

Senator Grassley's Written Questions for Andrei Iancu

- 1. As discussed at your hearing, post-grant reviews before the Patent Trial and Appeals Board (PTAB) were an important piece of the America Invents Act (AIA). Those reviews play a crucial role in improving the quality of patents in the system. The inter partes review (IPR) process at the U.S. Patent and Trademark Office (USPTO) was created to efficiently and effectively review patents and help reduce poor quality patents circulating in commerce. I would like to get more specific details on your views of the post-grant review process at the USPTO.**

A) How do you assess the USPTO's implementation of the IPR program to date? Do you believe that the process has improved the quality of patents in commerce?

ANSWER: Over 7000 IPR Petitions have been filed since the process was established approximately 5 years ago. As a result, the USPTO has had to come up to speed quickly, and to date it has not missed any statutory deadlines. IPR proceedings have invalidated and therefore removed a significant number of patent claims from commerce. To the extent that patent claims that should not have been granted in the first place have been removed, the IPR process has improved the quality of the patent system.

Various stakeholders have expressed concern and criticism that IPRs have been used, beyond their statutory intent, to attack valid patents and that the proceedings are slanted against the patent owner. As I mentioned at the hearing, if the inventor community does not have confidence in the IP system then investments do not get made and inventions slow down and the economy does not benefit. I believe that a key to the successful implementation of the IPR program is striking the right balance.

B) What criticisms do you have of the post-grant program? If you are confirmed, how do you intend to address those problems?

ANSWER: If confirmed, I will work with PTO leadership, Congress and stakeholders to identify the specific areas that can be improved so that the IPR process can fully realize its intended goals. Areas to look at include the amendment process, the claim construction standard, the process used to reach institution decisions, and the conduct of the hearing itself, among others.

C) There have been calls to significantly modify the post-grant review program, exempt certain industries, and even eliminate the process. While there are areas in which the implementation of post-grant reviews could be improved, can you assure me that you will not take action to undermine Congressional intent and the goal of the AIA to provide a viable, faster and less expensive alternative to district court litigation?

ANSWER: Yes, if confirmed, I will work to ensure that post-grant reviews meet Congressional intent and the statutory goals, in line with relevant jurisprudence.

2. **You have stressed the importance of certainty and predictability for patent holders in order to incentivize innovation, investment and job creation. If you are confirmed, specifically what are your plans to improve patent quality and certainty in the American patent system?**

ANSWER: Key components of the patent system include reliability and predictability for both patent holders and the public, as well as high quality. All this needs to be accomplished with a balanced and holistic approach. Some examples follow.

We must begin with the original patent grant, which needs to be of the highest quality. Patent Owners and the public should be able to rely on patents issued by the Patent Office. In other words, a goal should be that patents issued by the Patent Office are able to withstand scrutiny when challenged. If confirmed, I will work to improve the ability to surface the best prior art during examination, and that the patent examination process is detailed, cost effective, and timely. If confirmed, I will study the quality initiatives currently at the Office, assess what has worked and what has not, and decide what more can be done to ensure that the original examination results in patents on which the patent owner and the public can rely. Further, once issued, any post grant review process should be balanced such that patent owners and the public have confidence that invalid patents are eliminated while good patents are confirmed. In turn, and among other things, certain PTAB rulings may be used in examiner training, as a feedback loop, in order to increase consistency of results.

Additionally, clear and precise guidance on a variety of judicial decisions would also increase predictability. If confirmed, I will ensure that the USPTO issues appropriate guidance and provides leadership to help crystalize understanding of the patent laws.

3. **Under the AIA, the Director of the USPTO has broad discretion to deny the institution of IPRs. Do you see a need to implement additional rules aimed at denying petitions filed for abuse, harassment or other malicious reasons?**

ANSWER: No abusive, harassing, or otherwise malicious actions should be tolerated. The USPTO has recently issued a variety of precedential opinions that address certain repetitive IPR petitions. If confirmed, I will work with USPTO leadership and members of the stakeholder community to assess whether more needs to be done in this regard, and if so, I will work to swiftly implement further mechanisms to curtail abuse and harassment that can otherwise destabilize the careful balance needed for a well-functioning IP system.

4. **In a 2016 article, you suggested that the PTAB should be permitted to decide questions of indefiniteness in an IPR. The AIA states that an IPR petitioner “may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.” Indefiniteness is not a ground for invalidity under section 102 or 103. Is it your position that once an IPR is instituted, the PTAB is no longer restricted to deciding grounds of validity under sections 102 and 103?**

ANSWER: The 2016 article explored various concepts relating to the interplay of indefiniteness with IPR proceedings. Some of the questions asked in the article were “can the PTAB push these decisions into the trial phase of the IPR as opposed to deciding the issue at the institution phase, and does the PTAB have the authority to issue a final written decision regarding indefiniteness once an IPR has been initiated?” This is an unsettled area of the law, and I am not aware of definitive court decisions or other guidance on the proper answers to these questions.

The article includes a discussion of the relevant statutes. For example, with respect to the grounds on which the petitioner may request review, 35 USC 311(a) states: “A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.” On the other hand, with respect to the final written decision, 35 USC 318(a) states: “If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).” Among other things, the 2016 article explores this difference in language between the two sections of the statute.

The article, furthermore, explores issues that may be caused by those PTAB institution decisions that pronounce, *sua sponte*, some patent claims to be indefinite and then deny instituting IPR as a result. As pointed out in the article, this practice raises a number of potential concerns, such as: the PTAB may not have allowed the parties to provide briefing on the issue; there is arguably no opportunity for Federal Circuit review; and the PTAB determination could place a cloud on the patent without final resolution. A main purpose of the article was to point out the issues that might arise, for both petitioner and patent owner, as a result of this practice.

The ultimate question is how best to address these issues. If confirmed, I will work with USPTO leadership, Congress, and the stakeholder community to assess whether these issues do in fact merit consideration, and, if so, to identify potential solutions.

- 5. The PTAB has been criticized for issuing fewer than ten precedential IPR decisions out of thousands of rulings issued over the past five years. Do you see this lack of precedential decisions as harmful to the expectations of IPR participants? If so, what would you propose? Which areas do you believe would benefit the most from precedential decisions?**

ANSWER: Designating precedential cases is important to provide predictability and guidance to IPR stakeholders and the public. Although the PTAB has issued a few more such decisions recently, the overall numbers have been relatively low. If confirmed, I intend to work with the PTAB and other PTO leadership to review the current process and potentially seek appropriate changes. I also intend to work with the PTAB, other PTO leadership and stakeholders to identify areas most in need for an increased number

of such decisions, as well as procedures for when and how best to designate precedential cases.

6. Do you believe that the covered business method (CBM) review is useful? Do you believe that the CBM review should be extended beyond its scheduled sunset in 2020? Why or why not?

ANSWER: The current transitional CBM program has generally been effective in meeting the goals of the AIA. Whether to extend it is a complex decision that merits careful study. When drafting the AIA, substantial study and analysis went into the decision to implement a transitional CBM program, including its current sunset provision. Similar study and analysis should be undertaken to decide whether to extend the program beyond its current sunset, and to ensure that any further legislation is carefully crafted to meet Congressional goals. If confirmed, I look forward to working with Congress towards these goals.

7. Some stakeholders have argued that section 101 of the Patent Act, which governs the definition of patent eligibility, should be amended to clarify what is patent eligible. Some stakeholders are concerned about a lack of consistency with the USPTO's application of section 101 and a lack of a detailed rationale on the part of examiners using section 101 to reject patent examinations. A) What is your opinion on these issues?

ANSWER: As I mentioned at my hearing, recent Supreme Court jurisprudence on Patentable Subject Matter pursuant to section 101 has introduced a degree of uncertainty into this area of the law. That jurisprudence is fairly recent, and the Federal Circuit, District Courts, and the USPTO are still working through these issues and drawing the appropriate lines. The Office will strive to ensure clear and consistent procedures that track this developing jurisprudence. The Office has already issued guidance on section 101. If confirmed, I will work with the Office to update the 101 guidance as the law develops, and help clarify the appropriate lines as to what is and what is not patentable pursuant to current law. This guidance can help ensure both that patent examiners consistently and predictably apply the law, and that patent applicants can draft applications and claims in accordance with 101 as interpreted by the courts.

B) What do you believe is the role of the USPTO Director in determining and implementing what is and what is not patent eligible subject matter under section 101?

