

**Responses to Questions for the Record for
Michelle K. Lee
Nominee for Under Secretary of Commerce for Intellectual Property
and Director of the U.S. Patent and Trademark Office**

Submitted on January 9, 2015

Senator Patrick Leahy (D-VT)

1. **Earlier this year, I led a bipartisan Congressional Delegation to China to discuss stronger protections for American companies' intellectual property rights. I and other members of this Committee have long worked to support the PTO's IP attaché program, which places experts at U.S. embassies around the world to advocate for more effective IP protections in other nations. Despite these efforts, U.S. businesses and innovators face ongoing challenges in numerous important markets, including China, Brazil, India, and Russia.**

Q: Is there more the Administration can do to support the IP attachés or otherwise enhance its efforts to strengthen IP enforcement in other countries?

Answer: There are ongoing discussions within the Administration to elevate the diplomatic rank of the IP Attachés from their current diplomatic rank as "First Secretary" to the diplomatic rank of "Counselor." I believe that such changes and generally ensuring that these IP Attachés have sufficient resources to facilitate international IP policy discussions would be an important signal to our trading partners that IP is critical to the United States.

2. **I am concerned about an issue that impacts dairy farmers in Vermont and across the country. The European Union has recently advanced a particularly aggressive approach to protecting "Geographical Indications" in its trade agreements, which protect particular product designations to the cost of U.S. producers who make similar products.**

Q: What can the PTO do to ensure an international standard for GI protection that does not unfairly disadvantage U.S. interests?

Answer: The USPTO has been working for decades to address the EU geographical indication (GI) approach in third-country markets where the EU seeks protection for geographical indications through bilateral trade agreements, blocking U.S. imports. USPTO works closely with the U.S. Trade Representative to advance a trade agenda that both promotes appropriately balanced GI protection systems in our trading partners and responds to the EU's GI approach in third-country markets. We provide technical assistance around the world on geographical indication examination, protection and policy issues to promote GI protection in foreign markets that appropriately balances third-party interests, particularly those interests that rely on the use of common food names or trademarks that may conflict with EU GIs, including within the domain name system. Additionally, the USPTO is working to protect U.S. trade interests in connection with an EU-led effort to revise the World Intellectual Property Organization's 1958 Lisbon Agreement for the International Registration of Appellations of Origin to include geographical indications.

3. **The PTO has led delegations that concluded two meaningful copyright treaties in the last two years. The Marrakesh Treaty will improve the accessibility of books for visually impaired persons around the world. The Beijing Treaty will strengthen rights in audio-visual performances.**

Q: These treaties are meaningful achievements, and I intend to support them in the Senate. Can Congress expect to receive transmittal materials from the Administration soon so that we can act to ratify and implement them?

Answer: We are currently consulting with stakeholders and other departments and agencies on ratification and implementation of these two treaties. We are hopeful that the Administration will be in a position to send transmittal materials for both treaties to Congress early this year.

4. **The PTO was the lead agency responsible for the Department of Commerce's 2013 Green Paper on Copyright Policy in the Digital Economy.**

Q: Can you provide an update on the work that PTO has undertaken arising out of the Green Paper, particularly its work with stakeholders to improve the "notice-and-takedown" process for removing infringing content under the Digital Millennium Copyright Act (DMCA)?

Answer: The Green Paper was produced by the Department of Commerce's Internet Policy Task Force, led by USPTO and the National Telecommunications and Information Administration. Our follow-up to the Green Paper has progressed in three work streams: (1) the multi-stakeholder forum to improve operation of the Digital Millennium Copyright Act notice-and-takedown system; (2) preparation of a paper to address some of the policy issues identified in the Green Paper; and (3) exploring ways in which the government may be able to facilitate the further development of a robust online licensing environment.

The multi-stakeholder forum has made great progress toward agreement on a statement of "Good, Bad, and Situational Practices" for service providers and rights holders in the sending and processing of DMCA takedown notices. On December 18, 2014, the co-chairs of the forum's working group presented the forum with the draft statement, which represents eight months of public discussions, meetings, and negotiations in a process that was open to participation by all interested stakeholders. A broad range of practices for potential inclusion were considered and discussed, and this draft contains recommendations on issues within the scope of the group's work as to which best practices could be formulated. The draft will be considered by the forum's working group, and then by the entire forum if approved. We look forward to seeing a finalized statement soon.

The Task Force also has held four public roundtables around the country on several policy issues identified in the Green Paper: the legal framework for the creation of remixes; the relevance and scope of the first sale doctrine in the digital environment; and the appropriate calibration of statutory damages in the contexts of individual file sharers and of secondary liability for large-scale infringement. We are now in the process of drafting a paper on these issues, which we expect will be published early this year.

Finally, we are about to publish a second request for public comments on how the Federal Government can further the development of the online marketplace by, for example, assisting in the development of standard identifiers for works of authorship and interoperability among databases and systems used to identify owners and licensors of rights and terms of use. We plan to hold a public meeting on that topic in February or March.

5. **In my experience, the PTO has provided a valuable resource to Congress in considering patent-related legislation, on matters including not only the operation of the Office and the granting of patents, but also matters affecting the patent system as a whole. For example, the PTO has worked closely with the Federal judiciary in its work implementing the Leahy-Smith America Invents Act, and it also works with the Department of Justice in patent disputes that arise in court. Please elaborate on the role the PTO plays in interacting with the federal court system with respect to patents.**

Answer: The USPTO frequently interacts with the federal courts with respect to patents both as a party and as *amicus curiae*, i.e., friend of the court. The USPTO's Solicitor and members of his office regularly defend decisions of the USPTO's Patent Trial and Appeal Board (PTAB) before the U.S. Court of Appeals for the Federal Circuit. The USPTO also works closely with the Department of Justice (DOJ) in defending against actions brought against the Agency in district court, with its lawyers in certain cases becoming admitted as Special Assistant United States Attorneys to appear in those district courts and handle the cases directly. The USPTO's decisions following initial patent examination as well as patent reexamination and the various patent review proceedings created by the *Leahy-Smith America Invents Act* (AIA), are subject to judicial review. When the USPTO appears in those cases it provides its views of the specific dispute, as well as any larger patent law issue that may be presented by the case.

The USPTO also participates actively with other government agencies whenever the United States files an *amicus* brief in a patent case, or in most other cases involving intellectual property issues. Pursuant to 35 U.S.C. § 2(b)(9), the USPTO "shall advise Federal departments and agencies on matters of intellectual property policy in the United States and intellectual property protection in other countries." Thus, when the United States chooses to advise a federal court on a pending case involving questions of intellectual property law, the USPTO advises DOJ on these intellectual property issues.

