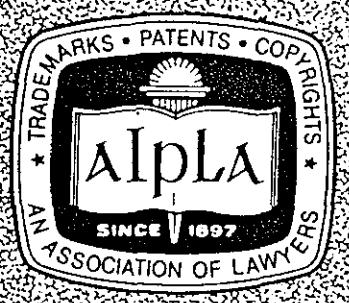


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ANNUAL MEETING
LUNCHEON
OCTOBER 10, 1986

Honorable Rene D. Tegtmeyer

"Improving the Quality of Patent Examination"

THOMAS SMEGAL: We are honored today to have with us, the Assistant Commissioner of Patents, Rene Tegtmeyer. All of you know him, and in fact know him so well that I only got a resume about 15 seconds ago. He was sure—Modest as he is, he was sure that everyone knew enough about him that I didn't have to spend any time telling you. I twisted his arm, and I am able now to disclose to you several items that I didn't know personally, even though I've known him for many, many years.

Rene is a native of St. Louis, has a Bachelor of Science degree in Mechanical Engineering, and a J. D. from G. W., and is an Air Force pilot, was a member of the Patent and Trademark Office as a patent examiner first, since 1959. He was active in the legislative office beginning in 1964, was appointed by the President of the United States as Assistant Commissioner for Appeals, Legislation and Trademarks in 1971, and in 1975, the Assistant Commissioner for Patents.

His present responsibilities include direction of the patent examining and patent documentation organizations of the Patent and Trademark Office.



Please join me in welcoming our old friend, Rene Tegtmeyer.

(Applause.)

HONORABLE RENE TEGTMEYER: I am quite relieved at the fact that this is called a working lunch because the microphones are out there for you to use. It was quite a mystery to me as to what was going to be expected of me as a speaker in a working lunch.

(Laughter.)

With the recognition of the examiners, I must say that I am indeed very proud of our finest examiners whom you've recognized here today. I think that this recognition of honor for them is something that should be very satisfying to them, and something that they should take back and use to stimulate others in the office to perform with the same level of quality and expertise and background that you've recognized in honoring them.

There was a commercial aired rather obscurely on radio stations recently in which there was reference made to a parable about a lumberjack which I think is very appropriate for the topic that I'm covering at lunch today on quality. The parable on the lumberjack, with some embellishment, goes along the following lines:

This lumberjack went out and purchased a brand new axe, and in doing so, he did it with great care in order to assure that he would pick the finest axe that he could find on the market. And he obtained an axe that had very highly tempered steel on the head, and a very finely honed blade with which to cut trees. He took the axe the following day and went out to work on the trees, and the axe and he performed fantastically. He chopped down at least twice as many trees as all of his fellow lumberjacks, and he quite reveled in their respect as a result.

Well, some days later the same lumberjack was cutting down trees and, at the end of the day, he was still hacking away at the same tree he had started the day with. While his fellow lumberjacks went off to the ale house, he went on working, and when they returned they went to him because he was still working, and they asked to see his axe, and why he was working so long and accomplishing so little.

And they took the axe from him and it of course was worn to a nub, and the tip was as flat as an iron. So they asked him why he hadn't stopped working to sharpen his axe. And his reply was, "Well, I'm too busy. I was too busy to stop and hone my axe."

All of us, you and I and the 15 examiners that you recognized here today have to stop now and then and

hone our axes. We have to stop and polish the tools, hone the tools that we use in our trade, and I think that's what quality in the office is really all about.

We have had, as most of you know, existing in the office, programs that are aimed at honing our axe, such programs as, and probably very predominantly, our quality review program which has existed for some years and been improved in more recent years.

Another one of the quality-pushing honing tools that we have is the supervisors' review of the examiners' work. This is done through our performance appraisal agreements that are reached with the examiner at the beginning of the year and which are heavily quality- as well as production-oriented, and which are used as a tool by the supervisors to hone the quality.

In addition, we have our promotion policies and our signatory authority program which is a program examiners are required to go through to receive the authority to sign off on their work.

And those programs are almost entirely quality-oriented in evaluating the work of the examiner. They, of course, require production to be up to snuff, but the focus is virtually totally upon quality.

We have other quality programs that show up. One that Bob Kline mentioned that AIPLA is actively following is our effort to automate patent search files to improve quality.

Our training programs have been improved and improved and we think are very much up in the adequate range. You always want to improve them. We take or make heavy use of people from the bar to come in and participate as trainers in our training program at various points. John Tresansky and I were talking about it because he is one of our contract professors for an in-house legal course that we teach the examiners, and he's teaching patent law to the examiners.

We also teach Legal Method and Evidence in a very much different form than you find in law school in the last case, but to the examiners as well. And we've had more than 800 of our examiners who have already attended at least one of those courses. They are, of course, taught only to those who are not involved—or have not gone through law school.

We have the Manual of Patent Examining Procedure which attempts to make as uniform and consistent as possible the policy that's applied throughout the office, and that is one of the tools we use to hone the quality. Those are only examples of some of the quality tools in place.