ANSWER: The role of the Director is, first, to ensure that processes are in place so that the USPTO faithfully follows and executes the law. This includes ensuring that issued patents comply with statutory requirements, such as Section 101, and that the Office consistently applies the legal principles developed by court precedent. I also believe that the Office has significant expertise in the practical and policy implications of Patentable Subject Matter jurisprudence. The Director, and the Office in general, can help explain and clarify the law. In addition, and to the extent that Congress considers amending

section 101, if confirmed I look forward to working with legislators to help assess the need for and content of any potential legislation in this area.

- 8. Over the last several years, multiple decisions by the Court of Appeals for the Federal Circuit have addressed the role of written description. Yet, the USPTO guidelines for handling written description (which are in the form of training materials) have not been updated in nearly a decade. Will you prioritize updating the USPTO's internal guidance and training for patent examiners on written description requirements so that there is consistency between the USPTO guidance and federal court case law?**

ANSWER: Yes, if confirmed, I will work with USPTO leadership to identify the updates needed with respect to internal guidance and training for patent examiners on written description requirements so that there is consistency between the USPTO guidance and federal court case law.

- 9. The *Oil States* case currently being considered by the U.S. Supreme Court was discussed briefly at your hearing. If the U.S. Supreme Court were to strike down IPRs as unconstitutional, what would you recommend Congress do to fix IPRs so that they no longer present a constitutional problem?**

ANSWER: Until the Supreme Court or Congress say otherwise, the current IPR statute remains the law of the land. If the Supreme Court were to strike down IPRs as unconstitutional, any response would depend in large part on exactly what the Supreme Court said. After the Supreme Court issues its decision in *Oil States*, the Office will carefully study that decision and take whatever actions are necessary to ensure that the Office complies with the relevant law. If the Supreme Court strikes down IPR, I would work with USPTO leadership, Congress and stakeholders to assess appropriate responses in light of the ruling.

- 10. Recently, private companies that would not otherwise have sovereign immunity protections have engaged in transactions with sovereign entities in an attempt to basically "rent out" their immunity to prevent post-grant challenges to their intellectual property before the PTAB. Many have criticized these transactions as "sham" transfers that thwart the USPTO's review proceedings established by the AIA. A) What is your view of this practice and what, if anything, can the USPTO do to address this conduct? B) In your opinion, does sovereign immunity bar PTAB review of an issued patent owned by a state agency or university, or a Native American tribe?**

ANSWER: I understand that there are matters currently pending before the USPTO that are considering this issue. I also understand that concerns have been raised by Congress, courts, and various stakeholder communities over the potential for abuse that this practice could entail. These transactions raise a number of complex and important issues, including relationships with sovereign entities, the interplay between district court litigation and IPRs, the timing and purpose of such transactions, among many others. In

any event, it is not yet clear how prevalent this issue is and whether others will attempt similar transfers in significant numbers. If confirmed, I will work with USPTO leadership, Congress and stakeholders to assess the real impact of such transactions and any possible responses in the context of a well-balanced IP system.

- 11. A recent U.S. Department of Commerce Inspector General report revealed some significant time and attendance abuses by USPTO employees. Have those issues been resolved? What would you do as USPTO Director to prevent employee time and attendance abuses?**

ANSWER: Time and attendance abuses should not be tolerated. I understand that the USPTO has already addressed a number of these issues. If confirmed, I will confer with USPTO leadership to understand the current status of this issue. At a minimum, the USPTO first needs to have appropriate procedures, guidance and training to prevent such abuse. Second, the USPTO must have appropriate procedures to allow leadership to identify such abuse if it occurs. Third, the USPTO must have appropriate procedures to allow for immediate and decisive action that corrects any such abuse once identified.

- 12. The USPTO IP Attaché program helps to promote U.S. intellectual property policy and standards, as well as to improve foreign intellectual property systems and intellectual property enforcement for the benefit of American stakeholders. Do you support the USPTO IP Attaché program? Do you envision making any changes to it?**

ANSWER: Yes, I support the IP Attaché program. If confirmed, I expect to continue the USPTO's efforts to further develop the IP Attaché program, and will work to ensure that IP Attachés have sufficient resources to meet the goals of the program.

- 13. The USPTO's Office of Policy and International Affairs (OPIA) assists the USPTO Director in advising the President and federal agencies on domestic and international intellectual property issues, including copyright policy. Do you have any plans for this office? Do you envision making any changes to the services or programs administered by OPIA?**

ANSWER: I do not currently have any specific plans for this office. Assisting the Director in formulating and advising on U.S. domestic and international policy regarding protection and enforcement of intellectual property rights are critically important functions at the USPTO. If confirmed, I will work with OPIA and other USPTO leadership, as well as relevant stakeholders, to make full use of the USPTO's resources dedicated to formulating and improving policy for a strong, balanced, and well-functioning intellectual property system both domestically and internationally.

- 14. Do you agree that our trade agreements should contain strong intellectual property protections and avoid loopholes that would facilitate infringement and free-riding on American innovation and creativity?**

ANSWER: Yes. Our trade agreements should ensure that our trade partners make available appropriate intellectual property protections and enforcement mechanisms for Americans doing business overseas, and that loopholes that would facilitate infringement and free-riding on American IP are avoided.

15. Will you commit to being a powerful and persistent voice within the Administration to ensure that robust intellectual property protection at home and abroad is reflected in Administration policies?

ANSWER: Yes. If confirmed I will make it a priority to ensure that robust intellectual property protection at home and abroad is reflected in Administration policies.

16. What are your plans on cooperation with foreign patent and trademark offices to ensure that the innovations of U.S. companies are protected around the world?

ANSWER: If confirmed, I will review and continue as appropriate the ongoing work at the Office to cooperate with foreign patent and trademark offices to ensure that the innovations of U.S. companies are protected around the world. Among other things, the Office should continue its efforts with analysis, advice and training on foreign IP enforcement compliance, including assistance in negotiating new international enforcement obligations in foreign trade agreements. The USPTO should also continue its work with the Global Dossier initiative, and other joint efforts with foreign patent offices as appropriate. If confirmed, I will also work with USPTO leadership to determine what else can be done to coordinate and cooperate with foreign patent and trademark offices to the benefit of American intellectual property.

17. Trademark owners are primary stakeholders of the USPTO in that they provide the agency with funding through fees. The trademark community values its communications with the USPTO not only through advisory committees but at venues where there can be give-and-take about USPTO operations and trademark policy. Can you commit to expanding these opportunities for communication with trademark stakeholders on a regular, on-going basis?

ANSWER: Trademarks are a key component of the overall intellectual property ecosystem, and, if confirmed, I will work to ensure that the USPTO provides communication opportunities with trademark stakeholders on a regular, on-going basis.

18. On November 10th, Assistant Attorney General of the Antitrust Division Makan Delrahim gave a speech on the application of antitrust law to standard essential patents (SEPs) and standards setting organizations (SSOs). Do you agree or disagree with anything in his speech? How do you view the intersection of intellectual property and antitrust law in the SEP context?

ANSWER: In his November 10, 2017, speech, Mr. Delharim identified a number of issues that lie at the intersection of intellectual property and antitrust in the context of Standard Setting Organizations (SSOs). Among other things, Mr. Delharim identified “dueling interests” between what he calls innovators and implementers, as well as issues

surrounding “hold-up” and “hold-out” problems. Mr. Delharim also set forth certain views as to the appropriate application of antitrust laws to violations of SSO commitments, and to various activities of the SSOs themselves and their participants.

SSOs and SEPs have become important components of the intellectual property ecosystem. Like other aspects of our IP system, SSOs and their activities need to be carefully balanced as between the various interests of the stakeholder community as well as the public, including interests identified by Mr. Delharim. Applied correctly, antitrust laws can play an important role in striking the appropriate balance. If confirmed, I look forward to working with Mr. Delharim and the Antitrust Division, as well as the Federal Trade Commission, to craft appropriate policies that result in a balanced approach to SSOs and their impact on the patent system.