**Responses to Questions for the Record for
Michelle K. Lee
Nominee for Under Secretary of Commerce for Intellectual Property
and Director of the U.S. Patent and Trademark Office**

Submitted on January 9, 2015

Senator Dick Durbin (D-IL)

1. **There is significant interest and a fair degree of anxiety among the patent stakeholder community over the USPTO's evolving analysis of patent subject matter eligibility under 35 U.S.C. § 101. On December 15, the USPTO issued interim guidance explaining the USPTO's interpretation of subject matter eligibility requirements in light of the *Alice Corp.*, *Myriad* and *Mayo* Supreme Court cases. This interim guidance is now open for a 90-day comment period, and stakeholders presumably will provide comments regarding the specific details of the guidance. I would like to ask several questions about the broader principles to which USPTO adheres when issuing such guidance.**

- a. **In comments submitted on July 31 regarding the USPTO's June 25 Preliminary Examination Instructions, the American Intellectual Property Law Association stated that "[a]lthough AIPLA agrees with much of what is said in its preliminary guidance on *Alice*, the preliminary guidance suggests that the PTO may apply the case law in a way that exceeds the scope of Supreme Court precedent." Do you believe it is appropriate for USPTO guidance to exceed the scope of Supreme Court precedent?**

Answer: USPTO works hard to ensure that its examination guidance reflects the law as enacted by Congress and as explained and applied by the courts.

- b. **In its comments, AIPLA urged the USPTO to "exercise caution in instructing Examiners on *Alice* to ensure that adequate attention is given to the factual context of the Court's reasoning and to discourage extrapolations that lead to new and unsupported rules of law." Do you agree that USPTO guidance should exercise such caution and should discourage extrapolations that lead to new and unsupported rules of law?**

Answer: USPTO carefully considers the guidance it provides to its examiners. In the case of the most recent examination guidelines on patentable subject matter, we have instituted an iterative process with periodic supplements based on court developments and on public feedback as appropriate. This process helps ensure that our guidance is well-supported and contributes to well-supported decisions.

- c. **In its comments, AIPLA noted that the *Alice* Court said, regarding what an "abstract idea" might be, that "we tread carefully in construing this exclusionary principle lest it swallow all of patent law." The AIPLA comments said that this "admonition should be observed by the Office and Examiners alike." Do you agree that the Court's admonition to "tread carefully" should be observed by USPTO and examiners?**

Answer: USPTO strives to encourage careful consideration of patent applications by its examiners and of broader patent issues.

- d. **In a December 12 op-ed in "The Hill," former Commissioner for Patents Robert Stoll said the following about the June 25 guidance: "In trying to implement the spate of patent eligibility cases emanating from the Supreme Court, it seems the USPTO has gone beyond**

what was required by the court...what the user community really wants is for the office to clearly stay within the confines of the narrow decisions and use the other sections of the patent law more: those dealing with enablement, written description, and clarity and obviousness.” Do you agree that the USPTO should “clearly stay within the confines of the narrow decisions” issued by the Supreme Court in drafting guidance?

Answer: USPTO is mindful to craft guidance that stays within the confines of Supreme Court precedent. However, it is important to note that *Alice Corp.*, for example, is only one of a number of recent court cases that make up the body of precedent on subject matter eligibility – several recent court appeals decisions also have applied and interpreted *Alice Corp.* The Office must take into account the statute as enacted by Congress and the entire body of relevant case law in providing guidance to its examiners.

2. In recent days, there have been numerous news stories discussing the USPTO’s Sensitive Application Warning System (SAWS). According to a USPTO memorandum obtained through FOIA, the SAWS program applies to “patent applications that include sensitive subject matter” and flags such applications on a database for additional levels of review. One tech columnist described the SAWS program as “a covert system for delaying controversial or inconvenient patents” that “if abused, could function as a way to limit or stomp out emerging companies.” Please answer the following questions regarding the SAWS program:

- a. How long has the SAWS program been in operation?

Answer: The SAWS program has been in existence since the mid-1990s.

- b. On what legal authority is the SAWS program based?

Answer: Under the patent laws, the Director is charged with general management and supervision of the Office and of the issuance of patents, as well as the management of examination of patent applications. To this end, the USPTO has put in place quality controls to ensure that patents are properly issued or properly denied. The SAWS program is one such quality control effort.

- c. What are the criteria used to flag applications under the SAWS program?

Answer: The SAWS program assists the USPTO in identifying and processing patent applications of special interest, i.e., those that raise sensitive and important issues or that may have a strong impact in the patent community. Examples of subject matter of special interest include: cold fusion, perpetual motion machines, and human cloning.

- d. How many applications were flagged under the SAWS program

- i. In 2014?

Answer: In FY2014, 216 applications were flagged.

- ii. In 2013?

Answer: In FY2013, 263 applications were flagged.

- iii. Over the life of the program?

Answer: Since 2009, when the USPTO began using a database to track these applications, 2262 applications have been flagged.

- e. **Are applicants ever notified when an application is placed in the SAWS system? If not, why not?**

Answer: Applicants generally are not notified when a quality assurance check has been used in any particular review. An application identified for a SAWS quality assurance check undergoes the same types of examination procedures as any other patent application, and is held to the same substantive patentability standards.

- f. **Does USPTO intend to provide guidance to applicants explaining the SAWS program and how it may impact prosecution of applicants' patents?**

Answer: Yes. The USPTO intends to describe the SAWS program in a forthcoming Manual of Patent Examining Procedure release. And, to help ensure that this quality assurance program continues to operate well, the Agency is currently reviewing the program and will work to ensure that the program does not subject applications to unnecessary delays.

3. **When Congress changes the patent laws with the stated goal of reining in unproductive patent trolls, these new laws often end up being tools that competitors use to challenge the patents of legitimate, productive companies.**

We are seeing this now with the Covered Business Method (CBM) Patent Review Program that was created by Section 18 of the America Invents Act. I voted for the America Invents Act after I received assurances on the legislative record from the author of Section 18 that this program would not be used to sweep in and threaten job-creating technological patents such as patents for graphical user interfaces that are widely used within the electronic trading industry. But despite these assurances, an Illinois company named Trading Technologies, which employs 300 people in my state making these graphical user interface tools, has seen its patents challenged in CBM proceedings by a giant competitor. These CBM proceedings have created enormous expense and risk for a productive employer in my state that is clearly not a patent troll. That was not what Congress intended, and it is troubling.

Will you commit to look into this concern about overbroad application of the CBM review program, and make sure that it is not sweeping in legitimate patents in contravention of Section 18's legislative history?

