



Thank You, Colleagues. A Look at My Time At the USPTO

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ABSTRACT

In this article, Mr. Jon Dudas, the former commissioner of the USPTO, introduces his impressive experiences during 7 years at the USPTO. In the beginning, the USPTO's history and 'The Importance and Complexity of the USPTO Mission' are explained in brief. After that, as his experiences at the USPTO, 'The USPTO — a View from the Congress', 'From an Agency "in crisis" to Record Performance', 'From Director to Under Secretary', 'Posting of IP Experts Overseas', 'Establishing the Global Intellectual Property Academy (GIPA)', 'Conducting Public Awareness Program', 'Five Office Meeting and Patent Prosecution Highway' and 'Lessons learned' are presented respectively.



When asked to share my experiences and impressions of the United States Patent and Trademark Office (the "USPTO"), I happily accepted. I look fondly upon my seven years at the USPTO, the last five as the Director and Under Secretary. It was a rewarding and exhilarating experience because of (1) the importance and complexity of the agency's mission (2) the incredibly skilled colleagues with whom I had the honor to work, and (3) the accomplishments a ten thousand person team were able to achieve in a difficult time period.

Of course, the USPTO has a rich history in our country. Our nation's founding document, our Constitution, clearly laid out the importance of intellectual property in Article 1, Section 8, Clause 8: "to promote the Progress of Science and the useful Arts, by securing for limited Times to Authors and Inventors the exclusive Rights to their respective Writings and Discoveries." This clause, acknowledging the need to

grow innovation through our intellectual property system was introduced by James Madison who became our 4th president. It was unanimously approved with no objection.

During my time at the agency, we celebrated its Bicentennial. But even before the office was formally established by Congress in 1802, our first president, George Washington, was signing patents. Thomas Jefferson, the first Secretary of State for the US was the patent examiner in his spare time. An American hero, Jefferson went on to become our 3rd president. Abraham Lincoln, our esteemed 16th president, was a patent holder himself. President Lincoln understood the need to innovate and described it well: "the patent system adds the fuel of interest to the spark of genius." Becoming the head of an agency with such a rich history and critical mission was intimidating to a degree. However, the more overwhelming feelings were of responsibility and eagerness to help the agency achieve its mission. Working with a large team of similarly motivated people was inspiring. My colleagues at the USPTO are tremendous-dedicated, knowledgeable and talented.

The Importance and Complexity of the USPTO Mission

The title for the head of the USPTO is officially Under Secretary of Commerce for Intellectual Property

and Director of the United States Patent and Trademark Office. These are two distinctive but interrelated positions. The USPTO is the lead advisor to the President and all senior US government officials on intellectual property matters. This included domestic and international issues on intellectual property. However, there were several other government agencies that play an important role in developing policy and protecting intellectual property rights, including the US Trade Representative, the Department of Justice, State Department, Department of Homeland Security and the National Security Agency. It is certainly critical that government agencies work together, particularly on international and domestic enforcement.

However, there were also several responsibilities that fall solely on the USPTO, primarily related to the administration of the agency and the granting of sovereign property rights for the most important business assets in our modern economy. During my last year in the USPTO, there were nearly half a million new patent applications to be examined. The customers of the USPTO-the public--demands and deserves high quality and timely examinations of patent applications. However, no matter how efficient patent examiners can be, productivity and quality are in tension with each other. The key, of course, is to provide the best tools and find the right balance. This is the fundamental challenge the USPTO faces.

The USPTO-a View from the Congress

My first meaningful introduction to the USPTO was as a counsel on the Judiciary Committee in the United States House of Representatives. Specifically, I worked for the Chief Counsel on the Subcommittee on Courts and Intellectual Property, Tom Mooney. Mr. Mooney was one of the cleverest legislative strategists in the entire Congress. He possesses the wisdom, patience and experience to masterfully negotiate and pass legislation. Mr. Mooney was my mentor and teacher during the legislative battle for the United States to adopt the twenty year from filing term and 18-month publication of patent applications. Though modifications were required, the US probably could have never implemented GATT TRIPS without his leadership.