Senator Orrin Hatch
Questions for the Record
U.S. Senate Committee on the Judiciary
Hearing: "Nominations"
November 29, 2017

- 1. I'd like to start by asking about the Supreme Court's recent 101 jurisprudence. What are your views on the Supreme Court's recent line of cases on subject-matter eligibility? If confirmed, how do you plan to engage on the current controversies over section 101?**

ANSWER: As I mentioned at my hearing, recent Supreme Court jurisprudence on Patentable Subject Matter pursuant to section 101 has introduced a degree of uncertainty into this area of the law. That jurisprudence is fairly recent, and the Federal Circuit, District Courts, and the USPTO are still working through these issues and drawing the appropriate lines. The Office will strive to ensure clear and consistent procedures that track this developing jurisprudence. The Office has already issued guidance on section 101. If confirmed, I will work with the Office to update the 101 guidance as the law develops, and help clarify the appropriate lines. This guidance can help ensure both that patent examiners consistently and predictably apply the law, and that patent applicants can draft applications and claims in accordance with 101 as interpreted by the courts. The Office has significant expertise in the practical and policy implications of Patentable Subject Matter jurisprudence. The Director, and the Office in general, can help explain and clarify the law. In addition, and to the extent that Congress considers amending section 101, I look forward to working with legislators to help assess the need for and content of any potential legislation in this area.

- 2. As you know, *inter partes review*, or IPR, is a hot topic right now. Proponents of IPR, including many in the tech sector, argue that IPR provides an efficient and less expensive way to weed out bad patents. Opponents of IPR, including life sciences companies and inventor groups, respond that IPR makes it too easy to invalidate good patents. Opponents further argue that excessive invalidation rates have destabilized our patent system.**

What are your views on this debate? Do you believe IPR is overall a net positive?

ANSWER: Over 7000 IPR Petitions have been filed since the process was established approximately 5 years ago. To the extent that patent claims that should not have been granted in the first place have been removed, the IPR process has been a positive. On the other hand, various stakeholders have expressed concern and criticism that IPRs have been used, beyond their statutory intent, to attack valid patents and that the proceedings are slanted against the patent owner. A key to the successful implementation of the IPR program is striking the right balance. We now have significant experience with the process, which will enable a careful study to assess all the benefits of the system and areas of potential improvement. If confirmed, I will work with PTO leadership, Congress

and stakeholders to ensure the appropriate balance is in place so that the IPR process can fully realize its intended goals.

- 3. I count myself as a proponent of IPR. As the Chairman of the Senate Republican High-Tech Task Force, I work closely with the tech industry. Patent trolls and other entities asserting weak patents have caused significant problems for tech innovators and drained millions of dollars through frivolous litigation. If confirmed, you'll have significant authority over how IPR is administered and what rules and standards PTO applies to IPR.**

What assurances can you provide that you will implement IPR as Congress intended and that you will avoid taking actions that would upset the balance Congress struck in the *America Invents Act*?

ANSWER: A balanced approach, including with respect to post-grant reviews such as IPRs, is a key to a well-functioning intellectual property system. If confirmed, I will work to ensure that IPR meets Congressional intent and the goals of a balanced system pursuant to the *America Invents Act*, and in line with relevant jurisprudence.

- 4. The fact that I'm a proponent of IPR doesn't necessarily mean I think the system is perfect. One area that I think may warrant some investigation is IPR's impact on Hatch-Waxman litigation. As you can imagine, as the "Hatch" in Hatch-Waxman, I take a keen interest in this issue. Some commentators have argued that IPR has the potential to upend the careful Hatch-Waxman balance by enabling parallel validity proceedings for drug patents and by drawing out litigation beyond the 30-month stay of FDA approval provided for in Hatch-Waxman.**

What are your views on this issue? Do you think IPR poses potential complications for Hatch-Waxman?

ANSWER: The Hatch-Waxman Act represents a carefully balanced statutory approach. This legislation plays an important part in bringing new drugs to market and making generics available, among other things. The Act was passed in 1984, well before the America Invents Act created IPR proceedings in 2011. As a result, IPRs were not considered when the Hatch-Waxman Act was initially crafted, debated and passed in Congress. We now have significant experience with the IPR process, including some experience with its interaction with Hatch-Waxman proceedings. If confirmed, I will carefully consider the concerns of IPR stakeholders in this area, and work with such stakeholders, USPTO leadership, and Congress to assess the impact of IPRs on Hatch-Waxman proceedings and whether any adjustments need to be made.

- 5. One other potential area of concern with IPR involves the problem of so-called reverse trolling. This is when an entity threatens to bring an IPR suit against a patent holder unless the patent holder agrees to settle. Essentially, the troll says I'm going to invalidate your patent unless you agree to pay me.**

How serious of a problem do you think this is? Is this an issue that merits Congress's attention?

ANSWER: I understand that some have complained about the use, or threatened use, of IPR for financial gain or for reasons other than a genuine interest in the outcome of a validity challenge. I further understand that the USPTO has rules in place, including provisions for sanctioning parties that abuse the IPR process, which may be applied in appropriate cases. It is not yet clear how prevalent the issue outlined in this question is and whether parties attempt these tactics in significant numbers. If confirmed, I will work to determine the magnitude of the problem, if any; determine whether the existing tools at the Office's disposal are sufficient; and determine the best course of action to ensure that threatening, harassing, or abusive use of IPR proceedings are not tolerated. If needed, I look forward to working with Congress on appropriate legislation if it appears that Congressional attention is warranted.

- 6. Some commentators have criticized former PTO Directors for altering or expanding the membership of PTAB panels in order to make a particular panel outcome more likely. When, if ever, do you think it is appropriate for the PTO Director to alter the membership of a PTAB panel?**

ANSWER: I do not believe that it is appropriate for the Director to alter the judging panel for a given case to reach a pre-determined or desired outcome. However, I do believe that the use of "expanded panels" may be appropriate in some circumstances. For example, the Court of Appeals for the Federal Circuit uses a larger than three judge panel when it rehears a case en banc. *See, e.g.*, Fed. Circ. Rule 35. While not a perfect analogy, PTAB expanded panels could be useful in some similar circumstances. Examples may include cases in which the Board must address a new or especially important procedural issue that could impact subsequent proceedings, or important issues where there are conflicting or inconsistent opinions. If confirmed, I will work with USPTO leadership to develop appropriate procedures for this practice that satisfy the demands of due process and the Administrative Procedures Act.

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**Nomination of Andrei Iancu to be the Under Secretary of Commerce for
Intellectual Property and the Director of the United States Patent and Trademark
Office Questions for the Record
December 6, 2017**

**QUESTIONS FROM SENATOR
FEINSTEIN**

1. There have been calls to modify inter partes review (IPR) process including exempting certain industries, and even eliminate it.

- a. **In your view, should IPR be maintained as a process for the Patent Office to improve patent quality?**

ANSWER: I believe that a review process is important for the Patent Office to maintain and improve patent quality. The IPR process is the current law, implemented in the America Invents Act after years of analysis and debate. The process is currently before the Supreme Court to assess its constitutionality. Once the Supreme Court issues its decision, I look forward to working with Congress should it consider making changes, if any, in light of the decision.

- b. **Do you think there are areas in which the implementation of IPR could be improved?**

ANSWER: If confirmed, I will work with PTO leadership, Congress and stakeholders to identify the specific areas that can be improved so that the IPR process can fully realize its intended goals. Areas to look at include the amendment process, the claim construction standard, the process used to reach institution decisions, and the conduct of the hearing itself. With over 7000 IPR Petitions that have been filed since the process was established approximately 5 years ago, we now have significant experience with the process, which will enable a careful study to assess all the benefits of the system and areas of potential improvement. A key to the successful implementation of the IPR program is striking the right balance.

2. In order to cultivate a predictable and well-functioning patent system, the rules on what can and cannot be patented must be stable and clear.

- a. **What are your views on the PTO's role in creating clarity and certainty about subject matter eligibility for software-implemented inventions under section**

101?

ANSWER: As the section 101 case law develops in the courts, the Office will strive to ensure clear and consistent procedures that track this developing jurisprudence. The Office has already issued guidance on section 101. If confirmed, I will work with the Office to update the 101 guidance as appropriate, and help clarify the appropriate lines as to what is and what is not patentable pursuant to current law. This guidance can help ensure both that patent examiners consistently and predictably apply the law, and that patent applicants can draft applications and claims in accordance with section 101 as interpreted by the courts. The Office has significant expertise in the practical and policy implications of Patentable Subject Matter jurisprudence. The Director, and the Office in general, can help explain and clarify the law. In addition, and to the extent that Congress considers amending section 101, I look forward to working with legislators to help assess the need for and content of any potential legislation in this area.

