insight into whether patent quality is improving as well as whether a particular patent quality initiative is successful.

In addition to measuring the success of our ongoing quality initiatives, the USPTO continues to implement new initiatives including the Post Grant Outcomes, a collaborative effort between the Patent Trial and Appeal Board (PTAB) and the Patents (examination) division to establish a learning loop, which leverages and readily introduces PTAB decisions into patent examination to improve patent prosecution. In April 2023, the USPTO launched a new Research and Development (R&D) Unit to drive transformative innovation and improvements in patent

examination practices. Focused on sound problem solving principles and data-driven decision making, the R&D Unit comprises a group of examiners drawn from all utility patent technology areas. The unit explores potential solutions to challenges faced in a complex examination system and then tests initiatives for efficacy and impacts on a multitude of factors, including quality, pendency, and employee and customer experiences. Using standardized procedures to create, develop, and analyze clear measures of success for the initiative allows the unit to determine whether the initiative is successful in meeting its stated objectives before the agency decides to pursue it on a larger scale.

USPTO Responses to Questions for the Record – Ranking Member Johnson
U.S. House Committee on the Judiciary
Subcommittee on Courts, Intellectual Property and the Internet

"Oversight of the U.S. Patent and Trademark Office"
April 27, 2023
Witness: The Honorable Kathi Vidal, Undersecretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office
Submitted: July 25, 2023

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1. I am concerned by the statistics showing continued underrepresentation of women and minority groups as inventors on patents. What steps is the USPTO taking to make patenting more inclusive?

Response: The USPTO shares your concerns. USPTO has established new programs and expanded and/or improved existing programs that contribute to closing the patent gap and increasing the diversity of inventor-patentees. These initiatives include:

- **Patent Pro Bono Program.** The USPTO has been working to expand its Patent Pro Bono Program, which provides free legal services for financially under-resourced independent inventors and small businesses. In 2022, the USPTO increased annual funding for the program by 42% to $1.2 million. Pro bono counsel is critical in assisting under-represented inventors and serves as a bridge to our Country's innovation economy. The Unleashing American Innovators Act supports the USPTO's efforts to further build the USPTO's pro bono programs, calling for a study on these programs and the USPTO's work with the USPTO's Pro Bono Advisory Council, the regional program operators, and IP law associations across the country. It also calls for the expansion of income eligibility to allow more innovators to benefit from these programs, putting the threshold of an individual's gross household income at 400% of the federal poverty line. The USPTO has also begun to collect demographic information of applicants of its patent pro bono program for calendar years 2021 and 2022 to better understand and assess the effectiveness of this program in providing access to the patent system by underserved and underrepresented communities. The data collected in 2022 shows that while the number of women inventors named on patents remains around 13%, the percentage of pro bono participants benefitting from the pro bono services is 43% women, 35% African American or black, 13.8% Hispanic American, 7.9% veteran, 6.1% Asian American or Native Pacific Islander, and 1.6% American Indian or Alaskan Native. The USPTO will use this data to better understand the barriers certain underrepresented groups face in participating in the patent system and ways to improve our programs to address this.
- **Patent Trial and Appeal Board (PTAB) Pro Bono Program.** In 2022, the USPTO launched its PTAB Pro Bono Program in conjunction with the PTAB Bar Association. This program matches volunteer patent professionals with financially under-resourced

inventors to provide free legal assistance in preparing ex parte appeals to the PTAB. The USPTO plans to expand the program to America Invents Act proceedings in 2023.

- **Law School Clinic Certification Program.** The USPTO has expanded participation in the existing law school clinic program to a record high of more than 60 law schools around the country that provide free legal services to the public, including to inventors, entrepreneurs, and small businesses. The USPTO recently expanded the program by adding three new law schools, and we also extended the deadline to apply for the program through January 2024 to allow additional law schools to join. This spring, I sent a letter to U.S. law schools personally inviting them to join the law school clinic certification program.

- **Pro se and First-time Applicant Programs.** As part of its ongoing efforts to make the patent system more inclusive, the USPTO has focused on developing programs to help pro se and first-time applicants:

    - **First-time Filer Expedited Examination Pilot Program.** The USPTO is working on implementing a new pilot program to provide first-time micro entity filers with expedited examination during the agency's initial review of a patent application at no additional charge. The pilot program website will provide a collection of free training resources for applicants to help ensure their success.

    - **Patent Pre-prosecution Patentability Pilot Program.** The USPTO is developing a pilot pre-prosecution assessment program to support first-time applicants by assessing the strengths and weaknesses of their potential patent applications.