One of the key elements of the final bill was a

reorganization of the USPTO as a performance based organization with administrative independence. I learned a great deal helping to draft, negotiate and pass this legislation. It became clear to me in this process the USPTO was probably the most undervalued entity in the entire US government. As a critical facilitator of innovation in the US, it was astonishing that funds supplied by innovators were being siphoned away and spent on other government programs. The USPTO did not use a single dollar of more than it collected, yet nearly \$750 million was siphoned away to pay for other government programs. This was aptly named a tax on innovation. Under Mr. Mooney's direction, we fought hard to provide the agency with strong congressional support. Yet, despite the dedication of many Members of Congress and Senators, the USPTO was not fully recognized as the economic engine it is. When President Bush was elected, many encouraged me to pursue a career in the Department of Justice. As honorable as that endeavor was, I hoped for an opportunity to further establish the fundamental importance of the USPTO-this time from the inside.

From an Agency "in crisis" to Record Performance

Where legislative action is necessary, many times advocating change to proclaim there is a crisis. Unfortunately, by the time legislative action is required, there often is a crisis. In this case, there truly was a crisis. The tax on innovation by diverting innovators' fees began showing its toll. In the last three years before I was appointed, up to \$200 million was being taken and appropriated elsewhere. Congress expressed a lack of faith in the leadership of the agency. Such a proclamation may have been a straightforward assessment (from 1995 to 2000, the agency had met between 0-50% of its stated goals), justification for the diversion of funds or both. Regardless, the major intellectual property associations and the Congress itself referred to the situation as "a crisis."

Nothing focuses the mind like impending doom. Director Rogan, my boss (I entered the agency as the Deputy Director), lost no time in laying the groundwork to get the USPTO the resources it needed. Director Rogan is a highly respected former congressman who directly



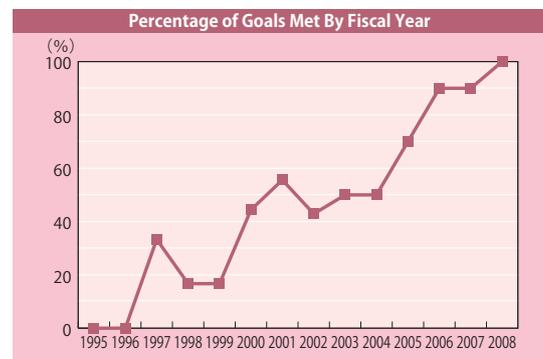
confronted those members of Congress who did not support proper funding of the office. He also put together a strategic plan to restore congressional confidence in the USPTO. Director Rogan is another great mentor to me. Watching him aggressively and unapologetically support and defend the USPTO taught me a great deal. His assertive style made a turnaround possible; it also frustrated some in powerful positions. Director Rogan left the USPTO before he could see the fruits of his labor.

When Director Rogan left the USPTO in January 2004, President Bush appointed me to be the new Under Secretary and Director of the USPTO. The day I was officially appointed, the senior management in the Patents organization told me the agency was in a "death spiral" unless we passed an appropriate fee bill. With a great deal of effort begun by Director Rogan, President Bush broke the 12 year cycle of diverting money and proposed a budget that fully funded the USPTO. Congress passed a bill to raise fees at the USPTO and followed the President's lead in fully funding the USPTO. We appointed two strong career commissioners-John Doll became the Commissioner of Patents and Lynne Beresford became Commissioner of Patents. Both commissioners had a history of high performance and expected much from the people in their units. Commissioner Doll in particular had incredible challenges, but he never shied away a single one.

The legislation did not truly allow the USPTO to follow its original strategic plan to competitively source some of the search function. The patent community rejected a number of other legislative proposals such as deferred examination and dramatic fee increases for dramatic increases in work. Consequently, the only way to achieve dramatic improvements to reduce pendency was to hire more-more than in the history of the agency. To hire the 1200 examiners per year the agency needed,

the USPTO needed to create an entire new model. Instead of the traditional mentoring, which led to inconsistent training and was impossible when hiring more than 25% of the workforce, we decided to develop a training academy. Commissioner Doll got to work, and the academy quickly became a reality.