3. As you know, America's IP-intensive industries are key drivers of economic growth, jobs, and exports. In fact, according to the Department of Commerce, IP-intensive industries accounted for \$6.6 trillion in value added in 2014 – a 30 percent increase over 2010. Clearly, promoting American creativity and innovation is a critical factor in growing the U.S. economy.

- a. **If confirmed as Director of the US Patent and Trademark Office, how do you plan to fulfill this objective and ensure that foreign countries fairly value the work of American creators and innovators, in particular in the modernization of NAFTA?**

ANSWER: We must ensure that trade agreements include robust intellectual property protections for American companies doing business overseas. If confirmed, I look forward to working with the US Trade Representative, and other appropriate government institutions engaged in NAFTA and other negotiations, to ensure that our trade partners make available effective intellectual property protections and enforcement mechanisms for American creators and innovators. If confirmed, I and other USPTO officials will also promote – both domestically and overseas – American intellectual property and the work of American creators and innovators.

- b. **What changes, if any, to the IP provisions of the NAFTA do you think are necessary and appropriate?**

ANSWER: Our trade agreements should include strong intellectual property protections for American companies doing business overseas. If confirmed, I look forward to working with the US Trade Representative, and other appropriate government institutions engaged in NAFTA negotiations, to ensure that American rights holders have access to effective protections and enforcement mechanisms in NAFTA countries.

c. Do you think that changes to patent-eligible subject matter should be addressed in NAFTA negotiations?

ANSWER: Issues surrounding patent-eligible subject matter are important to a well-functioning patent system. If confirmed, I look forward to working with the US Trade Representative, and other appropriate government institutions engaged in NAFTA negotiations, with respect to any IP-related issues.

4. This year, the U.S. patent system fell from 1st to 10th place in the U.S. Chamber of Commerce's annual world ranking. This has alarmed many in the patent community.

a. Please share your perspective on the state of the patent system and improvements you think are necessary to restore the U.S. as the global innovation leader.

ANSWER: The American patent system has been and must continue to be the world's premier patent system. To that end, our patent system needs to be balanced, reliable, predictable, and of high quality. We must recognize and indeed celebrate the excitement of American invention and the benefits it brings to society. Doing so enables our IP system to fully realize its Constitutional mandate: "To promote the progress of science and useful arts...." If confirmed, I will work with PTO leadership, Congress and stakeholders, within these parameters, in order to ensure that our patent system is the crown jewel it has been.

5. One of the biggest challenges the PTO faces is its ability to attract and retain top-performing examiners. By the time an examiner is fully trained, he or she may already be looking to leave the PTO.

a. What is your plan for hiring and retaining the best examiners?

ANSWER: Hiring, training, and retaining high quality employees is important in any workplace, including at the USPTO. If confirmed, I will work with the appropriate departments at the Office, such as Human Resources, to ensure that existing recruitment and retention incentives are being properly deployed. Among other things, I will also review existing recruitment and marketing efforts, with the goal of increasing the Office's reach to potential well-qualified candidates.

b. How would you incentivize top-performing examiners to stay?

ANSWER: One of the best ways to decrease turn-over is to increase job satisfaction. This can be accomplished in a number of ways, such as: ensuring that employees are properly trained and have adequate resources to perform their duties; consistently providing a desirable work environment; providing a platform that allows for

professional satisfaction; providing exciting opportunities to grow; ensuring that employees can maintain a sustainable work-life balance; and providing competitive pay and employee benefits, all within the context of the mission of the organization and relevant budgetary constraints. I understand that the USPTO has existing programs directed to many of these areas, and if confirmed I will review the full suite of options available to USPTO management to incentivize and retain top performers, and study where and how these programs could be improved and new programs added. Maintaining a culture of excellence, together with a positive and optimistic view of the agency's mission, creates an environment where high caliber professionals desire to work for extended periods of time.

c. What would be your approach to underperformers?

ANSWER: As a general matter, management should strive to turn around underperformers so that they become fully-productive members of the agency. If that is not possible in a given case, management should take prompt and effective action. To address the range of issues, remedies can include additional training and counselling, discipline or other administrative remedies, as appropriate. If confirmed, I will review the full suite of options available to USPTO management, and determine if additional tools are needed.

6. As you know, pirating from U.S. creativity and innovation continues to be a significant problem. Unprecedented levels of digital piracy erode one of our nation's greatest economic and cultural assets. It is therefore in our national interest to stem the tide of online theft.

a. If confirmed as Director of the U.S. Patent and Trademark office, what tools would you deploy to promote the robust copyright protections and online enforcement needed to combat this threat?

ANSWER: Copyright is an important component of the intellectual property ecosystem. Robust copyright protections and enforcement mechanisms are critical to a well-balanced, well-functioning system. If confirmed, I look forward to working with appropriate individuals at the USPTO, Congress, other government institutions such as the Copyright Office and IPEC, and the stakeholder community to promote and protect copyrights. As one example, voluntary agreements with respect to online infringement have led to positive results on a variety of issues.

7. Recently, two Federal Circuit judges have "question[ed] whether the practice of expanding panels where the PTO is dissatisfied with a panel's earlier decision is the appropriate mechanism of achieving the desired uniformity." *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor*, _____ F.3d __, 2017 WL 3597455, at *6 (Fed. Cir. Aug. 22, 2017) (Dyk, Wallach,

JJ., concurring).

a. Do you agree with these decisions? Please explain your answer.

ANSWER: I do not believe that it is appropriate for the Director to alter the judging panel for a given case to reach a pre-determined or desired outcome, or merely when “the PTO is dissatisfied with a panel’s earlier decision.” However, I do believe that the use of “expanded panels” may be appropriate in some circumstances. For example, the Court of Appeals for the Federal Circuit uses a larger than three judge panel when it rehears a case *en banc*. See, e.g., Fed. Circ. Rule 35. While not a perfect analogy, PTAB expanded panels could be useful in some similar circumstances. Examples may include cases in which the Board must address a new or especially important procedural issue that could impact subsequent proceedings, or on important issues where there are conflicting or inconsistent opinions.

b. Will you continue this practice?

ANSWER: If confirmed, I will work with USPTO leadership to assess existing practices in this area and to develop appropriate procedures that satisfy the demands of due process and the Administrative Procedures Act. See also answer to question 7a above.

8. In 2016, you co-authored a paper titled “Indefiniteness in Inter Partes Review Proceedings,” in which you propose that the PTAB can and should decide questions of claim indefiniteness as part of the IPR final written decision.

a. Can you explain the benefits of this proposal and how you would implement it if you are confirmed?

ANSWER: The 2016 article explored various concepts relating to the interplay of indefiniteness with IPR proceedings. Some of the questions asked in the article were “can the PTAB push these decisions into the trial phase of the IPR as opposed to deciding the issue at the institution phase, and does the PTAB have the authority to issue a final written decision regarding indefiniteness once an IPR has been initiated?” This is an unsettled area of the law, and I am not aware of definitive court decisions or other guidance on the proper answers to these questions.

The article includes a discussion of the relevant statutes. For example, with respect to the grounds on which the petitioner may request review, 35 USC 311(a) states: “A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.” On the other hand, with respect to the final written decision, 35 USC 318(a) states: “If an inter

partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).” Among other things, the 2016 article explores this difference in language between the two sections of the statute.

The article, furthermore, explores issues that may be caused by those PTAB institution decisions that pronounce, *sua sponte*, some patent claims to be indefinite and then deny instituting IPR as a result. As pointed out in the article, this practice raises a number of potential concerns, such as: the PTAB may not have allowed the parties to provide briefing on the issue; there is arguably no opportunity for Federal Circuit review; and the PTAB determination could place a cloud on the patent without final resolution. A main purpose of the article was to point out the issues that might arise, for both petitioner and patent owner, as a result of this practice.

The ultimate question is how best to address these issues. If confirmed, I will work with USPTO leadership, Congress, and the stakeholder community to assess whether these issues do in fact merit consideration, and, if so, to identify potential solutions.

9. The PTAB has made it difficult to obtain amendments in IPR. Some have argued that the availability of such amendments was an important reason why the “broadest reasonable interpretation” standard was upheld in *Cuozzo Speed Techs., LLC v. Lee*, ___ U.S. ___, 136 S. Ct. 2131 (2016).

a. What changes would you make, if any, to the PTAB’s standards for granting motions to amend?

