Patent Examiners: The Performance Appraisal Plan System and the Count System Initiatives

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[This is part one of a two-part article. Part two will be published in the next issue of New Matter.*]*

The United States Patent and Trademark Office (USPTO) recently altered the way that patent examiners are evaluated for performance. This is the first set of real changes in over a generation and is intended to correct incentives that, perversely, increased the time that patent applications were pending and decreased the likelihood that patentable subject matter would be identified and issued in patents. The first part of this article introduces the changes and explains the performance appraisal plan system. Part two of the article will review shortcomings of the performance appraisal plan, explain the recent changes, evaluate their likely effect, and conclude with recommendations for further changes that now may be possible with a new administration.

A BREAKTHROUGH

On September 30, 2009, a "Joint Labor and Management Count System Task Force" issued a proposal for changes to the system used to appraise the performance of patent examiners in the USPTO.[1] The changes were called the "Count System Initiatives" and will be referred to by that name in this article. They were intended to achieve several objectives, notably including the encouragement of examiners to identify allowable subject matter earlier in the examination process.[2]

Representatives of the leadership of the Patent Office Professional Association (POPA), the examiner's union, and the administration of the USPTO, led by POPA president Robert Budens and Deputy Commissioner for Patents, Margaret ("Peggy") Focarino, had formed a task force that negotiated for over a month.[3] The task force presented its recommendations to Under Secretary of Commerce for Intellectual Property and Director of the USPTO, David Kappos, and the Executive Committee of POPA shortly after the end of the fiscal year 2009.[4] The Executive Committee of POPA recommended that the changes be accepted by the voting members of POPA.[5] They did so by a majority vote (63.4%).[6] The president of POPA, Mr. Budens, and the Deputy Commissioner for Patents, Ms. Focarino, signed the agreement on November 3, 2009.[7] Mr. Kappos approved the agreement on the same day.[8]

The fact that the changes were so quickly decided and accepted is noteworthy because they include the first significant changes to the performance appraisal system since 1976. The changes also are remarkable in view of the strained relationship between the leadership of POPA and USPTO management since 2001.[9] The Secretary of the Department of Commerce, Gary Locke, who reached out to POPA's leadership soon after his appointment,[10] and Mr. Kappos must be congratulated for building a relationship with POPA that has resulted in the positive changes discussed in this article and, we may hope, will lead to even more significant changes in the future.

SYNOPSIS OF THE ARTICLE

The patent examiner performance appraisal system as it existed during fiscal year 2009, prior to the Count System Initiatives, is not especially well documented.[11] An explanation of the system will be useful to anyone interested in the patent business line of the USPTO. Readers who are not patent attorneys or agents will need an explanation of the system in order to understand a discussion of the changes. Patent attorneys and agents who did not previously serve as patent examiners know of the performance appraisal system through folklore, imparted by more senior attorneys and former examiners and through interviews with current examiners, as well as through terse references in professional literature and weblogs. They also will benefit from a review of the system as it was prior to the Count System Initiatives.

The first part of the article will briefly discuss the process of examination of patent applications as the background for what follows. A discussion of the examining corps leads into the explanation of the system for appraising the performance of examiners, including the important "count" system, as it was before the Count System Initiatives.

The second part of the article will begin with a section discussing the effects of the performance appraisal system on examiner incentives and morale, and the implications for examiners and patent applicants. The article then will discuss the Count System Initiatives and evaluate their intended and likely results. The article ends with a discussion of the pendency and quality problems faced by the USPTO. This section suggests further substantive changes to the performance appraisal system and other changes affecting the recruitment and retention of patent examiners.

SUMMARY OF THE PATENT EXAMINATION PROCESS IN THE UNITED STATES

This section of the article provides a brief overview of the patent examination process in the USPTO, and will follow an application from filing to disposal. It introduces concepts that recur in latter parts of the article, namely, application complexity, restriction requirements, first office actions on the merits, subsequent and final office actions, examiner interviews, appeals and examiner's answers, abandonments, requests for continued examination, and continuation applications.