Recently, with the cooperation of the AIPLA, we adopted a new axe in our arsenal of tools to improve upon quality, and the new axe we have titled as our Quality Reinforcement Program. That program focuses upon certain areas of the nitty-gritty of prosecution and handling of patent applications in the office.

And the nitty-gritty that I'm talking about we identified as a result of complaints and comments that have come in from the bar in those areas. "Yes, we do talk to ourselves in the office," "And yes, "we do complain to ourselves in the office." Complaints and comments have also been generated from within the office.

So we focused on those areas predominantly. We are trying to improve quality from the ground up by looking at the nitty-gritty, and improve quality in those nitty-gritty kinds of areas.

In January we briefed the *ad hoc* committee that Joe De Grandi chairs and that meets with us usually about three times a year on what some of our preliminary ideas on this program were. Included in that briefing was a representative from the AIPLA *ad hoc* quality committee which Bob Benson appointed last year about this time or a little earlier, and which began meeting shortly thereafter.

We presented to them what our ideas were and we got back the comments, and Tom Smegal was good enough, on behalf of AIPLA, to give us a letter early this year with suggestions and comments upon the program. And armed with these suggestions and comments, we undertook the program.

One of the things that we did was to sit down and meet with the AIPLA *ad hoc* quality committee. I believe the first meeting was in March, and we've met with them a total of three times, to go over the details of our program with them to get their suggestions, and with Maury Klitzman as chairman of that particular committee, and with the support of Mike Blommer, I think we got a lot of help and made it, in large part, a joint or cooperative program between ourselves and the AIPLA through this particular committee.

Now let me, with that, describe to you a little more about the program and some of the specifics of it, and a little bit about some rough preliminary results of the program to date.

What we are focusing on in the program in general are three areas, one of which is the examiner handling of cases, and that's the one I am going to primarily focus on for the rest of this presentation, but also upon the placement of foreign patents in the search file, and also upon timeliness and quality of some of the clerical—some very selected clerical activities in the patent examining end, and also in Terry Belsford's end in the administrative areas.

Focusing on the examiner handling, the methodology that we adopted for the program was akin to the three-step process in *Gramm v. Deere*. Our three steps are to measure quality and identify deficiencies in quality in these nitty-gritty areas I will mention in a minute, first of all. Second, to take corrective action on those deficiencies.

And third, to again measure where we are after corrective action is taken and see whether we've accomplished what we set out to do in the correction cycle.

Broadly, that is the process. The target areas that we picked for looking at various aspects of the handling of applications were in areas that included the examiner explanation of rejections and office actions, and we looked at various aspects of that.

We picked communications from applicants or attorneys to the office, so it's a two-way street. We're looking at everything in the handling process that affects quality, and you, in dealing with us, affect quality as much as what the examiner does in the process, so that also is a focal point.

We looked at the after-final and the final rejection process because, of course, that's been the subject of complaints of various kinds.

We looked at compact prosecution, kind of an inside efficiency look at the office, and we looked at various aspects of that.

We are looking at the appeal process, again another area of concern to many people in the bar. Particularly, the appeal process we are looking at is in the examining handling area.

So these are the kinds of areas that we targeted to look at in the program.

Now, to date, in carrying out the first step of measuring where we stand in these various areas and what our deficiencies are, what we did was we outlined four surveys that we're conducting.

The first of those was an internal survey where they pulled a sample of applications on a random basis throughout all the examining groups and did a detailed review according to a survey form or checklist which we developed with the joint cooperation of the AIPLA ad hoc quality committee, and they had a very heavy input to that. And the idea was to identify how we're performing in these areas, and what deficiencies may exist.

The second survey ended up to be a survey that AIPLA put out and that survey is one that I presume all of you have received. This *ad hoc* quality committee, was apparently considering themselves the possibility of some kind of a survey, and we came along and we were interested in a similar kind of opinion survey from the bar. And Mike Blommer indicated there was a mailing going out, so everything fitted together very nicely. That survey has produced at least 800 replies to date, and we expect it to run up, Mike says, to something in the neighborhood of about a thousand, plus or minus. It was very well responded to, and we're very grateful for that. That was survey number two.

The third survey is an opinion survey of the examiners within the office, similar to the outside one but looking at it from the viewpoint of what the practitioner is doing before the office. We have developed that. We gave it to Mike Blommer and Maury Klitzman. Unfortunately, we want to do that survey before the results of either of the earlier surveys bias any viewpoints, and we will move ahead. They do have some timing problems with it and will be reviewing it with a few people for some private comments from the bar, and then are rolling ahead with that.

The fourth survey deals with appeals as one of our target areas. We did not cover appeals in our first internal survey of patent applications simply because we wanted to pick applications with very fresh actions in them, and that meant that they weren't going to have both a fresh first action and a fresh appeal process. So we're picking a separate group of cases and simply reviewing them against a similar checklist as we used in the first survey.

So those are the four tools we're using to determine where we stand in terms of performance and what deficiencies exist. Let me give you a few very rough preliminary ideas of some of the feedback that we've gotten from the first two surveys.

We're cooperating with Mike and we're sharing the tabulation of the tallies from the survey that went out to the AIPLA members. We're doing the numbers calculation end of it, and Mike and his people are doing the comment part. And we'll put the two together and let AIPLA do what they want with the survey there, and we'll be using the results ourselves in this program for purposes of our program.