ANSWER: The Federal Circuit recently ruled in *Aqua Products* that the PTO may not place the burden of persuasion for claim amendments on patent owners. The Office recently issued guidance on how it will comply with this decision. If confirmed, I will carefully review whether the recent guidance is effective at improving claim amendment practice in IPR. I will also review PTO rules and regulations to determine whether other efforts should be undertaken to further promote clarity, predictability, and consistency on IPR claim amendments.

b. What role, if any, might the examiners of the Central Reexamination Unit play in assisting the PTAB decide whether amended claims are patentable?

ANSWER: At present, to my knowledge examiners at the Central Reexamination Unit (CRU) are not meaningfully involved in IPR claim amendment practice. If confirmed, I will work with USPTO leadership to consider what role, if any, CRU examiners should have in considering IPR amended claims.

10. In the wake of the Supreme Court's decision in *TC Heartland*, various district courts have adopted different tests for determining whether venue is proper. In the *Cray* case, the U.S. District Court for the Eastern District of Texas adopted a four-factor test to assess the existence of a "regular and established place of business", which found that the home office of a single sales representative in the district was sufficient to establish venue. By contrast, the U.S. District Court for the District of Delaware adopted a different test in *Boston Scientific v. Cook Group*, holding that merely being registered to do business, or maintaining a website, or shipping goods, is insufficient to establish venue.

a. What are your views on these different approaches?

ANSWER: The Federal Circuit in *In re: Cray, Inc.*, case no. 2017-129, settled some of the issues arising from lower court decisions on venue in patent cases in the wake of *TC Heartland*. This case sets forth the requirements for establishing "where the defendant . . . has a regular and established place of business." To the extent that district courts have been applying inconsistent approaches, the Federal Circuit's controlling precedent should resolve the issue (absent further action by the Supreme Court).

b. Do you believe that Congress should weigh in on the issue of "regular and established place of business"?

ANSWER: The Federal Circuit only recently issued its *Cray* decision (see 10a, above). District courts are now applying this jurisprudence, and it may be that this particular issue is satisfactorily resolved without the need for legislation. To the extent that Congress considers weighing in, however, and if confirmed, I look forward to working with legislators to help assess the need for and content of any potential legislation in this area.

Written Questions for Andrei Iancu
Submitted by Senator Patrick Leahy
December 6, 2017

1. The American film and television industry generated a positive services trade surplus of \$13.3 billion in 2015, and a growing part of this trade surplus is revenue from online distribution. These services depend on copyright protections. As more and more commerce goes online, it has become important that our trade agreements include strong enforcement provisions for protecting intellectual property online. This will support growing digital commerce to the benefit of U.S. consumers, industry, the overall economy.

How do you intend to ensure that the PTO, along with the U.S. trade representative, will press for strong enforcement mechanisms for protecting digital trade and intellectual property in U.S. trade agreements, including a modernized NAFTA?

ANSWER: Robust international intellectual property protection and enforcement is a key element for protecting American rights holders overseas. If confirmed, I look forward to working with the US Trade Representative, and other appropriate government institutions engaged in NAFTA and other negotiations, to ensure that our trade partners make available effective intellectual property protections and enforcement mechanisms for American creators and innovators, including with respect to digital trade. Among other things, the USPTO should also continue its efforts with analysis, advice and assistance in negotiating international enforcement obligations in foreign trade agreements, as well as further develop the IP Attaché program.

2. When the Leahy-Smith America Invents Act created Inter Partes Review, a provision was included to allow patent owners to amend their patents during the proceeding. In practice, the Patent Trial and Appeal Board (PTAB) has not provided a meaningful opportunity to amend. In an April 2015 article, you co-authored an article entitled *Unpack Inter Partes Review's First Review* in which you stated: "the rules are drafted such that, in practice, proposed amendments fail in almost all cases." In the recent Federal Circuit decision regarding Aqua Products, the en banc court held that the burden of persuasion is on the challenger to show that the amended claims are unpatentable, and suggested that the PTAB's procedural rules should be the subject of notice and comment rulemaking.

Do you intend to engage in rulemaking on the burden of persuasion for amending claims or to otherwise address the problem of the inability to amend the patent during Inter Partes Review?

ANSWER: The Federal Circuit recently ruled in *Aqua Products* that the PTO may not place the burden of persuasion for claim amendments on patent owners. The Office just issued guidance on how it will comply with this decision. If confirmed, I will carefully review whether the recent guidance is effective at improving claim amendment practice in IPR. I will also review PTO rules and regulations to determine whether

other efforts should be undertaken to further promote clarity, predictability, and consistency on IPR claim amendments.

3. The United States Patent and Trademark Office's Office of Policy and International Affairs assists the Under Secretary of Commerce for Intellectual Property and the Director of the U.S. Patent and Trademark Office in formulating U.S. domestic and international policy regarding protection and enforcement of intellectual property rights.

How do you intend to strengthen the Office of Policy and International Affairs' mission and improve international IP policy and development?

ANSWER: Assisting the Under Secretary in formulating and advising on U.S. domestic and international policy regarding protection and enforcement of intellectual property rights are critically important functions at the USPTO. If confirmed, I will work with OPIA and other USPTO leadership, as well as relevant stakeholders, to make full use of, and where appropriate strengthen, the USPTO's resources dedicated to formulating and improving policy for a strong, balanced, and well-functioning intellectual property system both domestically and internationally.

Senator Dick Durbin

Written Questions for David Stras, Kyle Duncan, and Andre Iancu

December 6, 2017

For questions with subparts, please answer each subpart separately.

Questions for Andrei Iancu

1. I appreciated having the chance to meet with you in my office back in September, after you were nominated. During that meeting, I talked with you about the situation of a manufacturing company in my state, Cummins-Allison. Headquartered in Mt. Prospect, Illinois, Cummins-Allison manufactures currency-counting equipment and has several hundred employees.

As I relayed to you, the experience of Cummins-Allison shows the tremendous difficulty that legitimate patentholders can have in defending patents from foreign infringers. Back in 2009, Cummins-Allison won a final \$13 million court judgment against a Korean competitor that was infringing on its patents and making knock-off products. However, years later, Cummins Allison has still not been able to collect on this judgment. The company had to re-litigate the entire case in the Korean court system to try to enforce the judgment. It took years, and the company had to post enormous cash bonds simply to participate at each stage of the Korean court system. In 2015 the Korean Supreme Court finally upheld the judgment, but by then the Korean company's officials had stripped away the company's assets. Now Cummins-Allison is forced to try to collect what they can from those company officials.

This story demonstrates how challenging it already can be for U.S. patentholders to protect their patents from infringement, and it is a cautionary tale about efforts to further reform the U.S. patent system in ways that weaken patentholders' rights. **Should you be confirmed, will you commit to keep in mind the challenges already facing U.S. patentholders who are seeing their patents infringed by foreign competitors?**

ANSWER: Yes. The ability to efficiently enforce legitimate patent rights, including with respect to infringement by foreign competitors, is critically important to a well-functioning patent system, to the health of innovative American companies, and the growth of our economy.

2. According to the Global Intellectual Property Center at the U.S. Chamber of Commerce, intellectual property supports more than 45 million American jobs and accounts for about 40 percent of our GDP. But according to a 2016 report by the Organization for Economic Cooperation and

Development, the United States was the top country in the world when it came to having intellectual property rights infringed upon. **Are we doing enough in the United States to protect intellectual property from foreign infringement? What more should we be doing?**

ANSWER: Domestically, the United States has a number of enforcement mechanisms to address foreign infringement. This includes, for example, actions in District Courts and at the International Trade Commission (ITC). It is important to ensure that intellectual property owners have meaningful recourse to an efficient enforcement system in the United States, including as to infringement by foreign competitors.

Separately, American intellectual property can be subject to significant infringement overseas through a variety of mechanisms. We must ensure that trade agreements include strong protections for American companies doing business overseas, including the assurance that our trade partners make available appropriate enforcement mechanisms. If confirmed, I will work with the US Trade Representative and other administrative agencies to strengthen such protections and enforcement mechanisms, and to ensure that American companies are not subject to threats to their intellectual property such as forced technology transfers, localization requirements, infringement and trade secret theft, among others.

