

**Remarks for Jon Dudas**  
**Trilateral Users Conference 2007 Presentation on**  
**“Patent Office Insights on the Trilateral Process:**  
**Past Successes and Future Challenges”**  
**November 8, 2007**  
**Washington, D.C.**

**Opening**

- Hello. Thank you to Commissioner Koezuka and President Brimelow. And welcome to all our distinguished guests.
- On behalf of the United States Patent and Trademark Office, I am pleased to host this year’s Trilateral User’s Conference.
- As you know, we are celebrating 25 years of Trilateral cooperation in developing an international patent system.
- Over the years, we have seen dramatic changes in the global patent system, and an extraordinary increase in global patent filings.
- That is good news -- because it reflects rapid growth in technological and economic development throughout the world.
- However, for patent offices, the dramatic growth in patent applications also means significant challenges.
- As more innovators enter the knowledge-based economy through our patent systems, patent offices must keep pace -- so that critical incentives for innovation are maintained.
- That’s why meetings such as this one are vital to the success of our stakeholders and our offices -- and to the future of the global patent system.

- We need our stakeholders' input to determine our priorities, ... identify changes we need to make, ... and to ensure that our patent systems are responsive to today's innovation cycle.
- Because our patent systems are so important, we have to improve them today and prepare for the future.
- **Today, I would like to share with you some examples of how the Trilateral Offices have addressed challenges in the past, ... steps we're taking today, ... and future steps we need to take.**

### **Past Trilateral Successes**

- Let's start with a look back at past successes ...
- Trilateral cooperation began in 1983 as a way to meet common challenges -- some of which sound familiar today. We faced:
  - Increasing volume of global patent applications;
  - Need for accuracy and integrity of search documentation;
  - and the need for more efficient, cost-effective application processing.
- The first goal of our three Offices was to **achieve a paperless search**. That took some time to accomplish, but it has contributed immensely to improvements in all our offices.
- Our Offices also set three principles for our Trilateral. They remain today:
  - Efficient processing;
  - Improved quality;
  - And lower costs, and more certainty for stakeholders.

- To achieve these, our Offices focused on several cooperative activities, such as work-sharing, ... using more e-business tools, ... and harmonizing laws and practice.
- One of the most significant early accomplishments was a 1988 project known as “**BACON**,” which stands for “Backfile Conversion.”
- This project was a cornerstone of office automation efforts, and involved the digitization of 41.6 million documents dated from 1920 to 1987.
- This project also formed the basis for electronic search capabilities in each office -- and the eventual move to the “paperless search.”
- Another significant accomplishment was our agreement in 1998 to make patent **documents publicly available on the Internet**. As a result, the public can now access patent documents from each of our offices, free of charge.
- More recently, our Offices have established a secure data transfer network known as **TRINet**.
- Since its launch in 1999, several other patent offices have been added — including the Korean, Canadian, and Australian offices — as well as WIPO.
- TriNet gives the public access to various services offered by our offices, such as USPTO’s PubWEST. And it serves as the foundation for another important Trilateral service: **electronic priority document exchange**.

- As you know, patent applicants filing with the USPTO can now have their priority documents retrieved electronically by the EPO or the JPO when they make a second filing in those offices. Similarly, we at the USPTO can electronically retrieve priority documents from other offices.
- This service represents a huge potential cost and efficiency savings for our stakeholders, and our offices.
- I highlight these successes to show that Trilateral cooperation works, and it works well.

### **Current Challenges**

- However, if we want to maintain that level of success, ... if we want to respond to the changing needs of our stakeholders, **we must find new ways to cooperate.**
- I mentioned earlier some of the challenges that gave rise to Trilateral cooperation: growth in application filings, and the need for more effective, efficient processing. These are the same challenges facing us now.
- Let me put them in perspective.
- From 2004 to 2006, patent application filings at the USPTO increased from approximately 355,000 to 420,000. (*UPR*)
- In FY 2007, we estimate we received more than **440,000 patent applications**, representing a **5 percent growth rate** over FY 2006.