Given the power to actually meet their goals, my colleagues at the USPTO were unstoppable. Fiscal year 2006 was a record year. In both Patents and Trademarks, the USPTO broke records for quality, production, electronic filing, electronic processing, teleworking and hiring. Those records were broken again in 2007 and in 2008. The increases and retention of fees were necessary to reach this level of performance, but they were not sufficient. It was the people of the USPTO rising above and beyond their challenges. Senior management all carried updated performance statistics on a laminated card. Managers promoted healthy and fun competition among colleagues. In some cases, managers made good on promises to shave their heads if their units exceeded goals. In 2006, 2007 and 2008, we had the good fortune of taking a small break and celebrating everyone's collective success. The thousands of dedicated employees at the USPTO were finally given the resources to achieve truly stretch goals. Even as the goals became steadily more difficult to reach, USPTO employees steadily increased the number of key goals met from fifty percent to one hundred percent over the course of five years.



One important lesson my colleagues taught me was that when they were given trust and flexibility, they would return performance and cohesiveness. We expanded work at home programs from the trademarks organization, where 85% of examiners were already

telecommuting, to the patents organization. Within three years, more than 1,500 patent examiners were working from home. On average, production rose by 10%, and more than 80% of examiners said they were more fulfilled. Trusting colleagues with their time is a big success. Certainly those who abuse the privilege should receive an appropriate response, but the vast majority of USPTO employees flourish because they were trusted.

I can think of one example where a lack of trust caused great problems. With only 2 minutes notice, the local police called us and told us they were on campus arresting an examiner for felony theft from time fraud. The police had been called by the Inspector General's Office. Having an examiner escorted out of the building in handcuffs led to rampant rumors and demoralization for some. This is not the way the USPTO would have handled it-certainly not if I were aware of it. The examiner was not found to be guilty.

During my time, I witnessed other dramatic achievements of my colleagues:

- negotiating of a contract in trademarks that raised performance and quality requirements and better compensated examiners
- increasing electronic patent filing rates from 2% to over 70%
- increasing the timely processing of PCT applications from under 5% on time to more than 65%
- implementing an accelerated examination where any examination is concluded within one year-6 months average and 17 days minimum (the first patent issued on March 13, 2007, to Brother Corporation for a printer ink gauge),
- implementing new quality measures such as first action quality review and examiner certification and recertification,
- establishing a central reexamination unit, and
- strengthening our intellectual property ties with other nations throughout the world.

From Director to Under Secretary

As noted in the opening, the head of the USPTO has a dual role. Thus far, I have focused largely upon my experiences as Director and what the USPTO accomplished domestically. I turn now to the role as Under Secretary of Commerce for Intellectual Property.

In this role, I had the privilege to lead international delegations, reach out to other nations to better collaborate on running patent and trademark offices and enforcing intellectual property rights. Collaboration and appropriate worksharing is critical to the success of any large patent office in any country. The United States had developed a reputation of being somewhat insulated in intellectual property matters, perhaps because of the compromises in our legislation adopting twenty year term and publication. It was clear when I became Under Secretary, we had much to learn from other nations and a great deal to share from our rich history and experiences.

With that view in mind-we have much to learn and much to share-our contacts internationally began to flourish. In addition to the work of the Trilateral and with the World Intellectual Property Organization (WIPO), we began working in other arenas to expand international collaboration. Perhaps the two most significant in my mind were the establishment of the Five Office meetings, essentially recognizing and honoring Korea's and China's growth and strength in intellectual property. During my time in the USPTO, both offices overcame the European Patent Organization in volume of patent applications.

Posting of IP Experts Overseas

In partnership with the Department of Commerce's U.S. and Foreign Commercial Service and the Department of State, the USPTO has posted IP experts in selected, high profile countries where U.S. IP challenges are greatest. The USPTO posted experts in the countries of Brazil, India, Thailand, China (three experts) and Egypt. The experts advocate U.S. IP policy and interests, conduct training on IP rights matters, assist U.S. businesses and otherwise support the Embassy or Consulate action plan on IP rights. In the future, the USPTO is considering stationing additional IP experts in Brussels, Geneva, Eastern Europe, Central America and the Andean Region. This will enable the U.S. to increase region-specific training, and increase region-specific consultation on IP policy.