    - **IP Identifier.** In January 2023, the USPTO launched its new IP Identifier tool. This user-friendly, virtual resource is designed for those who are less familiar with IP. With the IP Identifier tool, a small business can better understand if its idea or creation is IP and how patents, trademarks, and copyrights may help protect this IP as the business owners establish and/or grow their business.

    - **Stakeholder Application Readiness Training.** In October 2022, the USPTO launched its Stakeholder Application Readiness Training. This virtual course provides training, tailored to the approximately 7,000 pro se applicants (those without legal counsel) such as individual inventors and small businesses, about the patent filing process and provides resources for submitting a nonprovisional patent application. The most recent training session was held in January 2023.

- **Council for Inclusive Innovation (CI^2).** The USPTO plays a vital role in the government's Council for Inclusive Innovation (previously the National Council for Expanding American Innovation). CI^2 works across government to eliminate barriers to the innovation system and meet people where they are with the resources they need to increase American innovation and entrepreneurship. The program is currently pursuing several initiatives including establishing the Innovation Internship Program to provide hands-on training to community college and university students; supporting the creation

of the First-time Filer Expedited Examination Pilot Program and the expansion of the USPTO's Law School Clinic Certification Program and regional Patent Pro Bono Program, as described above; and coordinating and amplifying the USPTO's nationwide community outreach campaign targeted at communities with historically low patent participation rates.

- **Black Innovation and Entrepreneurship Program.** Expanded in 2021 to include monthly rather than annual programming, the Black Innovation and Entrepreneurship Program spotlights Black inventors and entrepreneurs across the United States to showcase their legacy contributions to America's ingenuity and innovation. The program events feature discussions with remarkable innovators, explorations of entrepreneurship, seminars focusing on how to obtain and use IP, and information about helpful USPTO resources. This year was the first time the USPTO held a hybrid program from Morgan State University in Baltimore, Maryland. The newly created hybrid option expanded accessibility to participants who were not able to attend in person. The USPTO is also looking to expand the in-person program, which was previously held at historically Black colleges and universities (HBCUs) in the Southern region of the United States, to HBCUs in other regions of the country.

- **Women's Entrepreneurship Initiative.** The USPTO recently launched the Women's Entrepreneurship (*WE*) initiative with the Director and Secretary of Commerce Gina Raimondo. The initiative serves to empower more women leaders, advance the conversation around challenges and opportunities for women-owned businesses, inspire more women, and tap into their potential to meaningfully increase equity, job creation, and economic prosperity through entrepreneurship. While women represent the fastest growing category of entrepreneurs worldwide, they are less likely to be able to secure the capital and the IP protections they need to attract investment and become sustainable. To help address this, the initiative includes a new resource hub[42] that provides key information about IP protections to aspiring women entrepreneurs, as well as resources that help women connect with each other, identify sources for funding, and launch their own businesses. *WE* will build on efforts across the private sector and government to inspire and support startups and aspiring women entrepreneurs.

- **E-commerce for Native American Artists and Craftspeople.** Native American, Alaska Native, and Native Hawaiian visual artists and craftspeople face unique challenges with the shift to online sales and continued limits on attendance at local arts and crafts fairs, where their work has traditionally found a home. From February through December 2022, the USPTO held a series of monthly free webinars in collaboration with the U.S. Department of the Interior's Indian Arts and Crafts Board and the nonprofit Indian Dispute Resolution Services, founder of the Acorn Project for Native American small businesses. These 11 webinars offered information and guidance to Native American visual artists from experienced entrepreneurs, e-commerce sellers, IP specialists, artists, craftspeople, and others on how to navigate today's e-commerce environment. The

[42] www.uspto.gov/initiatives/we

USPTO is in direct communication with stakeholders in this area and is planning additional events and programming.

- **AccessUSPTO.** In June 2022, the USPTO launched AccessUSPTO,[43] a pilot program that works with national organizations that do not specifically focus on IP, but whose members include aspiring creators, entrepreneurs, and inventors who could benefit from knowing how to protect their ideas, creations, and brands. Specifically, the USPTO evaluates members' needs and creates tailored outreach plans to provide new knowledge about patents, trademarks, copyrights, and trade secrets. Since launching AccessUSPTO, the USPTO has reached out to more than a dozen national organizations with grassroots, community-level engagement. Several opportunities for the USPTO to provide tailored IP education and outreach have already been arranged with the organizations' constituencies.