Answer: If confirmed, I will work to ensure that USPTO review programs and administrative proceedings are properly managed in a manner consistent with applicable law and regulations. Under the *Leahy-Smith America Invents Act* (AIA), CBM reviews are *inter partes* in nature, and the decisions made in these proceedings are rendered solely on the basis of submissions made by the parties to the Patent Trial and Appeal Board (PTAB) judges presiding over the cases. The PTAB endeavors to be true to the constraints of such trial settings by relying only on the arguments and evidence provided by the parties through their counsel. I am confident that PTAB judges take seriously their responsibility to follow carefully the strictures of the statute.

4. Since you took over Acting Director responsibilities, what has the PTO been doing to protect American inventors from foreign infringers?

Answer: The USPTO has increased resources toward its efforts to provide policy guidance and technical advice in enforcement-related domestic and international intellectual property matters. At the international level, the USPTO provides analysis and advice on foreign IP enforcement compliance, including assistance in negotiating new international enforcement obligations in foreign trade agreements, and advises on its implementation under U.S. law. At the domestic level, the USPTO provides analysis and advice on combatting counterfeiting, piracy and trade secret theft.

The USPTO is actively engaged in providing technical assistance and training on enforcement-related matters domestically and abroad. Internationally, such training and capacity-building activities include programs addressing civil enforcement, criminal enforcement, border enforcement, administrative enforcement, the need for trade secrets protection, asset forfeiture, and public education/outreach training on enforcement issues. Participants include foreign government officials involved in enforcement and policy-making, law enforcement officials, public prosecutors, customs and border enforcement officials, and the judiciary. These programs take the form of workshops, outreach events, and seminars, and are developed with the aim of sharing U.S. experiences and best practices for effectively protecting and enforcing intellectual property rights.

Domestically, the USPTO conducts increasingly robust educational outreach to U.S. small- to medium-sized businesses, covering the full range of intellectual property including patents, trade secrets, trademarks, and copyright as well as intellectual property issues arising on the Internet. This outreach includes the particularly well-received “IP Boot Camp,” which is offered throughout the U.S., the “China IP Road Shows” and related “mini-events” focusing on intellectual property issues in China (as well as similar initiatives for other countries, e.g., Brazil), and issue-focused webinars. Additionally, the USPTO staffs intellectual property information booths at industry trade shows and makes presentations at industry events. The USPTO works closely with other federal agencies to ensure in-depth training for U.S. business and to broaden our reach including, e.g., the FBI and the International Trade Administration (helping to develop and present in the ITA STOPfakes.gov Road Shows). The USPTO also provides training opportunities for federal and state government business counselors, offering “train-the-trainer” webinars and participation in business counselor conferences and initiatives, including the America’s Small Business Development Centers Annual Conference.

**Responses to Questions for the Record for
Michelle K. Lee
Nominee for Under Secretary of Commerce for Intellectual Property
and Director of the U.S. Patent and Trademark Office**

Submitted on January 9, 2015

Senator Christopher Coons (D-DE)

1. Implementation of Leahy-Smith America Invents Act programs

At your nomination hearing you noted that AIA post-grant programs have been “exceedingly popular with stakeholders.” At the same time, you have recently solicited and received significant input regarding the implementation of AIA post-grant programs.

a. Who do you consider to be “stakeholders” of the patent system?

Answer: The USPTO’s patent stakeholders include users of the USPTO’s patent services as well as the patent system at large. This would include patent applicants (e.g., independent inventors, academic researcher-inventors, and corporate inventors), patent owners, parties in the USPTO’s Patent Trial and Appeal Board (PTAB) proceedings as well as the American public who stands to benefit from innovation incentivized by a U.S. patent.

b. Are you aware of any stakeholders who are less enthusiastic regarding the implementation of AIA post-grant programs? If so, what concerns have such stakeholders expressed?

Answer: Some stakeholders appear to be less enthusiastic than others regarding the implementation of the AIA post-grant programs. The Office conducted a nationwide listening tour in April and May of 2014. As a result, in June of 2014, the Office published a Request for Comments in the Federal Register and, at stakeholder request, extended the period for receiving comments to October 16, 2014. The Request for Comments asked 17 questions on ten broad topics, including a general catchall question, to elicit any proposed changes to the AIA post-grant program that stakeholders believe would be beneficial. The Office received 37 comments from bar associations, corporations, and individuals, encompassing a wide range of issues. Several comments expressed satisfaction with the current AIA post-grant programs, and some comments offered suggestions on how to further strengthen the programs. Some suggested improvements include those relating to the claim construction standard used by the PTAB, motions to amend, discovery procedures, and handling of multiple proceedings.

c. What are your plans for reform of post-grant procedures, now having received comments on this topic?

Answer: The Office is carefully reviewing all comments received in response to the Request for Comments and plans to issue an initial set of rules and/or guidance changes in the second quarter of fiscal year 2015 that encompass simple modifications. Next, the Office intends to issue a set of proposed rule and/or guidance changes in the third or fourth quarter of fiscal year 2015 that will encompass more involved modifications. After advancing this proposed rulemaking, the plan is for the public to have 60 days to comment. The Office then intends to consider all comments and issue final rules and/or guidance in the Federal Register with a delayed effective date of 30 days. In using this two phased approach, the PTAB seeks to be as responsive to the public as possible in the shortest amount of time.

d. How do you measure the success of AIA post-grant procedures?

Answer: I am pleased that the AIA trial proceedings have provided a quicker, less expensive alternative to patent litigation in U.S. district courts, and the public has recognized their value by filing nearly 1,500 total petitions last fiscal year alone – three times more than was expected when first implemented. The success of AIA post-grant procedures is measured, in part by the PTAB's ability to render sound decisions based upon full and fair consideration of all of the evidence presented within the timeframes mandated by the *Leahy-Smith America Invents Act* (AIA). The success is further rooted in the PTAB's ability to render a decision on institution within three months of the patent owner's preliminary response, and to render a final determination on patentability within twelve months from institution of a proceeding. The PTAB also measures the success of AIA post-grant procedures in part by its ability to ensure fairness to all parties and to afford them due process through its procedures and orders.

i. Is a post-grant procedure that leads to invalidation of patents at a high rate an indication that the post-grant procedure is a success?

Answer: The PTAB carefully considers the merits of each petition and makes decisions based upon the arguments and evidence presented, following the strictures of the law. The rates at which patent claims are found invalid are indicative of the merits of the arguments and evidence presented by the parties to a proceeding. The careful adjudication of the matters according to the law is a key hallmark of success. The actual rate of invalidation of patents does not serve, in and of itself, as an indication that the post-grant procedure is a success.

ii. Are post-grant procedures invalidating valid patents or upholding patents that should be invalidated? How does USPTO evaluate whether and how frequently either or both are occurring?

