

**Remarks for Jon Dudas (20 minutes)**  
*Patent Reform in the United States: A Comprehensive Approach to IP*  
**Trilateral Conference**  
**November 17, 2005**  
**Munich, Germany**

**Opening**

- Thank you, Joff (*Wild*). Good morning!
  
- I am always glad to be with our friends from the European and Japanese patent offices, and with representatives from our valued industries.
  
- We can all appreciate the growing emphasis being placed on intellectual property.
  
- We hear our nations' top leaders talking about protecting IP, and we see the positive results of IP protection in our countries' economies.
  
- For example, a recent World Bank Study found that an increase of 20 percent in the annual number of USPTO patents granted is associated with an increase of 3.8 percent in annual economic growth for the United States.
  
- Japan and European members are reaping similar economic benefits from strong systems of IP protection as well. And all of this attention certainly makes the work of our patent offices that much more critical.
  
- It is very helpful to my Office and to me to hear what the other leading patent offices in the world are doing to become even better. And I hope to provide some useful insights into what we are focused on in the United States Patent and Trademark Office.

- I also want to mention the all-important issue of **work sharing** among our offices. I hope you will support **even greater efforts** to make work sharing a reality. Together, we can protect IP more effectively and efficiently, and we can contribute to stronger economies.

### **Situation at USPTO**

- Let me bring you up-to-date on what is happening with the U.S. Patent and Trademark Office since we met last year:
- We are now issuing more than 170,000 patents each year. We have a backlog of approximately 600,000 applications. This could easily grow to almost a million in a few years at our current growth rate, if we do nothing.
- We are also averaging about two years to first action.
- This is a major concern for us because a growing backlog and longer pendency can negatively affect patent quality and discourage innovation.
- Therefore, the USPTO has taken several steps to address the growth in patent applications.
- And we are considering more reforms that would involve our **applicants** in improving the patent application process.

### **USPTO Reform Actions Taken**

- In part, we are addressing our backlog through **hiring more patent examiners**.

- In FY 2005, we **hired almost 1,000 more patent examiners**, and we will do the same in 2006. Before this hiring, we had fewer than 4,000 examiners, so this will mean a roughly 50 percent increase in professional staff within two years.
- To effectively train these large numbers of new examiners, we are establishing an innovative new Patent Examiner Academy in January 2006. We believe it will offer more efficient, effective training than our traditional one-on-one model.
- We are also working to make our patent system more effective and efficient by improving *ex parte* patent reexamination proceedings, offering pre-appeal brief conferences, and reducing patent appeal time.
- We are making progress, but it will certainly take more before we turn the corner.

### **USPTO Client Reforms under Consideration**

- So, in addition to what we're doing to improve internally, we are working with our **customers** to identify areas where they can help us do a better job.
- Our message is "Better quality applications mean better quality examinations."
- We are considering a new patent rules package that encourages our patent applicants to be more open and rigorous throughout the patent application process.
- The new rules would place restrictions on filing continuations on patent applications, ... focus on representative claims in patent applications, ... and require more complete information disclosure statements from patent applicants.

- We believe these proposals will add more certainty, quality, and efficiency to our patent system.

### **Disciplined Continuations**

- Our current patent system allows for the reworking of applications through what is known as “continuations.”
- Last year, more than 100,000 of the USPTO’s 375,000 new applications were some form of rework. That is, almost one-third of the applications examiners reviewed they had rejected before.
- So, we are evaluating ways to bring greater efficiency to the continuation process and to create greater finality in examination.

### **Representative Claims**

- Another critical part of the patent process is “the claims,” which define what is being patented. Every year, a small number of applications are filed with an extraordinary number of claims.
- We are exploring initiatives that will help us find the right balance between allowing inventors to submit such applications when needed, while making it feasible for our examiners to effectively examine such a high volume of claims.
- We are considering a measure in which the applicant and examiner focus on a set of **representative claims** initially.
- Of course, we would not issue a claim that we have not examined, but an initial focus on representative claims should make examination more efficient.

## **Better Information Disclosure Statements (IDS)**

- Our patent examiners continue to note that if the applications they receive are complete, clear, well-drafted, with well-identified, pertinent references, then it takes less time to properly examine them.
- In other words, better input contributes directly to the speed and quality of processing.
- So, we are also looking into reforming the information disclosure statement process.
- If more than 25 references are cited, we may simply ask that the applicant explain which part of each reference is relevant and why—almost as if they are marking the references with a highlighter pen.
- A more accurate, efficient patent system benefits everyone. Applicants obtain better quality patents faster, and everyone involved can make the most informed decisions going forward.

## **Work sharing**

- Ultimately, however, we recognize that our wide-scale hiring of examiners and internal and external reform measures will only take us part of the way toward solving our workload issues.
- We believe that we must continue to focus efforts on **work sharing** among our offices.
- Nearly 50 percent of all applications filed in the USPTO are first filed somewhere else -- most of them either in the JPO, or the EPO or its member states.

- That means there are massive amounts of duplication of search-and-examination efforts among our offices.
- Effective work sharing will allow us to substantially reduce the amount of duplicated work, ... speed up processing time, ... and improve patent quality.
- I know that several issues still need to be resolved for effective work sharing to happen. But I will focus on the top three issues we see today:

### **Timing**

- First is the issue of **timing**.
- We need to find ways to ensure that the search and examination results of the first office are available in time for the second office to take advantage of them.
- We applaud the efforts of the JPO in this regard, in offering creative solutions to the timing imbalance among the Trilateral Offices.

### **Translations**

- Second is the issue of **translations**.
- It is one thing for the search-and-examination results of the first office to be available, but it is another for them to be usable by the examiners in the second office.
- We must continue to improve the usability of search and examination results by finding solutions to the translation issue -- including looking at machine translation studies and proposals such as the "New Route" and the "Patent Prosecution Highway."

## Harmonization

- Third, and perhaps what's most important, we must continue working toward **harmonization** of substantive patent law and practice.
- The so-called "first package" of prior art-related treaty provisions being discussed in the Group B+ working group offers many benefits for work sharing.
- Harmonization of prior art standards would allow search and examination results to be more effectively shared -- or even mutually recognized by other offices.
- It would also improve patent quality, as we would all be looking at the same prior art in the same way.
- Harmonization of practices, such as application filing formats, would help our users and our offices streamline filing procedures and reduce filing costs.
- In the United States, members of our Congress have even proposed legislation that seeks to further harmonize our patent laws. We believe the proposed bill is an excellent start, and we continue to discuss these issues with members of Congress.
- The issues that hinder our ability to share work can be solved. And the benefits of gaining economies of scale from **three** of the world's largest patent offices are immense. So, I am confident that we can address these issues and realize the untapped potential of our joint efforts.

## Closing

- Again, I appreciate the opportunity to talk about opportunities and challenges with the European and Japanese patent officials, and with many users of our systems from industry.
- We all share the opportunity and desire to contribute to our countries' economic growth in a significant way.
- And we share the challenges of examining patent applications better and faster in today's rapidly-changing global economy.
- I know that all of our patent offices are working hard internally to find solutions to our workload and quality issues.
- And I am confident that through mutually beneficial **Trilateral cooperation**, we will address these issues more effectively together.
- Thank you.