These results are kind of a mix, and a very general flavoring. They are not hard data from the first two surveys kind of combined as to some of the deficiency areas, and a little bit about some positive areas that have come out of the results so far.

First of all, I'll pick on some parts that relate to your processing before the office. Two areas stand out in terms of areas that may need some attention, subject to further looks through the process.

One relates to duty of disclosure. As you know, we've been looking into that area. This kind of confirmed other things we were looking at, and that is we're getting a lot of submissions under duty of disclosure very late in prosecution before the office, often after the case has been allowed, and also without explanations of why they're coming in late.

Often that may be very justified. We know sometimes it's not, because sometimes it's a submission of a foreign search report, dated one or two years earlier than it's submitted to us.

We are also looking at the fact that there are a lack of, sometimes at least, very helpful explanations of the pertinence of references submitted.

Another area that we looked at are applications submitted with a broad range of claims in terms of the scope of the claims. I don't know whether they're predominantly foreign origin cases or whether they are predominantly domestic origin cases. We found in many cases the scope or range of claimed subject matter changes significantly, and as best as the reviewers could tell, not as a result of the prosecution or the examination that has been conducted solely, but in areas where the range should probably have obviously been encompassing of the claims presented later in prosecution at the time of filing rather than later.

So those are kind of two areas we found, looking at the replies to office actions that have come in, extremely good quality in terms of addressing all the points and doing it very thoroughly, looking at the plus side of the

ledger there; could find very little by way of fault there except in specialized kinds of circumstances, and that was on the very positive side.

Looking at the examiner handling, I think we probably knew we were going in to find deficiencies in this area. One of the biggest areas that something showed up very, very strongly was explanation of rejections. And we looked at it from the viewpoint of identifying what parts of references are particularly pertinent when it's appropriate to make such an identification.

Looking at how references have to be modified to apply them primarily under Section 103, but not exclusively there, looking at how the references have to be modified to make the rejection, looking at whether the differences between claims and what's in the references is clearly identified, and looking at whether or not the teaching or motivation is suggested or expressly taught in the references or in the prior art in the explanation of the rejection are all areas we identified as having serious lack of compliance with what we regard as a clear case law requirement in that area, and clearly part of the office policy.

And if you look back at cases that go way back, you'll find that that's the case. Bergel and Stock, back in 1961, a CCPA decision, says that. More recent cases and very recently, a board decision, *Ex parte Clapp*, says that very pointedly to the examiners. And so there is a very clear line of cases all the way in between.

And a couple of recent remands from the Court of Appeals for the Federal Circuit back to the office in cases where the court said—And these are unpublished opinions in re: *Joyce* and in re: *Tompkins*, in which the court said that they were remanding them to the office because there was incomplete explanation of the rejections and it wasn't sufficient for the court to go ahead and act on the cases. So here is an area that obviously we will be concentrating in.

Some of the other areas, just to touch on a few highlights, in the examining area we found, in terms of compact prosecution, that very frequently searching was done after the first office action that identified or was done in areas that should have been identified and searched in the first action, and that weren't caused by prosecution by the applicant.

We found a lack of statements of reasons for allowance in cases where it was totally unclear on the record as to why claims had been allowed.

We looked at situations where the search record was incomplete, particularly in regard to automated searches where the record of the automated search had not been made of record in the application file. Completeness of file is one of the focal areas that we've had in the study.

So these are just a smattering of the kinds of areas and the kinds of things that are showing up. And the next steps of course are to finish this analysis and do all of our tallying, finish the identification of these deficiencies, and then develop a program to correct them. And then in the future come back, after the correction has had a chance to show up in the kinds of results and methodology we use to identify the deficiency, and remeasure them and see if we have accomplished what we wanted to do.

That in essence is our program. Our aim is to improve the actual quality of the product issuing, to improve the appearance and record of the patent that we issue that's left in the office and is used later, and, very importantly, to cut down on some of the costs to both the office and to you as applicants in the process of prosecuting and examining applications in the office, and to make that a smoother, more streamlined and less costly procedure in the office.

So those are our goals. We think this program will be a big step in helping us accomplish them.

As Tom mentioned, there is time for questions. This is a working lunch, and I'll be happy to address any.

(Applause.)

Question: Rene, I have my fingers crossed when I ask this question.

Assuming that Congress gets off the dime and we have Chapter 2 of PCT, are there any changes going to have to be made in the PTO procedure?

COMMISSIONER TEGTMEYER: There will have to be changes to accommodate implementation of Chapter 2, and we have some teams working right now that started back in July to develop the plans for implementation of Chapter 2, including the drafting of regulations for implementation, and including the working out of the procedures within the office for the handling of PCT applications where Chapter 2 is elected.

Other questions?

THOMAS SMEGAL: Rene mentioned the survey that we'd sent out. We would certainly urge those of you who haven't had a chance to fill that out to respond soon. There wasn't a date on it requiring a response, and we are certainly processing those as they come in. Please fill them out and get that input back so that the office can have the benefit of your thoughts. Rene, we thank you for being here today.