- **Outreach to Minority Serving Institutions (MSIs).** The USPTO has created new educational programs for MSIs to broaden access to, and participation in, invention among under-represented university and college populations. The USPTO works in collaboration with the National Society of Black Engineers on the delivery of these programs. The USPTO outreach includes educational materials that were successfully used in collaborations with Howard University in Fall 2022, the University of Puerto Rico in Spring 2021, and the University of Houston in Summer 2022. These materials include training on IP basics, best practices for patent and trademark filers, and information on local resources for independent inventors and small business owners. The USPTO will also encourage greater HBCU participation in the USPTO National Patent Application Drafting Competition. The competition introduces students to issues arising in U.S. patent law and develops their patent application drafting, amending, and prosecution skills. For the 2023 competition, the USPTO contacted six HBCU law schools to encourage participation and three teams entered the competition. The USPTO is actively working with the Minority Business Development Agency (MBDA) as well as HBCU's and MSI's to identify additional areas of collaboration including with regard to tech transfer.

- **Outreach to veterans and military.** The USPTO is also working to encourage and support more active-duty military, military family members, and veterans to bring their innovations to life, build successful businesses, and protect their creations with IP. This includes events at Fort Liberty, MacDill Air Force Base, and Joint Base Pearl Harbor, and the cross-military innovation competition Dragon's Lair. The USPTO is now leading this initiative across the Department of Commerce and is coordinating with the First Lady's office. The USPTO is looking forward to much deeper engagement in 2023.

- **Outreach to educators and students.** The USPTO is also working to broaden the innovation ecosystem through STEM educations. For teachers, the USPTO's National Summer Teacher Institute on Innovation, STEM and Intellectual Property program an

[43] www.uspto.gov/initiatives/accessuspto

annual hands-on professional development program for K-12 educators to learn classroom techniques that will foster and unleash the innovator in every student through invention education and the Master Teacher of Invention and Intellectual Property Education Program is a train-the-trainer program supported by the USPTO and STEMisED where experienced educators who have knowledge of invention or IP education may apply to become teacher leaders and will provide professional development opportunities to other educators. For students, the USPTO supports the National Inventors Hall of Fame in providing STEM summer camp, Camp Invention, where kids build creative inventions using hands-on activities that require collaborative and creative problem-solving.

In addition to the programs started or expanded under the Biden Administration, the USPTO continues to offer extensive free services and courses[44] to educate members of the public, including those new to the IP ecosystem, on ways in which IP protection can help them bring their ideas to reality. In accordance with the new mandate from Congress in the Unleashing American Innovators Act, the USPTO is working to open new community outreach offices to better serve innovators and communities that have been historically under-represented in the patent system. Through these offices, the USPTO will be able to lift and amplify both new programs and the existing programs listed below.

- Patent Pro Se Assistance Program.[45] A program that provides applicants who proceed pro se with additional assistance for obtaining a patent.
- Path to a Patent Series.[46] An eight-part series that covers everything from IP basics, to patent searching, to what applicants need to draft and submit their patent applications.
- Trademark Basics Boot Camp.[47] An eight-part series that provides a comprehensive overview of trademarks and the federal trademark registration process, including walking participants through the application filing process and concluding with a live question-and-answer period with a USPTO trademark expert.
- Free Educational Events.[48] Events to inspire, educate, and empower underserved and under-resourced communities of innovators that feature: (1) successful independent inventors, entrepreneurs, and small business owners who share their personal stories of how they are using their patents and/or registered trademarks to reach their full potential; (2) subject matter experts who share information about funding/financial literacy, technical assistance, and mentoring/network programs; and (3) partners from other federal agencies, organizations, and universities who provide valuable and timely information and resources.
- Inventor and Entrepreneur Resources.[49] Resources that provide inventors and entrepreneurs information to assist them at every stage of protecting their inventions

[44] www.uspto.gov/learning-and-resources/access-our-free-services
[45] www.uspto.gov/patents/basics/using-legal-services/pro-se-assistance-program?MURL=ProSePatents
[46] www.uspto.gov/about-us/events/path-patent-part-i-ip-basics-4
[47] www.uspto.gov/about-us/events/trademark-basics-boot-camp-module-1-fundamentals-10
[48] www.uspto.gov/learning-and-resources/inventors-and-entrepreneurs/innovator-events-everyone?MURL=InnovationForAll
[49] www.uspto.gov/learning-and-resources/inventors-entrepreneurs-resources?MURL=inventors

and/or brands (e.g., education about the different types of IP, how to apply for a patent or trademark registration, assistance available after an application has been filed, etc.).

- Monthly Free Programming. Free USPTO programming every month for aspiring and current innovators from all walks of life to highlight available resources and share inspiring stories. These programs include our Women's Entrepreneurship Symposium during Women's History Month in March, our Hispanic Innovation series in October, our Invention-Con series for independent inventors in May, our Proud Innovation program in June, our Veterans Innovation and Entrepreneurship event in November, and our new Together in Innovation program every quarter, which focuses on networking, teamwork, and mentorships. Each of these programs is free to the public and offers virtual participation, which has expanded the reach to new audiences.