Answer: The PTAB does not characterize the outcome of its post-grant proceeding decisions as either invalidating valid patents or upholding patents that should be invalidated. All PTAB decisions are rendered by at least three judges, who strive for correctness in their decisions. The presence of a plurality of judges serves as a first, fundamental check against incorrect rulings because each judge on a panel essentially is charged with quality review. Parties who believe the PTAB has erred in a decision are able to request reconsideration of the decision, pointing out the matters believed to have been misapprehended or overlooked. Additionally, each final written decision is appealable to the United States Court of Appeals for the Federal Circuit and the United States Supreme Court.

e. What changes do you think should be made to PTAB trial practice to improve its operations and weed out low quality patents?

Answer: The Office is currently evaluating changes to the AIA trials and will issue its recommended changes in the rulemakings and/or guidance changes described previously.

f. What is your view on the Broadest Reasonable Interpretation standard?

Answer: The USPTO reads patent claims for their broadest reasonable interpretation, both during initial examination of patent applications, as well as in the various post-issuance proceedings that Congress has established. The USPTO has employed this approach to claim

construction in post-issuance proceedings since the first such proceeding was created more than thirty years ago, and in initial examination for more than a century.

The *Leahy-Smith America Invents Act* (AIA) grants the Director broad authority to “prescribe regulations . . . establishing and governing inter partes review.” 35 U.S.C. § 316(a)(4); see also id. § 326(a)(4) (post-grant review). Pursuant to that authority, the Director adopted a regulation providing that in an *inter partes* or post-grant review, “[a] claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.” 37 C.F.R. § 42.200(b). See *Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents*, 77 Fed. Reg. 48,680, 48,688 (Aug. 14, 2012). Part of the reason why the USPTO reads claims for their broadest reasonable interpretation during *inter partes* and post-grant reviews is because the patent owner has an opportunity to amend its claims in these proceedings. See 35 U.S.C. § 316(d)(1)(B); id. § 316(a)(9); 37 C.F.R. § 42.121.

The AIA’s new post-issuance proceedings, which are conducted before the PTAB, have proven increasingly popular (based upon the number of petitions filed) with patent litigants. After about a year and a half experience with these new proceedings, the USPTO hosted a number of roundtables nationwide. The Agency shared with the public best practices before the PTAB and received input from the public on ways to strengthen the new AIA proceedings. The USPTO heard from some that the proceedings provide an important check on patent quality, while it heard from others ways the proceedings could be improved.

If confirmed as Director, I look forward to listening carefully and working closely with all stakeholders to further strengthen these proceedings.

g. When can the public expect the USPTO response to the submitted comments?

Answer: As previously mentioned, the USPTO expects to release a first set of rule and/or guidance changes in the second quarter of fiscal year 2015 and a second set of rule and/or guidance changes in the third or fourth quarter of fiscal year 2015.

h. Currently the patent owner is limited to “one motion to amend the patent” which is subject to PTAB approval. Will the PTAB revise its procedure for the patent owner to more easily amend its claims during IPR proceedings?

Answer: Sections 316(a)(9) and 326(a)(9) of Title 35, United States Code, require the Director to prescribe regulations “setting forth standards and procedures for allowing the patent owner to move to amend the patent under subsection (d) to cancel a challenged claim or propose a reasonable number of substitute claims.” The Office has created rules and procedures in accordance with the statute. The Office is currently considering whether to revise its procedures based upon the public feedback obtained in the Request for Comments discussed earlier. For example, the Office is contemplating issuing a rule change to permit a claims appendix and/or enlarge the number of pages permitted in a motion to amend. Any such changes or proposals will appear in the forthcoming rulemakings discussed previously.

2. Antitrust and intellectual property

Both the Department of Justice and the Federal Trade Commission have been active in shaping the legal landscape that balances antitrust and intellectual property rights. Their activities have included proposals to standard-setting organizations (see

<http://www.justice.gov/atr/public/speeches/287855.pdf>) and advocacy for “patent reform” legislation.

a. What has been your involvement with FTC and DOJ efforts in the patent area?

Answer: Since becoming the Deputy Director of the USPTO on January 13, 2014, I have overseen the USPTO’s engagement with these agencies, described below.

b. What is the role of PTO in working with the FTC and DOJ on issues affecting intellectual property rights?

Answer: As executive-branch agencies, the USPTO and Department of Justice (DOJ), along with other governmental agencies and components, consult on governmental initiatives affecting antitrust and intellectual property rights.

For example, this year, the USPTO and the National Institute of Standards and Technology worked with DOJ and the United States Trade Representative as part of a White House effort that led the U.S. Intellectual Property Enforcement Coordinator to develop a United States position on standards essential patent policy at the International Telecommunication Union. The USPTO participates, through the International Trade Administration and DOC, in the presidential review process of exclusion orders issued by the U.S. International Trade Commission (ITC) as remedies for patent infringement. The USPTO in 2013 also issued with DOJ a joint policy statement concerning remedies for standards-essential patents subject to voluntary F/RAND commitments.

Because the Federal Trade Commission (FTC) is an independent agency and has not been a formal part of many of the executive branch consultations described above, the USPTO has had less direct engagement working with the FTC on issues affecting intellectual property rights and antitrust. The USPTO, however, has been working with both the DOJ and FTC, together with many of the other governmental units mentioned above, on policy and educational efforts related to intellectual property and competition law issues abroad including in China and India.

3. Abuse of the patent system

At your nomination hearing you explained that abuses of the patent system (or “trolling”) is best defined as an activity rather than a type of entity or business model.

a. Why is it more helpful to define abuses with respect to certain activities (e.g., threatening demand letters) rather than certain companies (e.g., companies that do not engage in manufacturing)?

Answer: A goal of some of the proposed patent reform provisions is to curtail or limit abusive litigation practices. The objectionable practices can be utilized by any patent owner, regardless whether the patent owner is or is not engaged in manufacturing. Accordingly, targeting the objectionable practices is more likely to achieve the intended result.

i. In general, do you believe the U.S. patent system should distinguish between patent-holders who manufacture products and those who do not? If not, why not?

Answer: In general, the patent system seeks to promote innovation by all inventors in all technologies without regard to the particular type of entity or business model.

- b. **If “trolling” is an activity, how do you distinguish it from valid enforcement activity?**

Answer: The term “trolling” is used as shorthand for enforcement efforts that utilize abusive litigation practices. Such practices are generally absent from what is considered valid enforcement activity.

- c. **At your nomination hearing you stated that further legislation to restrain abusive conduct in the patent system would be helpful. In your view, what legislative provisions would be most helpful?**

Answer: In crafting balanced, meaningful and consensus-based legislation, I believe that the issues discussed in the 113th Congress are worthy of consideration and discussion again in the 114th Congress. Further review and discussion of these and any other issues should take into account the changes in the patent-law landscape reflected in recent court decisions and the USPTO’s initiatives, including implementation of the AIA and numerous administrative actions focused on patent quality and on litigation abuse issues.