3. Last year the U.S. Chamber of Commerce's annual rankings of global IP systems downgraded the U.S. patent system to tenth in the world when it comes to patent system strength. Up until last year, the U.S. had always been ranked first. There have also been numerous reports that innovators seeking patent protection are increasingly looking overseas, as they believe Europe's patent system in particular is doing a better job of issuing and adjudicating patents. **If you are confirmed to head the PTO, what can you do to return the American patent system to its rightful place as the world's premier patent system?**

ANSWER: The American patent system has been and must continue to be the world's premier patent system. To that end, our patent system needs to be balanced, reliable, predictable, and of high quality. We must recognize and indeed celebrate the excitement of American invention and the benefits it brings to society. Doing so enables our IP system to fully realize its Constitutional mandate: "To promote the progress of science and useful arts...." If confirmed, I will work with PTO leadership, Congress and stakeholders, within these parameters, in order to ensure that our patent system is the crown jewel it has been.

4. American universities lead the world in research and innovation. Many universities have established vibrant tech transfer operations, which take the patents obtained by university researchers and license them to start-up businesses that develop and commercialize the inventions. This tech transfer ecosystem is one of the greatest success stories of American innovation and the American economy. Over 800 startups per year are created in this way. It's a big job creator in Illinois and across the nation.

This university innovation pipeline is no accident- it was shaped by the Bayh-Dole Act that Congress passed in 1980 to spur collaborative patent licensing ventures between universities and businesses.

It seems to me that if we change the law to make it substantially harder for patent holders to enforce their patents, we risk upsetting the complicated tech transfer ecosystem and diminishing the incentive to conduct this research and innovation.

Would you agree that we need to protect the tech transfer ecosystem and maintain the incentives that encourage university-backed research and partnerships with start-up businesses? What steps would you take, if confirmed, to support the tech transfer ecosystem?

ANSWER: I agree. Research and innovation that takes place in American universities is critically important, and it must be maintained and encouraged. If confirmed, I will work with PTO leadership, Congress and the university stakeholders to ensure that the Office has programs in place to encourage and support these activities.

5. What do you see as the largest managerial challenge facing the next Director of the PTO, and what are your plans for addressing this challenge?

ANSWER: As I mentioned at my hearing, the “U.S. Patent and Trademark Office is, to a large extent, the guardian of our prized intellectual property system. With almost 13000 incredibly dedicated public servants, it houses the world’s greatest collection of intellectual property knowledge and experience. If confirmed, I look forward to learning from them, and to working together to lead the Office in a culture of excellence that serves the interests of all of its constituents and the public at large.”

To that end, it is important to attract and retain the most talented and dedicated employees. Continued training and guidance for the workforce is especially important. If confirmed, I will ensure that examiners and administrative judges receive the most up-to-date training, support and guidance on the substantive and procedural issues under their purview, including in the use of advanced technology that is needed to advance efficient and high quality examination and review processes.

**Nomination of Andrei Iancu, to be
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark
Office Questions for the Record**

Submitted December 6, 2017

QUESTIONS FROM SENATOR

COONS

1. The Patent Public Advisory Committee (PPAC) 2017 Annual Report cites to an internal United States Patent and Trademark Office (USPTO) case study on patent subject matter eligibility rejections, which, upon review of rejections actually made under 35 U.S.C. § 101, concluded that they were improper or not properly explained 32 percent of the time. This data appears to corroborate criticisms that patent eligibility depends on the luck of the draw of the decision maker, in this case, the patent examiner.

a. Do you agree that this error rate is too high?

ANSWER: Yes, I agree that a 32% error rate on § 101 rejections, if accurate, would be too high.

b. Do you share my concerns about the need to ensure consistent application of 35 U.S.C. § 101 during patent examination?

ANSWER: Yes, I agree that the USPTO should strive for the consistent application of § 101 during patent examination.

c. Do you believe that any of PPAC's recommendations for addressing examination under 35 U.S.C. § 101 would help to ameliorate this error rate? Which ones?

ANSWER: In its Annual Report, PPAC states in relevant part: "The PPAC makes the following recommendations to the USPTO to improve the Section 101 landscape. The PPAC requests that the USPTO continue to update the stakeholder community and examiner corps on recent Section 101 U.S. Supreme Court and Federal Circuit jurisprudence and where appropriate, continue to issue memoranda that describes the relevant court decision. Moreover, the PPAC asks the USPTO to finalize the MPEP updates in Section 2106 directed to 'Patent Eligible Subject Matter,' so the stakeholder community has one central repository on the USPTO's website to receive the latest updates. The PPAC also urges the USPTO to continue stakeholder outreach programs and workshops on Section 101 developments due to the critical nature of this area.

The PPAC believes that the Section 101 USPTO training materials are helpful. Therefore, the PPAC requests that the USPTO review Section 101 training materials to ensure the consistent training and application of the Section 101 guidance to all the group art units. On this specific point, the PPAC

recommends that every group art unit has, or has access to, a Section 101 specialist to ensure the consistent application of the Section 101 guidance provided by the USPTO. Lastly, the PPAC requests that the USPTO keep the new Administration and congressional staff apprised of Section 101 developments.”

At a high level, the PPAC’s recommendations would seem to help in the Section 101 area. If confirmed, I will work with USPTO leadership to assess the feasibility and desirability of implementing some or all of these recommendations, to the extent they do not already exist.

d. What other actions, if any, do you plan to take to address patent examiners’ application of 35 U.S.C. § 101 during examination?

ANSWER: As I mentioned at my hearing, recent Supreme Court jurisprudence on Patentable Subject Matter pursuant to section 101 has introduced a degree of uncertainty into this area of the law. That jurisprudence is fairly recent, and the Federal Circuit, District Courts, and the USPTO are still working through these issues and drawing the appropriate lines. As the 101 jurisprudence develops in the courts, the Office will strive to ensure clear and consistent procedures that track this developing jurisprudence. The Office has already issued guidance on section 101. If confirmed, I will work with the Office to update the 101 guidance, and help clarify the appropriate lines as to what is and what is not patentable pursuant to current law. This guidance can help ensure both that patent examiners consistently and predictably apply the law, and that patent applicants can draft applications and claims in accordance with 101 as interpreted by the courts. In addition, training of examiners is key, and if confirmed, I will work with USPTO leadership to ensure the appropriate training tools and programs are in place to help examiners understand and apply section 101 consistently and accurately.

e. Do you believe legislative change is needed to bring greater coherence to this area of patent law jurisprudence? If yes, will you commit to working with my office and the Senate Judiciary Committee on an appropriate approach?

ANSWER: Section 101 of the patent code has not been revised in decades. In the meantime, courts have issued numerous decisions interpreting it, including in recent years. As I mentioned, the recent Supreme Court jurisprudence has introduced a degree of uncertainty into this area of the law, but the Federal Circuit, District Courts, and the USPTO are still working through these issues and drawing the appropriate lines. If confirmed, I look forward to working with your office, the Senate Judiciary Committee, others in Congress, USPTO leadership, and members of the stakeholder community to determine if legislative action is needed at this time, and if so what the appropriate approach would be.

2. To date, there are only a handful of precedential decisions concerning post-issuance reviews even though over 7,000 petitions have been filed. Some have raised concerns that this lack of precedent can lead to inconsistent decisions that are panel dependent. This concern is magnified for legal issues that are decided in institution decisions, which are currently unreviewable by Article III courts.

a. Are you concerned about the current number of precedential PTAB decisions for post-issuance proceedings? If yes, what steps do you plan to take to address this issue?

ANSWER: Designating precedential cases is important to provide predictability and guidance to IPR stakeholders and the public. Although the PTAB has issued a few more such decisions recently, the overall numbers have been relatively low. If confirmed, I intend to work with the PTAB and other PTO leadership to review the current process and potentially seek appropriate changes. I also intend to work with the PTAB, other PTO leadership and stakeholders to identify areas most in need for an increased number of such decisions, as well as procedures for when and how best to designate precedential cases.

b. Do you believe the current process for designating precedential PTAB decisions is suited for post-issuance reviews (as opposed to, for example, *ex parte* appeal decisions)?

ANSWER: The Board's current practices for issuing precedential and informative decisions is described in an existing Standard Operating Procedure (SOP). If confirmed, I will work with the Chief APJ and other USPTO leaders to review the current process and make any necessary changes to the SOPs to ensure that precedential and informative PTAB decisions are timely issued in order to provide the needed and necessary guidance to participants in post-issuance proceedings.