2. What steps, if any, is the USPTO taking to improve the demographic information that it collects on patent applicants?

Response: Demographic information on patent applicants will certainly provide important information that can help the USPTO, the public, and policy makers to determine where to focus its education, outreach and assistance resources. The USPTO has taken a number of steps to improve the collection of demographic data from patent applicants. These include:

- Designed a pilot survey of inventors, received approval from the Office of Management and Budget (OMB) to undertake the pilot, and completed the collection in December 2022. The USPTO has just completed focus groups with inventors to learn about their willingness to provide this information. While demographic data is useful in determining the USPTO's impact, the USPTO will ensure that demographic data will not be used in evaluating the patentability of applications.
- Following OMB's stipulations that the results of the pilot survey can only be used to inform the design of a larger survey and cannot be publicly released or used to guide policy, the USPTO has begun the process of preparing a full OMB package that satisfies the Paperwork Reduction Act requirements for a voluntary survey.
- The USPTO also established an internal working group that is tasked with identifying alternative mechanisms to collect demographic information. The working group includes representatives from business units across the agency, including the Office of the Chief Economist, the Patents Organization, the Office of the Chief Information Officer, and others. The group has met regularly to discuss the scope of the information the USPTO seeks to collect as well as the most effective and efficient means of collecting this information from patent applicants. The USPTO will be happy to provide you further information on this as its work progresses.
- The USPTO has also collected demographic information of applicants of its patent pro bono program for calendar years 2021 and 2022. The preliminary data collected thus far shows that while the number of women inventors named on patents remains around 12-13%, the percentage of U.S. pro bono participants benefitting from the USPTO/pro bono services is 43% women, 35% African American or black, 13.8% Hispanic American,

7.9% veteran, 6.1% Asian American or Native Pacific Islander, and 1.6% American Indian or Alaskan Native.

3. The Trademark Modernization Act of 2020 gave the office new flexibility to change the response times that applicants have to agency actions on trademark applications, updating the law from when the Lanham Act was passed and mail, instead electronic communications, was the standard form of communication. How has the agency used this new rulemaking authority and, has it observed any benefits from this new flexibility?

Response: The USPTO greatly appreciates Congress providing the flexibility for the USPTO to shorten response periods to office actions so that the USPTO can move applications through the registration system more quickly. The USPTO implemented a 3-month (extendable another 3 months for a fee) response period for pre-registration office actions in December 2022. The USPTO anticipates that, in a few years, the USPTO will see an overall decrease in the time it takes to obtain a registration from filing to registration as a result of the shortened response period. Since current average pendency to registration is over 14 months, the USPTO would not expect to see an impact in the data for about a year and a half. The USPTO will be implementing the same shortened response period for post-registration office actions in October 2023. Similarly, the USPTO would expect to see an overall decrease in the time it takes from submission to acceptance by the USPTO of a maintenance filing in about a year after implementation.

4. The recently passed Trademark Modernization Act created new proceedings at the agency to allow for the challenge of issued trademark applications to invalidate trademarks that, in fact, had not been used in U.S. commerce, as required. Now that the agency has had about a year after its implementation of these proceedings, do you view them as a successful addition to the trademark landscape? Are there any alterations you think Congress should consider?

Response: The Trademark Modernization Act (TMA) provided the USPTO with two significant tools, one for use by USPTO customers and one for use by the USPTO, to challenge unused trademark registrations, including those obtained through false claims of use. These tools satisfy a distinct need for more options to clear unused marks from the Trademark Register.

The external tool allows customers to file a petition requesting the expungement or reexamination of a registration where there is sufficient evidence that the mark was not in use as of the date required in the trademark law. As of June 16, 2023, the USPTO received 322 petitions from third parties, including 99 that were filed in the last 6 months, as USPTO customers learn more about these proceedings through the USPTO's outreach efforts. Petitioners are meeting the evidentiary burden to provide sufficient evidence of nonuse in about 62% of the petitions the USPTO has received and reviewed and, where the petitioner provided sufficient evidence to institute nonuse cancellation proceedings, the cancellation rate is 90%. This data means the proceedings are working exactly as intended: 1) the proceedings are not being used to harass registrants; and 2) the proceedings are effective at eliminating deadwood, or unused marks, from the Trademark Register.

As for the internal tool, the TMA gave the Director the discretion to institute proceedings against registrations where the Director finds evidence of nonuse. The USPTO has used this authority against 143 registrations so far, many of which emanated from a single scam operation, with a cancellation rate of 100% where every registration the USPTO challenged under this authority was cancelled for nonuse. This gives the USPTO a significant tool to fight false claims of use and scam operations.