- d. **Would legislative proposals that make it more difficult to enforce a patent right potentially disadvantage U.S. manufacturers attempting to challenge foreign infringing goods?**

Answer: Legislation that makes it more difficult to enforce patents could disadvantage domestic as well as international patent holders. The goal of any proposed legislation should be to promote innovation, not litigation, and legislation should not favor any patent owner on the basis of his or her technology or nationality or otherwise make it more difficult to enforce legitimate patent rights.

- i. **If so, is that an important consideration when changing the rules of the patent system or patent enforcement?**

Answer: Yes, patent reform legislation should be crafted in a manner to preserve the legitimate enforcement of patent rights.

4. **Patent Public Advisory Committee**

The Public Patent Advisory Committees for the USPTO were created by statute in the American Inventors Protection Act of 1999 to advise the Under Secretary of Commerce for Intellectual Property and Director of the USPTO on the management of the patent and the trademark operations. You were a member of PPAC.

- a. **How effective has this organization been in advising the USPTO?**

Answer: Based upon my experience, the **Public Patent Advisory Committees (PPAC)** has provided invaluable advice on the management of various aspects of the USPTO including, for example, examination guidelines, rulemaking, IT modernization, fee setting and efforts to reduce pendency and backlog.

- b. **Are there any changes you would like to see from either PPAC or others to provide input to USPTO operations?**

Answer: As noted above, I am pleased with the input provided by the PPAC regarding USPTO operations and do not have, at this point, any suggestions to alter its advisory efforts. With respect to seeking input from others, the USPTO has actively sought stakeholder input throughout the year on a wide range of issues including, for example, PTAB procedures, examination guidelines, and examination quality assessment.

5. **Patents for Humanity**

Earlier this year the Administration announced the extension of this effort, the USPTO's annual award competition that recognizes patent owners and licensees working to improve global health and living standards for the less fortunate. From all reports, the program has been a success. In particular, it can draw attention to the importance that inventors and patent systems play in fostering innovation that solves the world's problems while recognizing companies who bring life-saving technologies to underserved people of the world.

- a. **Please describe your views of the program. Is it having the desired effect?**

Answer: Patents for Humanity has achieved much success at highlighting the role that innovators and patents play in solving global challenges. The public has responded positively to the program and the ten winners announced in 2013. Through programs like Patents for Humanity, the public is becoming increasingly aware of how patents and other patent holders can help save lives and improve the standard of living of many. It is my understanding that the Patents for Humanity winners from 2013 have been very pleased with the value they received from winning the award, particularly the increased exposure. We have received inquiries about the program from several countries, including Korea, Japan, and France.

- b. **How could it be upgraded to have a greater impact?**

Answer: Our stakeholders frequently request that the acceleration certificates awarded through the program be made transferable, so they can be freely sold on the open market. Legislation introduced in the 113th Congress, S. 712, the "Patents for Humanity Program Improvement Act of 2013" would have provided such transferability. The USPTO supports this change as a way to bring more value into the system. Award winners, particularly small companies for whom access to capital is critical, will benefit by turning their certificates into needed funding which can help grow their operations. Transferability would also bring a new type of participant into the program: certificate purchasers, who financially support humanitarian work by buying certificates. The operational safeguards already built into Patents for Humanity certificates prevents them from being used as a weapon in patent litigation, so transferability would not significantly impact litigation.

6. **Myriad/Mayo Guidelines**

The USPTO was criticized for the process it used when issuing new guidelines following the *Myriad* and *Mayo* decisions (see, e.g., <http://www.managingip.com/Article/3325569/USPTO-responds-to-criticism-of-post-Myriad-guidelines.html>)

- a. **What are the lessons learned from the *Myriad/Mayo* guidelines process, and how will the USPTO change its process for issuing guidelines in the future?**

Answer: When the USPTO issued the Myriad/Mayo guidelines, it would have been helpful to have made clear, at time of publication of the guidance, that the Agency wanted feedback from the public and was willing to work with the public to adjust the guidance as appropriate. Learning from the previous process, the USPTO recently issued guidance on December 16, 2014, along with a dedicated webpage and Commissioner's blog post, clearly setting forth a public comment period, announcing a public forum in January 2015, and explaining that the development of the guidance will be an iterative process designed to adapt, as appropriate, to public comment and judicial developments.

If confirmed as Director of the USPTO, I intend to promote transparency, and encourage input on the development and refinement of examination guidance as well as other aspects of the Agency's operations.

7. **SAWS program**

- a. **Could you explain how the Sensitive Application Warning System (SAWS) works at USPTO, and how you will ensure that it does not result in unnecessary delays in processing valid patent applications?**

Answer: The Sensitive Application Warning System program is one of many practical, internal efforts that the USPTO has in place to ensure that only the highest quality patents are issued by the Agency. By bringing an additional quality assurance check to a very small number of pending patent applications, the USPTO helps ensure that those applications that could potentially be of special interest, are properly issued or properly denied. An application flagged for such a quality assurance check undergoes the same types of examination procedures as any other patent application, and is held to the same substantive patentability standards.

Finally, to help ensure that this quality assurance program continues to operate well, the Agency is currently reviewing the program and will work to ensure that the program does not subject applications to unnecessary delays.

**Responses to Questions for the Record for
Michelle K. Lee
Nominee for Under Secretary of Commerce for Intellectual Property
and Director of the U.S. Patent and Trademark Office**

Submitted on January 9, 2015

Senator Chuck Grassley (R-IA)

- 1. Although the title leaves out Copyright, the Patent and Trademark Director also serves as the principal advisor on copyright to the President. However, as you know, the federal government's expertise on copyright matters resides within the Copyright Office, which operates as part of Library of Congress under the Legislative Branch. The interagency process therefore becomes absolutely critical on copyright policy as, for example, the USPTO works with the World Intellectual Property Organization (WIPO), the US Trade Representative negotiates the critical IP chapter of the Trans-Pacific Partnership, and the USPTO undertakes green papers and stakeholder discussions on music licensing and DMCA notices.**

a. How have you worked with the Copyright Office and Register Maria Pallante?

Answer: I have met with, and the USPTO team of copyright experts in the Office of Policy and International Affairs works closely with, the Copyright Office and Register Pallante on a full range of international and domestic copyright policy matters.

On the international side, the Copyright Office regularly participates in WIPO meetings as a key member of the U.S. delegation, including in the Standing Committee for Copyright and Related Rights. The USPTO coordinates with the Copyright Office in the implementation and ratification of WIPO copyright treaties, such as the Beijing Treaty on Audiovisual Performances and the Marrakesh Treaty to Facilitate Access to Published Works for Persons Who Are Blind, Visually Impaired, or Otherwise Print Disabled. In addition, the USPTO and the Copyright Office consult closely in their roles as technical advisors to the U.S. Trade Representative, including in the negotiation of the IP chapter of the Trans-Pacific Partnership. The two Offices also work together on copyright issues that arise in other intergovernmental organizations such as the OECD.