Establishing the Global Intellectual Property Academy (GIPA)

The USPTO established GIPA, which consolidated



and greatly expanded USPTO's curriculum of training and capacity building programs on IP rights protection and enforcement. Through GIPA, USPTO brings foreign government officials including judges, prosecutors, police, Customs officers, patent, trademark and copyright officials, and policy makers to the United States to learn, discuss and strategize about global IP rights protection and enforcement. GIPA programs cover the gamut of IP rights enforcement issues facing the global economy, and are offered by USPTO acting in close cooperation with other U.S. Federal government agencies.

With the establishment of the Academy, the USPTO also implemented a Foreign Examiners-in-Residence (FEIR) training program - the first of its kind in international cooperation and training at the USPTO. Selected examiners from the patent offices in China, India, Brazil, Egypt, Mexico, and the Philippines participated in an 8-month pilot training program. It was a tremendous success in that we learned a great deal about each others' systems, constraints and opportunities.



Conducting Public Awareness Program

The USPTO began holding conferences for small- and medium-sized businesses where participants learn about the importance of IP rights and how to protect and enforce these rights. In FY 2007, the USPTO formed a partnership with the U.S. Chamber of Commerce enabling the USPTO to share duties of agenda-building, funding, and outreach. Events were held in Raleigh, Detroit, Burlington (Vermont), San Antonio, Portland, Oregon, Seattle, Denver, and Los Angeles. The USPTO also organized two China specific events that took place in Philadelphia and Kansas City, Missouri.

Large companies presented "lessons learned" and "best practices" to small-business attendees and small-

businesses discussed the importance of their IP protection. More than 1,300 small- and medium-sized businesses attended. As a new outreach and educational tool, the USPTO distributed more than 1,500 CDs on IP protection. The USPTO will continue to hold small-business outreach seminars. Also in FY 2007, the USPTO began a partnership with the Ad Council to reach young Americans through a national ad campaign called Inspiring Invention, which seeks to make inventing and developing new ideas part of children's lives. Radio and television commercials are now playing throughout the country with the message, "Anything's possible. Keep thinking."

Five Office Meeting and Patent Prosecution Highway

After decades of debates in the international arena trying to take small steps to share work, it became clear we needed to be engaging in actual worksharing and to push the issue beyond just the conceptual debate. The Japan Patent Office (JPO) was the real leader in making this happen. After being approached by Japan, the US agreed to try the program on a pilot basis. The idea was to share results and then determine whether efficiencies could be gained. Rather than predetermine an efficiency gain or a credit system, each country would merely measure and report how its examiners used the system. It was such a success, the US became not only a partner but a proponent of the system. Together with Japan, the US began promoting the system internationally and now partners with more than a dozen countries. Japan and the US made the concept of worksharing a reality with a simple pilot.

The impressive rise of patent applications and patent grants in China and Korea, and the dramatic growth in other nations was another area that needed to be addressed. The Trilateral offices, the USPTO, JPO and EPO, had once represented nearly 85% of the world's patent applications. At that time it made sense for those three offices to meet regularly to discuss large office issues. However, China is now the third largest office (behind USPTO and JPO) and the fastest growing office at nearly 25% per year. Korea is the fourth largest and had been growing at nearly 9% per year. The EPO is the fifth largest and Germany is sixth. Many other nations, some

developing and some developed, are also growing at impressive rates. The promise intellectual property has for people throughout the world is being realized. As Director General Francis Gurry so eloquently conveys, ideas are a natural resource for every nation. Some nations will never have oil or timber, but every nation has people whose brilliance can be tapped.

The five office meetings were put together to allow offices with similar issues and concerns to meet and share best practices. The five offices have ten foundation projects each aimed at allowing for more collaboration, sharing common costs and search and examination results and sharing best practices. It is geared primarily to the administration and technical issues involved in running an office with more than one hundred thousand patent applications per year. No controversial policy or political issues are at stake. The first meeting was held in the US in Hawaii. Its success was in having the offices meet and establish an agenda. Subsequent to that, Commissioner Koh of Korea expertly advanced the meetings and put the offices on an important workplan. This year, Commissioner Tian in China has further strengthened and advanced the alliance. Commissioner Tian is a person of great vision and practicality and as the only Commissioner who has attended each of the three meetings, has a true sense of guiding its mission. This

better cooperation of patent offices, together with the actual worksharing results of the PPH, is a strongly positive sign that we are headed in the right direction for a world that produces innovation in every one of its corners.