3. In a concurring opinion, two Federal Circuit judges "[wrote] separately to express [their] concerns as to the United States Patent and Trademark Office's ("PTO") position on joinder and expanded panels." *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co.*, 868 F.3d 1013, 1019 (Fed. Cir. 2017). Regarding joinder, the judges observed, "We think it unlikely that Congress intended that petitioners could employ the joinder provision to circumvent the time bar by adding time-barred issues to an otherwise timely proceeding, whether the petitioner seeking to add new issues is the same party that brought the timely proceeding, as in this case, or the petitioner is a new party." *Id.* at 1020. Regarding expanded panels, the judges stated, "While we recognize the importance of achieving uniformity in PTO decisions, we question whether the practice of expanding panels where the PTO is dissatisfied with a panel's earlier decision is the appropriate mechanism of achieving the desired uniformity."

Id.

a. Do you share the judges' views about joinder? If yes, how do you plan to address this issue?

ANSWER: 35 USC 315(c) states: “If the Director institutes an inter partes review, the Director, in his or her discretion, may join as a party to that inter partes review any person who properly files a petition under section 311 that the Director, after receiving a preliminary response under section 313 or the expiration of the time for filing such a response, determines warrants the institution of an inter partes review under section 314.” This statute gives the Director “discretion” to “join as a party” “any person who properly files a petition under section 311.” I also understand that the time-bar is an important safeguard to protect patent owners from harassment. If confirmed, I will work to achieve a proper balance on when the USPTO should exercise discretion to allow joinder.

b. Do you share the judges' views about expanded panels? If yes, how do you plan to address this issue?

ANSWER: I do not believe that it is appropriate for the Director to alter the judging panel for a given case to reach a pre-determined or desired outcome, or merely when "the PTO is dissatisfied with a panel's earlier decision." However, I do believe that the use of "expanded panels" may be appropriate in some circumstances. For example, the Court of Appeals for the Federal Circuit uses a larger than three judge panel when it rehears a case en banc. *See, e.g.*, Fed. Circ. Rule 35. While not a perfect analogy, PTAB expanded panels could be useful in some similar circumstances. Examples may include cases in which the Board must address a new or especially important procedural issue that could impact subsequent proceedings, or important issues where there are conflicting or inconsistent opinions. If confirmed, I will work with USPTO leadership to develop appropriate procedures for this practice that satisfy the demands of due process and the Administrative Procedures Act.

4. Concerns have been raised about how the USPTO has changed its reporting of statistics from PTAB's post-issuance proceedings, noting that earlier this year, the USPTO stopped regularly publishing the total number of patent claims that have been invalidated, and has stopped separately reporting institutional, settlement, and final written decision statistics from post grant proceedings, *inter partes* reviews, and covered business method reviews.
- a. Many of these concerns could be allayed if the USPTO provided access to the underlying compiled data. Are you aware of any reason why the USPTO cannot provide access to this information?**

ANSWER: I am not presently aware of any reason why the USPTO cannot provide access to this information.

b. Will you commit to investigating whether this data can be made available to the public?

ANSWER: Yes, if confirmed, I will investigate what data exists and whether it can be made available to the public.

c. Do you commit to investigating why these numbers are no longer being regularly reported and to resume publishing these numbers if they are still being tracked?

ANSWER: Yes, if confirmed, I will work with PTO leadership to understand its reporting decisions, and the reasons for any changes that have been made to alter prior practices. I will further work with PTO leadership to ensure that the most useful statistical data is being tracked and reported, to the extent possible.

- d. Post grant proceedings, *inter partes* reviews, and covered business method reviews each have significant differences from each other. In order for Congress to meaningfully assess whether changes to any of these proceedings are warranted, reporting of statistics from each proceeding is needed. Do you commit to restoring the reporting of statistics on each type of proceeding separately?**

ANSWER: I agree that it is important to provide Congress with meaningful data to the extent available. If confirmed, I will work with PTO leadership to understand its reporting decisions, and the reasons for any changes that have been made to alter prior practices. I will further work with PTO leadership to make available all appropriate data that would aid public debate on these subjects.

- 5. Issued patents are presumed valid, by statute. This historically has been an acknowledgement of the hard work of patent examiners and the lengthy process patent owners must undertake to secure their patent rights. How can the PTAB's post issuance proceedings better acknowledge this presumption of validity?**

ANSWER: 35 USC 316(e) states: "In an *inter partes* review instituted under this chapter, the petitioner shall have the burden of proving a proposition of unpatentability by a preponderance of the evidence." It has been understood that this means the "presumption of validity" statutorily does not apply in IPR proceedings. However, this does not mean that the examiners' patentability reasoning during prosecution should not be taken into account during IPR.

In addition, 35 USC 325(d) states: "In determining whether to institute or order a proceeding under this chapter, chapter 30, or chapter 31, the Director may take into account whether, and reject the petition or request because, the same or substantially the same prior art or arguments previously were presented to the Office." This section allows the PTO to take into account at the institution phase the original prosecution, and reject the petition or request when the same or substantially the same prior art or arguments are being presented.

If confirmed, I will work with the PTAB and other PTO leadership to ensure appropriate weight is given to the original prosecution.

- 6. In *Cuozzo Speed Technologies v. Lee*, the Supreme Court cited the differences in standards applied by the PTAB and by federal courts, noting that "[t]hese different evidentiary burdens mean that the possibility of inconsistent results is inherent to Congress' regulatory design." 136 S. Ct. 2131, 2146 (2016).**

- a. Are there drawbacks to having a patent challenge system that appears designed to lead to**

inconsistent results?

ANSWER: I believe that predictability is important to the patent system. Inconsistent results can lead to a less predictable system. Therefore, and all else equal, the patent laws should strive to reach consistent results to the extent possible.

b. If confirmed, what steps, if any, would you take to better harmonize the PTAB proceedings with district court litigation?

ANSWER: If confirmed, I will work with USPTO leadership, Congress and stakeholders to assess the pros and cons of the different standards between PTAB and district court proceedings, and what improvements (if any) could and should be made – all within the parameters that I identified at the hearing as important for a well-functioning IP system, including balance, predictability, and high quality.

7. There is an unfortunate history of siphoning USPTO user fees for unrelated purposes. While some suggest the problem has been solved that at the appropriations level, there has been discussion recently of the Commerce Department overcharging the USPTO for “shared services,” which some regard as a back-door fee diversion.

a. What will you do to protect the fees paid by users of the USPTO?

ANSWER: USPTO user fees should be used by the Office to further its mission of supporting American intellectual property. If confirmed, I will work with the Secretary of Commerce, USPTO leadership, and Congress to ensure that this occurs.

I am not currently familiar with the internal discussions between the USPTO and the rest of the Department of Commerce with regard to “shared services.” If confirmed, I will investigate these issues, and work with the Secretary of Commerce towards an appropriate solution within the Department of Commerce that is consistent with the overall goals and mission of the USPTO and statutory requirements.

b. As I mentioned in the hearing, I am still waiting for a final answer to a letter I sent in July with Chairman Grassley regarding whether the USPTO will be required to participate in shared services if it does not plan on using the services and what impact participation would have on the independence of the USPTO, which is provided by statute. Will you commit to investigating and ensuring that full, concrete answers to the questions posed in the original letter are sent to us within the first month of your tenure?

ANSWER: Yes, if confirmed I will immediately investigate this issue and work to provide appropriate responses as promptly as practicable.

- c. **Do you commit to informing me and the Senate Judiciary Committee if you believe the USPTO is being asked to spend its funds in a way that violates the statutory obligations that require collected fees to be spent in furtherance of the agency's mission (see 35 U.S.C. § 42(c)(3))?**

ANSWER: Yes, if confirmed I will work to ensure that applicable statutes, including 35 U.S.C. § 42(c)(3), are complied with. If I believe that Congressional intervention is required, I will work with your office, the Senate Judiciary Committee, and others in Congress as appropriate.

8. A key aspect of the patent system is to provide certainty and predictability to rights holders to incentivize innovation, investment, and job creation. Uncertainty that a patent has been properly granted hurts patent holders and potential infringers alike. Ensuring that strong patents are issued at the outset from the USPTO is critical to maintaining our global competitiveness.
- a. **What do you consider to be the main challenges facing patent examiners, and what are your plans for addressing them?**

ANSWER: I agree that a key aspect of the patent system is to provide certainty and predictability in order to incentivize invention, investment, and job creation. I also agree that it is important to issue high quality patents at the outset. If confirmed, and among other things, I will work to assess and improve the resources available to examiners, including technology for prior art searching, and to assess and improve the training and guidance provided to examiners.