Domestically, the USPTO consults regularly with the Copyright Office on copyright policy issues, such as in the preparation of the Department of Commerce Green Paper on *Copyright Policy, Creativity, and Innovation in the Digital Economy*. The USPTO has also invited the Register and her staff to participate in all of the public programs and events resulting from the Green Paper, as well as interagency discussions of the digital marketplace issues, and the USPTO has been pleased to welcome them whenever they have been able to join. In addition, Copyright Office staff regularly participate in copyright-related programs that we conduct at our Global Intellectual Property Academy.

In sum, the USPTO and the Copyright Office have a positive and productive working relationship. We consult with them on a regular basis on all major copyright-related issues that arise.

b. How will you ensure the Copyright Office's place at the table for all copyright discussions?

Answer: If confirmed, I will ensure that the USPTO continues to work with the Copyright Office in the ways described above, collaborating and consulting on all major copyright policy matters that the USPTO addresses, informing the Copyright Office of developments within the

Department of Commerce and the Administration, and inviting them to participate in international, interagency and public meetings.

2. **The Pro-IP Act of 2008 created attaches at embassies in countries with critical IP protection and enforcement issues. Infringement has become a complex global problem, and tackling it requires both expertise at our embassies and new inroads with foreign governments and businesses. How will you work to continue the success of the attaches and ensure that their resources work to the benefit of all IP rights holders?**

Answer: The USPTO has been marketing new IP Attaché positions through social media, roundtable discussions and other outreach efforts to maintain a consistent pool of talented applicants. The Agency has also invested significant resources in training the new IP Attachés. Furthermore, the USPTO has expanded its teams of specialized patent, trademark, copyright and enforcement attorneys at USPTO headquarters, who provide guidance and support to the IP Attachés.

In addition, there are ongoing discussions within the Administration to elevate the diplomatic ranks of the IP Attachés from their current diplomatic rank as “First Secretary” to the diplomatic rank of “Counselor. I believe that such changes and generally ensuring that these IP Attachés have sufficient resources to facilitate international IP policy discussions would be an important signal to our trading partners that IP is critical to the United States.

3. **In your July 2014 testimony before the House Judiciary Subcommittee on Courts, Intellectual Property and the Internet, you stated that “the USPTO believes that additional legislative changes to build upon the AIA are needed to further enhance patent quality and to lessen litigation abuses in the system.” Can you describe specifically what you have in mind?**

Answer: In crafting balanced, meaningful and consensus-based legislation, I believe that the issues discussed in the 113th Congress are worthy of consideration and discussion again in the 114th Congress. Further review and discussion of these and any other issues should take into account the changes in the patent-law landscape reflected in recent court decisions and the USPTO’s initiatives including implementation of AIA post-grant proceedings and numerous administrative actions focused on patent quality and on litigation abuse issues.

4. **What do you view as the biggest challenge to successful implementation of the AIA?**

Answer: The biggest challenge for the Agency in implementing the various provisions was to secure the input of a wide range of stakeholders while also issuing rules in a timely manner. Specifically, the Agency was charged with implementing 28 provisions within 18 months of the date that the AIA became law. The Agency conducted rulemaking to implement 13 of these provisions, which is a complex, multi-step process involving publication of proposed rules, collection of public input, issuance of final rules, and public training sessions. In parallel, the Agency also was charged with preparing three reports on various IP topics (and four additional reports within the next 30 months). To prepare the reports, the Agency held several hearings and solicited written comments from the public to ensure that it provided Congress with the most current and accurate information possible. Further in parallel, the Agency was required to establish four new post-issuance patent-review programs, which again required the Agency to solicit and consider public input. I am very proud that the dedicated staff of the USPTO was able to successfully implement so many provisions of law in such a short time period.

5. **I'm interested in hearing your thoughts on how we could improve efficiencies at the USPTO. Could you share some specific solutions you have in mind to make the USPTO more efficient? How is the USPTO engaging with stakeholders to improve its efficiency and effectiveness, and what specifically is the agency hearing from stakeholders regarding areas of needed improvement?**

Answer: In pursuit of our strategic goals, particularly optimizing both patent and trademark quality and timeliness, the USPTO constantly strives to increase efficiency and effectiveness in all facets of our operations with active engagement from our management, workforce, and stakeholders. If confirmed, I would continue to pursue the following initiatives:

- To better measure performance, the USPTO is working with the Patent Public Advisory Committee (PPAC) and stakeholders nationwide to reassess the Agency's patent quality metrics and refine long-term patent pendency goals.
- The USPTO continues to focus on more effective examiner training methods to further enhance examination fundamentals as well as communication and cooperation between the examiner and applicant. The USPTO already utilizes a highly successful training and refresher training program that encompasses more than 20 modules designed to enhance examiners' knowledge and skills in procedural and legal topics pertaining to patent examination.
- We also implemented the Patent Examiner Technical Training Program and Site Experience Education Program, which provide patent examiners with direct access to experts who are able to share their technical knowledge on prior art and industry standards in areas of emerging and established technologies.
- The USPTO continues to work toward global patent harmonization with other major foreign IP offices to optimize work sharing among offices and to reduce duplicate work to enhance efficiency. The USPTO introduced the Global Patent Prosecution Highway, a streamlined network replacing dozens of existing bilateral arrangements, speeding up the examination process among participating offices.
- Finally, by January 2015, the USPTO will have completed an extensive effort to transition from the United States Patent Classification System to the Cooperative Patent Classification System. Transitioning to a patent classification system that is more up-to-date and adopted by an increasing number of countries should result in better quality patents faster and most cost-effectively for innovators.
- Upon completion of a rulemaking process which includes engagement with our trademark stakeholders, the USPTO plans to offer lower cost fee options for filing electronic trademark applications and renewals of registrations in early 2015. The lower cost fee proposal would not only save eligible trademark applicants money but also, and importantly, support the USPTO's strategic objective to increase the end-to-end electronic processing of trademark applications, resulting in greater efficiencies for the USPTO and its customers.
- The USPTO continues to increase its examination capacity and efficiency by employing new recruitment and development models to hire, train, and retain a highly skilled and diverse workforce. For instance, the USPTO's satellite offices expand recruitment opportunities of new highly-skilled candidates who are located across the country. These satellite offices also significantly expand access to the USPTO's outreach and education programs to a wider range of our country's innovators.
- The USPTO will continue to make progress toward improving operations and services through the modernization of its next-generation information technology systems, particularly Patents End-to-End (PE2E) and Trademarks Next Generation (TMNG) systems. For the

PE2E system, the USPTO has deployed new tools for patent examiner pilot users, converted 114 million image-based patent applications to searchable text-based applications, and delivered a harmonized patent classification system between the European Patent Office and the USPTO. For the TMNG system, the USPTO enhanced the Trademark Electronic Gazette, completed trademark examination capabilities for First Action Approval for Publication, and delivered a new trademark reporting and datamart capability for generating reports, such as employee productivity reports and quality reports.