These tools, along with other initiatives in the USPTO's Register Protection Program, have helped the USPTO with protecting the trademark register from harmful actions and ensuring the accuracy and integrity of the trademarks the USPTO registers and maintains. The USPTO will continue to monitor the implementation of the TMA and remains open to working with Congress on any alterations.

5. The USPTO has been investing heavily in AI and machine learning. Will this help reduce the growing examination backlog you have been experiencing? If so, how?

Response: The USPTO's initial investments in artificial intelligence (AI) have been focused on improving patent quality and evaluating the potential of this emerging technology to impact other aspects of the USPTO's business, such as pendency. For example, the USPTO implemented AI solutions into examiner-facing search tools last fiscal year to ensure examiners have the best search tools possible and to aid in efficiently considering ever-increasing volumes of prior art. The USPTO also uses AI to route patents to patent examiners with the appropriate technical background. In regard to pendency, though the use of AI may have some impact, there are numerous non-technology factors which may have a more significant impact on pendency. These include pre-examination processes, the number of examiners on staff, examination time, and filing trends from applicants. Addressing the backlog requires a holistic approach to optimize USPTO operations that includes applying new technology, hiring and retaining examiners, streamlining processes, and considering whether changes in policies such as examination time or prioritized examination of applications might be appropriate. The USPTO is also considering additional measures to clarify the patent record that will make examination more expedient and patents more robust and reliable.

6. What do you see as the greatest challenges for examiners over the next few years, and how can the broader IP community help overcome them?

Response: There are three challenges that stand out. The first challenge for examiners is handling AI, both as an innovation and as a tool. In terms of innovation, many inventions now incorporate AI, which can raise issues of whether a patent application sufficiently describes how the AI works. This can affect the scope of the patent coverage, the field of prior art and search, and the usefulness of the ultimate patent publication as a source for further innovation. The IP community can assist by ensuring that patent applications fully describe AI technology. In terms of AI as a tool, the USPTO is exploring various ways to further use AI to assist in examination in areas such as search. Harnessing AI will be critical to allow examiners to properly search and assess the ever-expanding body of prior art for patentability determinations.

The second, ongoing, examination challenge is efficiently examining groups of closely related applications, often called large patent families. Examining long pending related applications consumes vast examination resources because examiners must ensure that later applications, which often have numerous individual claims, do not cover previously patented inventions (double patenting) and are fully entitled to rely on the earlier filing dates. This is an area in which AI tools could be of great assistance as well.

A third examination challenge relates to the expansion of technology and overlapping of disciplines. Increasingly, innovations stem from combining diverse technologies. As examples, genetic science involves not only biology but also the computing technology required to meaningfully evaluate the genetic information; and, automotive innovations may involve mechanical engine design along with electronic computer controllers and chemical batteries. This technology cross-over creates challenges regarding how best to examine multi-disciplinary inventions and particularly how to ensure that the examiners have suitable education and experience. One way the USPTO has addressed this is by encouraging consultation between patent examiners across different technologies through emphasizing the practice of consultation when examiners are initially trained, offering non-production time to examiners who are consulted on an application that is not theirs, and identifying certain individuals within an art unit, workgroup, or Technology Center that can provide technology-specific search expertise to others. Another way the USPTO has addressed this challenge is the Patent Examiner Technical Training Program (PETTP), which is aimed at encouraging innovation, strengthening quality, and improving accessibility of the patent system by giving technology experts the opportunity to provide relevant technical training and expertise to patent examiners. Scientists, engineers, and other technology experts volunteer their time and travel expense to speak with USPTO employees. Support for this program from the IP community is immensely helpful, particularly in emerging technologies like AI.

USPTO Responses to Questions for the Record – Representative Lee
U.S. House Committee on the Judiciary
Subcommittee on Courts, Intellectual Property and the Internet

"Oversight of the U.S. Patent and Trademark Office"
April 27, 2023
Witness: The Honorable Kathi Vidal, Undersecretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office
Submitted: July 25, 2023

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1. The USPTO has been investing heavily in AI and machine learning. Will this help reduce the growing examination backlog you have been experiencing? If so, how?

Response: The USPTO's initial investments in AI have been focused on improving patent quality and evaluating the potential of this emerging technology to impact other aspects of the USPTO's business, such as pendency. For example, the USPTO implemented AI solutions into examiner-facing search tools last fiscal year to ensure examiners have the best search tools possible and aid in efficiently considering ever-increasing volumes of prior art. The USPTO also uses AI to ensure that patent applications are classified property and are routed to examiners who best understand the inventions. With regard to pendency, however, there are numerous other non-technology factors which may have a more significant impact. These include pre-examination processes, the number of examiners on staff, examination time, and filing trends from applicants. Addressing pendency requires a holistic approach to optimize USPTO operations that includes applying new technology, hiring and retaining examiners, streamlining processes, and considering whether changes in policies such as examination time or prioritized examination of applications might be appropriate. The USPTO is also considering additional measures to clarify the patent record that will make examination more expedient and patents more robust and reliable.