- Further – despite numerous efficiency initiatives -- our patent pendency rates are 25.3 months for first actions, and 31.9 months total.
- This gives you some idea of the magnitude of the work challenges facing the USPTO now, and in the coming years.

### **Current USPTO Responses**

- We are taking several steps of our own to address them.
- We have hired approximately 1,000 new patent examiners in FY 2005, 2006, and 2007. We now have almost 5,500 examiners.
- Our 2007-2012 Strategic Plan envisions our hiring an additional 1,200 examiners each year going forward.
- We've implemented numerous recruitment and retention initiatives to attract and keep the best patent examiners, particularly in key technologies.
- We've upgraded our examiner performance and bonus structure, including a pilot program this year to test the results of giving a "flat goal" bonus.
- Under this approach, we give examiners a quarterly goal, and then we pay bonuses of up to \$5,000 per quarter for performance significantly above the existing structure.
- Another new initiative at the USPTO is our **Accelerated Examination** program. It offers patent protection in less than a year in exchange for the applicant providing more information up-front.

- In the first year, the time for patent examination was dramatically reduced. One patent examination went from filing to issuing in less than **three months**.
- Comments from our applicants indicate that Accelerated Examination is not only faster, but higher quality -- because of the close interaction between the USPTO and the applicant. We believe this is a significant lesson, and we are working to promote still greater collaboration with our applicants.
- Our Congress is also considering legislation that includes **applicant quality submissions** (AQS) provisions. AQS provisions would require applicants to submit a search report and other information relevant to patentability.
- We understand that the applicant has the most knowledge, the most opportunity, and the most to gain by providing us with the best possible information up-front. So, we at the USPTO believe that AQS would significantly improve the examination process.
- However, all these changes only go part of the way toward a total solution to **workload issues**.

## **Examples of and Need for Future Work-sharing**

- The point that we at the USPTO have been emphasizing, and will continue to emphasize, is: **office-to-office work-sharing and related activities are critical to any long-term, viable solution to our escalating workloads.**
- This is the main reason that the USPTO has been aggressively pursuing cooperation with other patent offices in recent years.
- For example, many of you are aware of our ongoing projects with the national patent offices of **Australia and Sweden for Patent Cooperation Treaty search-and-examination work.**
- You also know of our work with the JPO and the UK Intellectual Property Office on the **Patent Prosecution Highway.**
- We hope and plan to extend our cooperation to other offices in the near future.
- The USPTO has introduced a proposal for optimizing work-sharing, called “**SHARE**”—**Strategic Handling of Applications for Rapid Examination.**
- With SHARE, each office would prioritize the search and examination of applications, where it is the office of first filing.
- By doing this, we can reduce or eliminate the timing imbalances that are preventing our offices from leveraging work done by another office to the full extent.

- The Trilateral Offices have recently developed a **Common Application Format** that will let our applicants prepare a single application in a single format, to be accepted by each Trilateral Office. This has been specifically requested and championed by the Industry Trilateral.
- Our offices are engaged in other activities that will lead to greater streamlining and convergence in the future. As examples, the Trilateral offices are:
  - Exploring how to rationalize our internal search systems;
  - Conducting comparative studies;
  - Exchanging patent examiners, so we can better understand the search-and-examination approaches in other offices, with a view to adopting best practices;
  - And we're harmonizing classification systems.
- So, as you can see, there is much that our offices are doing -- and can still do -- to make the global patent system more effective and efficient.
- And there is much room for input from our users.
- Our work on the Common Application Format is a good example of the synergies that can result from your input.
- So, we welcome ideas from you -- our stakeholders -- as we look for ways to improve the system for the benefit of all.



## Closing

- In the past 25 years, the Trilateral has addressed large challenges in our patent system.
- However, the global patent system faces many more challenges in the 21<sup>st</sup> century.
- To meet them, we must continue working together -- with our fellow patent offices, and with our stakeholders.
- Our primary mandate is to **share work results** -- to streamline patents for all applicants.
- By working together, we can and will ensure that the global patent system continues to promote innovation, ... technological development, ... and economic prosperity.
- Thank you.