6. Do you have any ideas on how we might combat and deter infringement and promote honest business practices in the use and development of intellectual property abroad? What is your plan to promote stronger patent systems and protections internationally?

Answer: The United States has long held that criminal enforcement of IP rights is the most effective way to deter commercial-scale organized criminal counterfeiters and pirates. Penalties that include sentences of imprisonment as well as monetary fines sufficient to provide a deterrent to future infringements, consistent with a policy of removing the infringer's monetary incentive, are essential tools in the fight against these infringing activities. In the civil context, judicial authorities should have the authority to order that materials and implements that have been used in the manufacture or creation of such infringing goods be promptly destroyed. Additionally, judges should have the authority to order infringers to pay the right holder damages adequate to compensate for the injury that the right holder has suffered as a result of the infringement. In the border context, the national competent authority should have authority to initiate border measures ex officio with respect to imported, exported, or in-transit merchandise without the need for a formal complaint from the right holder.

The USPTO will continue to enhance its active engagement in providing technical assistance and training on enforcement-related matters domestically and abroad. Internationally, such training and capacity-building activities include programs addressing civil enforcement, criminal enforcement, border enforcement, administrative enforcement, the need for trade secrets protection, asset forfeiture, and public education/outreach training on enforcement issues. Domestically, the USPTO conducts increasingly robust educational outreach to U.S. small- to medium-sized businesses, covering the full range of intellectual property including patents, trade secrets, trademarks, and copyright as well as intellectual property issues arising on the Internet.

The USPTO will continue to take an active role in encouraging the adoption of patent systems that promote and support innovation. The USPTO provides patent-related training and technical assistance programs throughout the world, focusing on developing countries.

Also, the USPTO provides advice and support to the U.S. Trade Representative in negotiating new patent-related obligations in foreign trade agreements. Through these agreements, our trading partners have agreed to enhanced levels of patent protection.

The USPTO will continue to work directly with patent offices throughout the world to advocate for patent systems supportive of innovation. The USPTO has expanded the dialogue with patent offices through its IP Attaché program, which makes IP experts available on the ground in key markets to meet directly with stakeholders and local patent officials.

7. In June 2014, the Trademark Trial and Appeal Board ruled in a 2-1 decision that the federal trademark registrations for the Washington Redskins football team should be cancelled due to the disparaging nature of the marks toward Native Americans.

a. Can you please explain specifically what role you had in this proceeding, if any?

Answer: I had no role in hearing or making the decision reached in this proceeding. The case was heard before a three-judge panel of the Trademark Trial and Appeal Board (TTAB), which reached a decision based on what the judges believed to be the correct result in view of the applicable law and evidence of record in the proceeding.

b. In your opinion, was the correct decision reached by TTAB in this dispute?

Answer: The decision is presently under review by the U.S. District Court for the Eastern District of Virginia and I, therefore, cannot comment on it.

c. And, in general, do you believe that disputes of this sort are properly within the purview of the USPTO?

Answer: Congress mandated through the Trademark Act of 1946 that such disputes should be adjudicated by the USPTO. The USPTO administers the federal registration provisions of the Trademark Act of 1946, 15 U.S.C. § 1051 et seq. In Section 2, Congress specified that the types of terms or marks that are ineligible for federal registration include terms that may disparage persons or bring them into contempt or disrepute. Congress also provided that any person who believes that he or she will be damaged by the continuing registration of a mark may file a petition with the TTAB to cancel the registration, asserting grounds for cancellation under Section 2.

8. In 2009 you wrote that “awarding patents on abstract ideas and processes, like the claim at issue in the Bilski case, poses a serious threat to innovation, job creation, and economic growth.

a. Can you explain your understanding of what an abstract idea or process is?

Answer: An abstract idea is one of the types of judicial exceptions defined by the Supreme Court that is excluded from eligibility for patent. Concepts that have been identified as abstract ideas by the Supreme Court include fundamental economic concepts, mathematical relationships, certain methods of organizing human activities, and ideas standing alone. A claim that recites an abstract idea also must recite limitations that amount to significantly more than the abstract idea to qualify as eligible subject matter for patenting. The prohibition against patenting abstract ideas standing alone is to ensure that fundamental principles on which innovation is based are free to use by all.

b. Where do you draw the line on what should or should not be considered patentable?

Answer: The line on patentability is drawn by statute. It is the Office’s duty to examine patent applications for patent eligibility based on the requirements imposed by 35 U.S.C. 101, as it has been interpreted by the Supreme Court. The standard requires that an invention fall within one of the four categories of invention, which include process, machine, manufacture, or composition of matter or any new and useful improvement thereof, and that the invention not wholly encompass a judicially recognized exception, commonly called an abstract idea, a law of nature or a natural phenomenon.

9. In the Department of Commerce's Internet Policy Task Force Green Paper on Copyright Policy, Creativity, and Innovation in the Digital Economy, released on July 31, 2013, the Task Force stated its intention to establish a multi-stakeholder forum aimed at improving the operation of the notice-and-takedown system for removing infringing content from the Internet under the DMCA. I understand that the USPTO has been very active in those stakeholder discussions.

a. Can you give me an update on how those are going?

Answer: As part of the Internet Policy Task Force's work, the USPTO and National Telecommunications and Information Administration established the multi-stakeholder forum in March 2014, and have convened regular meetings throughout the rest of the year, alternating between the East and West Coasts. The multi-stakeholder forum has made great progress toward agreement on a statement of "Good, Bad, and Situational Practices" for service providers and rights holders in the sending and processing of Digital Millennium Copyright Act (DMCA) takedown notices. In the year's final public meeting on December 18, 2014, the co-chairs of the forum's working group presented the draft statement, which represents an outcome of intensive meetings and negotiations in a process that was open to participation by all interested stakeholders. A broad range of practices for potential inclusion were considered and discussed over the course of eight months, and this draft contains recommendations on those as to which agreement could be reached. The draft will be considered by the forum's working group and then by the entire forum, if approved. We look forward to seeing a finalized statement soon.

b. Have any areas emerged where copyright owners and ISPs agree progress can be made between private parties?