2. The USPTO has made a substantial investment in improving the quality of both the examination of patent applications and the publication of patent data. How would you assess the return on your investment, especially as it relates to patent data publication?

Response: To help determine the return on this investment, examination quality is monitored and measured through inspection reviews and customer surveys. Compliance with all of the requirements of Title 35 is measured by the Office of Patent Quality Assurance (OPQA). Compliance is monitored by statutory category and serves as a key performance metric for the agency. The USPTO has set targets of greater than 94% compliance for all statutory categories by end of Fiscal Year 2026. Compliance with 35 USC §§102 and 101 have performed above the 94% target for the past 3 years and compliance with 35 USC §112 met that threshold for the first time in FY2022. Compliance with 35 USC §103 is on pace to achieve the 94% target by

FY2026, and the USPTO has observed a significant improvement in compliance over the past 18 months. Additionally, USPTO measures external perceptions of quality and uses a Net Promoter Score (NPS) as a metric to monitor improvements. The NPS measures the net difference of customers rating overall examination quality as "good or excellent" and those reporting quality as "poor or very poor". An NPS target of greater than 50 is sought by USPTO, which is a widely-adopted threshold to signify the healthy performance of an organization. The quality-related NPS for USPTO has remained strong over the past 2 years and is currently well above target at 57. Accordingly, available data does suggest a return on USPTO's quality investment.

With regard to the publication of patent data, the USPTO is realizing a significant return on its investment. For the last 50 years, there was only one known vendor capable of meeting the specified requirements for capturing patent data. After a thorough and exhaustive competition process and the execution of a new innovative contract vehicle, the addition of a new vendor is providing the USPTO with the added support it needs to continue to meet or exceed the quality and quantity requirements while also removing the risk of a single point of failure for mission critical work. This transition from a single vendor to a dual vendor environment is also resulting in agency publication contract cost savings. Contract costs associated with processing incoming applications have been reduced significantly through a combination of contract savings and the in-sourcing of certain functions; with the potential for further savings as the new vendor gains experience. The implementation of the new contract is also allowing the USPTO to advance its work on other initiatives throughout the agency to better serve USPTO stakeholders, such as moving to electronic patent issuance in the form of electronic patent grants (eGrant). This new method helps inventors access their newly-granted patents the same day the USPTO publicly issued them and will enable the agency to save the costs associated with physically printing the grants, as well as potentially reduce patent pendency.

3. What do you see as the greatest challenge for examiners over the next few years, and how can the broader IP community help overcome them?

Response: There are three challenges that stand out. The first challenge for examiners is handling AI, both as an innovation and as a tool. In terms of innovation, many inventions now incorporate AI, which can raise issues of whether a patent application sufficiently describes how the AI works. This can affect the scope of the patent coverage, the field of prior art and search, and the usefulness of the ultimate patent publication as a source for further innovation. The IP community can assist by ensuring that patent applications fully describe AI technology. In terms of AI as a tool, the USPTO is exploring various ways to further use AI to assist in examination in areas such as search. Harnessing AI will be critical to allow examiners to properly search and assess the ever-expanding body of prior art for patentability determinations.

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USPTO Responses to Questions for the Record – Representative Moran

U.S. House Committee on the Judiciary
Subcommittee on Courts, Intellectual Property and the Internet

"Oversight of the U.S. Patent and Trademark Office"
April 27, 2023
Witness: The Honorable Kathi Vidal, Undersecretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office
Submitted: July 25, 2023

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1. Are you open to working with Congress to craft legislation that addresses the issues that the Advanced Notice of Proposed Rulemaking (ANPRM) seeks to implement?

Response: Yes. The USPTO welcomes the opportunity to work with Congress on these important issues.

2. Would you be willing to delay the effective date of the Rules proposed in the ANPRM, or place a pause on the rule-making process, until such a time that Congress can adequately address the issues the ANPRM seeks to address through the normal legislative process?

Response: The ANPRM seeks comment on a range of possible proposals for AIA proceedings in the areas of discretionary institution practices, petition word count limits and briefing procedures, and settlement practices. The ANPRM is a precursor to an NPRM, which will propose specific rules; the ANPRM itself does not contain proposed rules. As articulated by the Office of the Federal Register, an ANPRM is used to solicit "comments aimed at developing and improving the draft proposal or by recommending against issuing a rule."[50] The ANPRM contains ideas on which the USPTO would like input so that any proposed rules in this area reflect the full picture of public input including Congress' thoughts and work on these issues. The USPTO looks forward to working with Congress in its legislative process on these or other areas.