- b. **How can the USPTO improve its adoption of new technology to aid the patent examination process?**

ANSWER: If confirmed, I will work with the PTO's information technology departments and potentially outside consultants as appropriate to study how best to implement new technology at the Office, including prior art search tools, artificial intelligence, and the like.

- c. **How can the USPTO improve its coordination with other patent offices to streamline prosecution, where the same application is filed in multiple jurisdictions?**

ANSWER: The USPTO is already participating in the Global Dossier initiative, among other joint efforts with foreign patent offices. If confirmed, I will work with USPTO leadership to determine what else can be done to coordinate and streamline applications that are filed in multiple jurisdictions.

9. **As a Senate co-chair of the Congressional Trademark Caucus, I would like to hear about your agenda for this part of the USPTO. What are your top priorities for trademark operations?**

ANSWER: Trademarks are a critically important part of the intellectual property ecosystem. If confirmed, and among other things, I will work to assess the status of IT systems supporting the trademark operations. I will also work to assess the desirability and feasibility of expediting the removal of registrations for marks that are abandoned or never used, while preserving appropriate due process to rights holders. If confirmed, I will also work with USPTO leadership to monitor and assess whether the recent changes to the TTAB rules of practice have had the desired effect and appropriate acceptance in the trademark stakeholder community, and whether any adjustments still need to be implemented. Further, the Office should continue its efforts to reduce and eliminate misleading and fraudulent solicitations to trademark owners.

10. The 2017 Annual Report of the Trademark Public Advisory Committee (TPAC) expresses concerns about the delay in implementation of the “Trademark Next Generation” (TMNG), a cloud-based IT system to perform processing of trademark applications. The development has been ongoing for approximately seven years, although original estimates projected completion in four. TPAC cites high personnel turnover and difficulty in hiring personnel with sufficient technical expertise as potential causes of the delay.

- a. **Hiring technically experienced employees is a challenge not limited to the USPTO. How do you plan on addressing this issue?**

ANSWER: Hiring, training, and retaining high quality employees is important in any workplace, including at the USPTO. If confirmed, I will work with the appropriate departments at the Office, such as Human Resources, to ensure that existing recruitment and retention incentives are being properly deployed. Among other things, I will also review existing recruitment and marketing efforts, with the goal of increasing the Office’s reach to potential well-qualified candidates.

- b. A related problem is high turnover. In your experience in the private sector, what are the best ways to reduce high turnover, and how would you employ these strategies in the public sphere?

ANSWER: One of the best ways to decrease turn-over is to increase job satisfaction. This can be accomplished in a number of ways, such as: ensuring that employees are properly trained and have adequate resources to perform their duties; consistently providing a desirable work environment; providing a platform that allows for professional satisfaction; providing exciting opportunities to grow; ensuring that employees can maintain a sustainable work-life balance; and providing competitive pay and employee benefits, all within the context of the mission of the organization and relevant budgetary constraints. I understand that the USPTO has existing programs directed to many of these areas, and if confirmed I will work with USPTO leadership to make sure that these programs are functioning properly to improve job satisfaction, and study where and how these programs could be improved and new programs added. Maintaining a culture of excellence, together with a positive and optimistic view of the agency’s mission, creates an environment where high caliber professionals desire to work for extended periods of time.

11. The duties of the Under Secretary include providing intellectual property advice to the

executive branch and representing the United States in multilateral and bilateral fora on intellectual property issues.

a. What can USPTO do to play a more active role in promoting the protection and enforcement of strong intellectual property policies in these fora?

ANSWER: Providing intellectual property advice to the executive branch and representing the United States in multilateral and bilateral fora on intellectual property issues is important to advancing a balanced and well-functioning intellectual property system. If confirmed, I look forward to working with USPTO leadership and others in the Administration (including IPEC and USTR) to promote American intellectual property and ensure appropriate IP protections and enforcement mechanisms domestically and internationally. I will also work to make full use of, and where appropriate strengthen, the USPTO's resources dedicated to formulating and improving intellectual property policies in these fora. Among other things, I also expect to continue the USPTO's efforts to further develop the IP Attaché program, and will work to ensure that IP Attachés have sufficient resources to meet the goals of the program.

b. What are the most pressing concerns the United States faces regarding intellectual property foreign policy?

ANSWER: There are a number of concerns that threaten U.S. intellectual property internationally, including the widespread manufacture and distribution of counterfeit goods, online piracy, cyber-theft, and theft of trade secrets and other IP belonging to American companies doing business overseas. If confirmed, I look forward to working with the Department of Commerce, the USTR, IPEC, the Department of Homeland Security, Department of State, and other Departments and Agencies to assess and address intellectual property issues in our foreign policy.

Questions for the Record for Andrei Iancu

Submitted by Senator Richard Blumenthal

December 6, 2017

1. When Wilbur Ross came before the Senate Commerce Committee in January, I asked him about then President-elect Trump's endless ethical issues, including those that fall under the Patent and Trademark Office (PTO). Since these issues remain unresolved, I would like to ask you about how you would address these conflicts of interest as director of the PTO.

The President has at least eight pending applications for new trademarks before the Patent & Trademark Office. These applications are for hotel, clothing, and real estate trademarks. Getting a trademark approved is supposed to be a rigorous process to ensure the applicant has a right to the trademark – and other competitors do not.

- a. **What is your plan to ensure that President Trump cannot exert undue influence over PTO staff, urging action on his trademark applications that would be favorable to him?**

If there is a dispute – and another company or person contests the application – the president could get another bite at the apple toward a favorable outcome. Disputes over trademarks are handled by the Trademark Trial and Appeal Board, the members of which are appointed by the Secretary of Commerce, in consultation with the head of the PTO.

- b. **How will you ensure these officials aren't beholden to President Trump?**
- c. **How will other Americans know that trademark applications they may file—or businesses that may compete with Trump's businesses—are being treated fairly?**
- d. **Do you believe that President Trump should divest himself from his holdings, so that there is no appearance of impropriety?**

ANSWERS for 1a, b and c: All individuals or organizations that come before the USPTO need to be treated equally, fairly, and in accordance with applicable law. The USPTO and its staff must not take any action that implied preferential treatment to any private organization or individual, including the President or any of the Trump-related entities. If confirmed, I will take whatever measures are within my authority to ensure that processes are in place that direct any request for action by the President to the appropriate officials within USPTO that would normally handle issues relevant to the request. I will further instruct those officials dealing with such requests to treat the issues no differently than they would treat any other applicant that comes before them. I think it is important that any matter involving the President or Trump-related entities to be treated the same as a matter involving any other individual or organization seeking action by the agency. The matter would need to follow the usual agency procedures and the ultimate decision would need to be based on applicable law.

ANSWER for 1d: I defer to government ethics officials and the appropriate government agencies as to the President's obligations with respect to his business holdings.

2. The PTO's Patent Pro Bono program provides free legal assistance to eligible inventors and small businesses. Under this program, under-resourced individuals and businesses who meet certain financial thresholds are matched with volunteer patent professionals, who help them prepare and file patent applications to secure patent protection for their inventions and small businesses.

I have long supported this program. With a small commitment of resources, the PTO provides invaluable assistance to Connecticut small businesses and contributes to innovation, growth and job creation in our state.

- a. **Are you committed to this program?**
- b. **How will you ensure that it continues to thrive?**
- c. **How will you determine if it needs more resources?**
- d. **In your view, is there more that the Pro Bono Program can or should do?**

ANSWER for 2a: Yes, this is an important program and I am committed to it. In general, I believe that pro bono is critically important to our legal system. Indeed, as Managing Partner at my firm we implemented a brand new program that greatly increased our participation in pro bono matters.

ANSWER for 2b and c: If confirmed, I will advocate for a robust pro bono program. I will work with senior leadership at the USPTO to identify the resources needed for the program and whether additional funds or staff are necessary.

ANSWER for 2d: Yes, I think that more can be done with respect to pro bono at the USPTO. For example, I think that the USPTO can provide additional education and assistance to intellectual property professionals to enable them to participate in the program, and increase the availability of pro bono counsel from the private sector. If confirmed, I will also work with PTO leadership to identify whether anything else can be done, within the Office's budgetary constraints, to help eligible pro se applicants and small entities navigate the application system.