Answer: As noted above, significant progress has been made by the multi-stakeholder forum, which includes a wide range of copyright owners and ISPs as well as consumer and public interest groups, in producing a statement of "Good, Bad and Situational Practices", and the USPTO is hopeful that final agreement will be reached soon. The current draft, available at http://www.uspto.gov/ip/global/copyrights/Working_Group_Discussion_Draft_as_Distributed_at_Sixth_Public_Meeting_with_Cover_Page.pdf, reflects tentative agreement on a number of practices that stakeholders have identified as good and bad practices for copyright owners in sending DMCA takedown notices and for ISPs in processing them. It also sets forth a number of "situational practices" where the recommended approach may vary based on the context. In addition, stakeholders are continuing to discuss the possibility of producing some sample forms that may be used for submission of DMCA takedown notices.

10. The USPTO plays an active role in advising USTR as it negotiates the critical IP chapters in proposed trade agreements such as TPP and TTIP. Many members of this and other Committees often judge the level of IP protection within such agreements when determining our support. What are your views on the importance of strong copyright protection in trade agreements?

Answer: Strong and high-quality copyright protection in trade agreements promotes the dissemination of creative works, rewards creators, and ultimately increases the supply of rich and diverse content to the public. A balanced and effective copyright system is in the interest of the United States and also our trading partners. This is even more true in today's environment, as the Internet creates new opportunities and challenges by enabling broader and easier access to and uses of copyrighted works.

**Responses to Questions for the Record for
Michelle K. Lee
Nominee for Under Secretary of Commerce for Intellectual Property
and Director of the U.S. Patent and Trademark Office**

Submitted on January 9, 2015

Senator Orrin Hatch (R-UT)

- 1. Define the “technical assistance” that the USPTO may provide to Members of Congress and staff. Please make that definition objective, concrete, and specific. Please provide examples.**

Answer: The basic concept behind technical drafting assistance is that a Member of Congress wants to draft a bill on a complex matter, and that he or she knows what he or she wants to accomplish, but wants assistance from the agency to correctly accomplish his or her goal. USPTO’s technical drafting assistance, provided upon request to Members and Congressional staff, may address a broad range of intellectual property issues. This assistance may include identifying case law relevant to the proposed text and providing context for how a court might interpret statutory intent of specific language.

- 2. Yes or no, is it ever proper for the USPTO director or the agency’s staff to actively oppose legislative proposals before Congress?**

If yes, please provide the basis for their authority to do so and the circumstances under which it is proper. Please provide examples.

Answer: Yes. Sometimes it is appropriate for the USPTO to express its views, consistent with the Administration’s legislative priorities and goals, on how proposed legislation may impact the agency’s operations or the functioning of our intellectual property systems.

If confirmed as Director, I look forward to working with the Congress. I believe that the Administration and leaders of both parties in Congress share a common goal of strengthening our nation’s patent system so that it best incentivizes innovation and a desire to work together to achieve this goal for the benefit of our nation’s innovators.

- 3. Do you have any previous patent litigation experience? If so, please describe that experience in detail.**

Answer: Yes. My previous litigation experience is described in detail in the questionnaire submitted to the Judiciary Committee prior to my nomination hearing.

- 4. Yes or no, does the USPTO have subject matter expertise or jurisdiction over legislative proposals to reform pleading standards, discovery, fee-shifting, and recovery of awards?***

** The above question is not about whether USPTO may provide technical assistance, but about the agency’s jurisdiction. Please respond accordingly.*

If yes, please describe the basis for that jurisdiction.

Answer: Yes. Pursuant to 35 U.S.C. § 2, the Director of the USPTO is charged with “advis[ing] the President . . . on national and certain international intellectual property issues,” and “advis[ing] Federal department and agencies on matter of intellectual property.” The USPTO historically also

has responded to inquiries from members of Congress regarding USPTO practices and procedures and pending patent and trademark legislation.

The USPTO employs personnel with detailed knowledge and expertise on a wide variety of patent and trademark issues, including patent litigation related matters. In addition, USPTO attorneys defend the Agency in direct appeals from its patentability determinations and, through the Department of Justice, advise the courts on issues raised in IP litigation, including patent and intellectual property issues pending before the Supreme Court. The USPTO personnel are knowledgeable about the particular issues raised in this question. The USPTO personnel also are knowledgeable about USPTO's own proceedings, such as the AIA's new post-issuance patent review trials, and possess in-depth knowledge about many substantive patent law issues, all of which impact district court litigations.

5. **Yes or no, would shifting to a district court-style claim construction from the broadest reasonable interpretation at the USPTO's Patent Trial & Appeal Board (PTAB) effectively combat patent trolls?**

If yes, explain the basis for that conclusion.

Answer: The *Leahy-Smith America Invents Act* (AIA) grants the Director of the USPTO broad authority to "prescribe regulations . . . establishing and governing inter partes review." 35 U.S.C. § 316(a)(4); *see also id.* § 326(a)(4) (post-grant review). Pursuant to that authority, the Director adopted a regulation providing that in an *inter partes* or post-grant review, "[a] claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears." 37 C.F.R. § 42.200(b). *See Changes to Implement Inter Partes Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents*, 77 Fed. Reg. 48,680, 48,688 (Aug. 14, 2012). The USPTO has employed this standard of claim construction during initial examination and in the various post-issuance mechanisms that Congress has established to reconsider granted patents for at least a century. In part, the USPTO decided to use a broadest reasonable interpretation claim construction standard during *inter partes* and post-grant reviews because the patent owner has an opportunity to amend its claims in these proceedings. *See* 35 U.S.C. § 316(d)(1)(B); *id.* § 316(a)(9); 37 C.F.R. § 42.121.

The AIA's new post-issuance proceedings, which are conducted before the Patent Trial and Appeal Board (PTAB), have proven increasingly popular (based upon number of petitions filed) with patent litigants. After about a year and a half experience with these new proceedings, the USPTO hosted a number of roundtables nationwide. The Agency shared with the public best practices before the PTAB and received input from the public on ways to strengthen the new AIA proceedings. The USPTO heard from some that the proceedings provide an important check on patent quality, while it heard from others on ways to further strengthen the proceedings.

If confirmed as Director, I look forward to listening carefully and working closely with all stakeholders to ensure these proceedings are fair and effective as intended by the AIA.

6. **Are PTAB judges made aware that patent applications before it are subject to the Sensitive Application Warning System (SAWS) program?**

Answer: There is no formal or official process to make PTAB judges aware that patent applications involved in appeals to which they are assigned are subject to the Sensitive Application Warning System.

If so, do PTAB judges treat such patent applications differently than patent applications not in the SAWS program? Please provide available statistics.

Answer: PTAB judges do not handle appeals differently based on whether the appeals involve patent applications in the SAWS program.

7. How does an applicant appeal the placement of a patent application into the SAWS program?

Answer: As with applications that are subject to other forms of internal quality reviews, there is no process to appeal the placement of a patent application into the SAWS program. An application flagged for such a quality assurance check undergoes the same types of examination procedures as any other patent application, and is held to the same substantive patentability standards.