3. If the response to the above question is "Yes", for what period of time would you be willing to recommend that the effective date of the Rules proposed in the ANPRM be delayed, or the rule-making process stayed?

Response: As noted above, the ANPRM seeks comment on a range of possible proposals and does not contain proposed rules. As articulated by the Office of the Federal Register, an ANPRM

[50] https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf (*How does the agency involve the public in developing a proposed rule?*)

is used to solicit "comments aimed at developing and improving the draft proposal or by recommending against issuing a rule."[51] The USPTO will work with Congress on any legislative proposals on these issues.

4. One issue I have heard of frequently is the lack of Article III standards for Administrative Patent Judges (APJ), particularly when it comes to financial disclosure requirements. Earlier this year, press accounts surfaced of at least two cases in which an APJ presiding over a case was shown to have a direct financial interest in a company with multiple IPRs before the Patent Trial and Appeal Board (PTAB). I am concerned that at PTAB, where validity decisions are made that can have significant market implications, the lack of Article III standards is promoting a chilling effect on American innovation.

a. Has this matter come to your attention?

Response: I am aware of such matters. The ethics rules that apply to APJs and all executive branch employees are different than those applying to Article III judges.

Even though the executive branch ethics rules permit an APJ to hear a case as long as they do not own in excess of $15,000 in stock in a company that is a party to the case, the USPTO plans to issue guidance directing the PTAB to undertake new procedures for paneling cases such that they will only panel a case to judges who do not directly own any stock or bonds in the parties to that case, no matter how small the amount. Such guidance is not intended, however, to suggest that Board judges, in any past or pending cases, have violated ethical obligations under the conflict of interest statutes or existing executive branch ethics rules.

The USPTO also notes that PTAB has rules requiring all parties to AIA proceedings to disclose the real parties in interest so that APJs are aware of necessary recusals under the executive branch ethics standards. At least one recently reported matter concerned a financial conflict that arose due to a corporate ownership change involving a party in an ex parte appeal who failed to comply with PTAB's rules and failed to inform the PTAB of a relevant change in corporate ownership.

b. Does USPTO currently have a monitoring system in place to proactively identify and review any potential cases of financial conflict of interest?

Response: Yes. PTAB judges report to PTAB management the entities with whom they have conflicts, both financial conflicts of interest and other conflicts, so that PTAB knows not to place judges on a panel for a case concerning any of those entities. PTAB judges are reminded annually to update this do not panel list and further instructed to update their list if any changes happen in between the annual updates. Further, PTAB's rules require all parties to a proceeding before the Board to identify all real parties in interest to a case so that PTAB can accurately determine whether judges have conflicts with any party with an interest in a given case. In

[51] https://www.federalregister.gov/uploads/2011/01/the_rulemaking_process.pdf (*How does the agency involve the public in developing a proposed rule?*)

addition, all PTAB judges file annual 278 financial disclosure forms and receive annual training from DOC Ethics on their ethical obligations.

c. In determining the assignment of APJs to specific cases, does PTAB take into consideration any financial conflicts that it should be aware of based upon APJs annual financial disclosure reports? In other words, if an APJ has a known financial holding in a party to a specific IPR could they still be assigned to preside over that case?

Response: Yes, PTAB takes into consideration any financial conflicts (or other conflicts of interest) based upon an APJ's annual financial disclosure report and the information the APJ has provided to the Board about entities with whom the APJ has a conflict. If an APJ has financial holdings in a party to a case that present a conflict under the applicable ethics rules, PTAB will not assign the APJ to hear that case.

In addition, even though the executive branch ethics rules permit an APJ to hear a case as long as they do not own in excess of $15,000 in stock in a company that is a party to the case, the USPTO plans to issue guidance directing the PTAB to undertake new procedures for paneling cases such that they will only panel a case to judges who do not directly own any stock or bonds in the parties to that case, no matter how small the amount. Such guidance is not intended, however, to suggest that Board judges, in any past or pending cases, have violated ethical obligations under the conflict of interest statutes or existing executive branch ethics rules.

d. As Director, do you have the legal authority to review any pasts or ongoing instances in which an APJ has a financial interest in specific inter partes reviews before them? If so, have you personally reviewed any such instances and what actions have you taken?

Response: Yes, the USPTO Director has the authority to review past or ongoing instances in which an APJ might have had a financial interest in a case before them, and as noted above USPTO has procedures in place to ensure that all USPTO employees follow the appropriate ethics rules and do not participate in specific matters in which they have a financial conflict of interest prohibited by those rules. I have not reviewed such a matter.

e. Do you believe that IPRs in which an APJ that owns stock in a party directly involved in the review could at least have the appearance of impropriety and a biased outcome?