Lessons learned

The chance to serve as the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office was the opportunity of a lifetime. I truly learned several important lessons every day—from inventors, applicants, colleagues at the USPTO, IP leaders throughout the world, Members of Congress and the public at large. There was

not a single nation from which the USPTO could not learn a great lesson, nor one where the USPTO could not share some wisdom. As a result, there are not enough pages in this journal to identify it all and properly thank those who taught me. Instead, I will categorize my lessons in a few points:

- 1) Trust your colleagues until they give you reason not to be trusted. My ten thousand colleagues at the USPTO are an amazing force. Given the opportunity to help set the direction and meet stretch goals, they more than rose to the occasion. However their accomplishments were not the result of slavishly following a strict schedule. To the contrary, all of the great ideas came from those working the issues. The opportunity for them to throw themselves into the issues and to innovate in their problem solving is what helped the USPTO succeed. It is critical to be sure those who take advantage of the system are found and appropriately admonished. However, a few violators must not ruin it for the collective good of the agency.
- 2) Every nation can teach the USPTO an important point and the USPTO can share important information with every nation.



- 3) There are simply too many things where nations agree on principles and can solve real problems to let disagreements on other issues get in the way. Throughout the formation of the Five Office meetings, the US and China had a tenuous relationship on intellectual property. Disagreements about how to enforce and whether enforcement was sufficient went to the World Trade Organization. However, despite those disagreements about enforcement, Chinese government agencies and the USPTO were able to



cooperate and collaborate to solve real problems facing both nations.

- 4) Most any problem worth solving will not have solutions that please everyone. In fact, controversial issues often leave half of interested parties upset. President Reagan won a landslide election in 1984. He captured the majority in every state except his challenger's home state. And yet, he had only 55% of voters voting for him. The easy answer is to just do the right thing, regardless of whether it is popular. Sometimes the hardest thing and the right thing are the same.



Finally, I learned how important innovation is to the US and to the world. I would never trade my time at the USPTO for anything, but I am now at an organization that I believe is even more fundamentally important

to innovation-FIRST (For Inspiration and Recognition of Science and Technology). At the USPTO, I was honored to have helped inventors protect their innovations. However, it became increasingly clear we had fewer of our young people entering the disciplines that led to more innovation. I believe the United States has a fundamental and powerful philosophy of freedom that supports and promotes innovation. But, we must have more with the knowledge for accomplishing that vision.

FIRST gives kids the chance to celebrate innovation and technology on a scale that we celebrate World Cup Soccer or Hollywood stars. FIRST is operating in 55 countries and more than 10% of US schools. Kids who are in FIRST are more likely to graduate,



more likely to major in engineering, more likely to get a job in engineering and more likely to succeed. I am pleased to be working on the supply side of innovation. Thank you.

profile

Jon Dudas

Jon's notable fourteen years of service to the U.S. Government culminated with his role as Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office (USPTO) from 2004 to 2009. As the head of the USPTO, Jon led a performance-based government agency with 9,000 employees and a \$2 billion annual budget. During his tenure, the USPTO achieved a four-fold increase in meeting key annual objectives. He also personally spearheaded an unprecedented number of patent cooperation and development missions with China, India, Europe, Brazil, and several other countries to improve IP systems globally and help inventors establish and enforce IP rights throughout the world.

Dudas most recently was a partner with the law firm Foley & Lardner LLC, specializing in intellectual property strategy and policy. Prior to his Under Secretary role, Jon held several senior staff positions for the House of Representatives. He started his career in private legal practice in Chicago. He received his law degree, with honors, from the University of Chicago and a bachelors degree in finance, summa cum laude, from the University of Illinois.

Jon and his wife, Nicole, have four children ranging from 7 to 16 years old and reside in Bedford, New Hampshire.