Response: The ethics rules that apply to APJs and all executive branch employees permit an APJ to hear a case as long as they do not own in excess of $15,000 in stock in a company that is a party to the case. USPTO is aware that some parties have objected to APJs directly owning amounts of stock below $15,000, even though this is expressly permitted by ethics rules applicable to APJs.

The USPTO plans to issue guidance directing the PTAB to undertake new procedures for paneling cases such that they will only panel a case to judges who do not directly own any stock

or bonds in the parties to that case, no matter how small the amount. Such guidance is not intended, however, to suggest that Board judges, in any past or pending cases, have violated ethical obligations under the conflict of interest statutes or existing executive branch ethics rules.

f. Does USPTO currently have the statutory authority to implement a zero-tolerance policy for financial conflicts of interest similar to the federal statute for Article III judges that you adhere to? If so, do you intend to pursue this course?

Response: USPTO does not have the authority to impose stricter requirements on employee stock ownership than the requirements set forth in the executive branch ethics rules without implementing supplemental ethics regulations. In order to impose more strict financial conflict of interest ethics rules on APJs, USPTO would have to undertake notice and comment rulemaking, coordinated with the Office of Government Ethics, to implement such regulations. In order to address the concerns that have arisen about this issue more quickly, the USPTO plans to issue guidance directing the PTAB to undertake new procedures for paneling cases such that they will only panel a case to judges who do not directly own any stock or bonds in the parties to that case, no matter how small the amount. Such guidance is not intended, however, to suggest that Board judges, in any past or pending cases, have violated ethical obligations under the conflict-of-interest statutes or existing executive branch ethics rules.

USPTO Responses to Questions for the Record – Representative Ross
U.S. House Committee on the Judiciary
Subcommittee on Courts, Intellectual Property and the Internet

"Oversight of the U.S. Patent and Trademark Office"
April 27, 2023
Witness: The Honorable Kathi Vidal, Undersecretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office
Submitted: July 25, 2023

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1. Director Vidal, last year, I introduced the Unleashing American Innovators Act with Representative Mace and Senators Leahy and Tillis. This bill, which was signed into law in December, will have the Office open several smaller satellite offices around the country. How is the Office assessing where these satellite offices should be, and when do you anticipate their opening?

Response: The USPTO has formed an internal committee to manage the process for selecting the location for the Southeast Regional Office (SERO) and the Community Outreach Offices (COOs). The committee will first seek public input through a Request for Comment (RFC) that was posted in the Federal Register on June 14, 2023.[52] USPTO stakeholders will be able share their valuable insight on how the USPTO can effectively expand outreach efforts to support their IP needs and also suggest specific locations the USPTO should consider for the SERO and first of the COOS the USPTO plan to open up, the northern New England Community Outreach Office (NNECOO). The USPTO will seek input that both informs the design and planning of these offices and suggests specific sites and data the USPTO should consider in the USPTO's evaluation. At a minimum, the USPTO will consider the following classes of data: business demographics; the concentration of research- and IP- intensive industries; socioeconomic and demographic metrics of the relevant regional/local population; the availability and concentration of existing business development resources and the overall geographic diversity of office locations. The USPTO will use these types of publicly available data in order to make a data-driven decision on the areas that will best advance the statutory purposes for the SERO and the NNECOO. The USPTO anticipates the selected sites will be announced before the end of this year and will plan to open the SERO by December 2025 and the NNECOO before the statutory deadline of December 2027.

[52] https://www.federalregister.gov/documents/2023/06/14/2023-12824/request-for-comments-on-southeast-regional-office-and-community-outreach-office-locations (The notice that was published previously on June 5, 2023 did not include the correct link).

2. Can you tell us how the Office plans to reach out to inventors who are eligible for the law's expanded services, including a timeline?

Response: The Unleashing American Innovators Act increased the fee reduction for small and micro entities and, upon enactment, the USPTO quickly implemented these reductions in December 2022.[53] The law also established a pre-prosecution assessment pilot program that seeks to assist first-time prospective patent applicants by helping them assess the strengths and weaknesses of their patent application within 1 year of enactment. *See* Section 106. The USPTO is working to establish the program and is on track to have the program ready with the time frame set forth in the legislation. Finally, the law expanded income eligibility for the patent pro bono program. The USPTO is actively working with pro bono programs and intellectual property law programs to expand eligibility where possible. The patent pro bono programs at the Chicago-Kent College of Law and the Penn State Law have been expanded under this provision.

[53] https://www.uspto.gov/subscription-center/2022/patent-fees-small-and-micro-entities-reduced