The Application

When the applicant or the applicant's attorney or agent files an original patent application[12] with the USPTO, it is sent to the Office of Patent Application Processing (OPAP) for review. OPAP determines whether the application meets formal requirements, such as whether all parts are present. The application is then assigned to an examiner in the art unit assigned to the classification of the technology described in the application.[13]

The application might be directed to subject matter that few people have the ability and training to understand, or it could be directed to very simple and easily perceived technology. Furthermore, in fiscal year 2009, and as of the writing of this article, the patent application may be any length and have as many claims as the applicant wishes, as long as the applicant is willing to pay an extra fee for each 50 pages of the specification over 100 pages[14] and extra fees for each claim over twenty[15] and each independent claim over three.[16] Furthermore, the applicant may disclose as many references in connection with the application as the applicant believes will be consistent with her duty of disclosure,[17] and the examiner assigned to the application will have to review all of them.[18] The amount of work presented to an examiner by an application, therefore, is of the applicant's choosing.

Restriction Requirements

Once the examiner "takes up" the application, she will review the application and determine whether the application contains claims[19] directed to separate and distinct inventions. Should she determine that this is indeed the case, she may issue a "restriction requirement."[20] The restriction requirement explains why the claims are directed to separate and distinct inventions and requires the applicant to make a provisional choice of one of the inventions for prosecution on the merits.[21] The examiner may make the restriction requirement final once the applicant makes her choice, even though the applicant may disagree with the restriction requirement. The examiner will deem the claims directed to inventions not selected for prosecution to be withdrawn from further consideration.[22]

Search and Examination

After making any restrictions that she considers to be justified, the examiner will examine the application for conformity to statutory standards such as statutory subject matter, utility, novelty, non-obviousness, adequate written description, enablement, and indefiniteness.[23] As part of this process the examiner will perform a search for prior art and also will consider any art provided by the applicant in an "information disclosure statement." The examiner will then issue a First Action on the Merits ("FAOM"). The FAOM may be a notice of allowance, which means that the examiner considers the application worthy of a patent. A first action allowance will be both a FAOM and a final disposal of the application, in which the only remaining step is for the applicant to pay the issue fee and satisfy any technical requirements, such as providing corrected or formal drawings.

More often, the examiner will have some objections to the application and will reject one or more of the claims of the application. The applicant may then respond to the FAOM by filing a response in the allotted time.[24] The response may include amendments to the specification, drawings, and/or the claims of the application. The applicant may request an interview with the examiner to discuss proposed amendments to the claims or to review the prior art with the examiner.[25] Examiners received credit for such interviews in the form of additional "non-examining" time (which will be discussed below) but, until the Count System Initiatives, no such credit was given for interviews initiated by the examiner.

The examiner will review the response of the applicant. Should the response cause the examiner to withdraw the rejections, the examiner may issue a notice of allowance. Alternatively, the examiner may issue another office action that includes new grounds of rejection. The new action may be made final.[26] Second office actions on the merits will be made final unless they introduced a new ground of rejection not necessitated by the applicant's amendment of the claims or a reference in an information disclosure statement filed after the FAOM.[27]

The applicant may file amendments and arguments in a "response after final action," but the examiner may refuse to enter the amendments on the grounds that a new search would be required, the applicant could have submitted the amendment earlier or the arguments are not persuasive.[28] If this is the case, the examiner will issue an "advisory action" explaining why she does not think the response after final rejection placed the application in condition for allowance.[29]

Appeal

Should the applicant and the examiner not reach a resolution after the examiner issues a final action, the applicant may appeal to the Board of Patent Appeals and Interferences ("BPAI").[30] In that case, the applicant must file a notice of appeal, pay an appeal fee, and file an appeal brief.[31] The examiner will respond by filing an "examiner's answer" in the nature of a brief by the appellee (usually restating the grounds for the final rejection and addressing any particular arguments raised in the applicant's appeal brief).[32] It is outside the scope of this article to consider the relief the applicant may seek from a decision of the BPAI.

Requests for Continued Examination and Continuations

Instead of appealing, the applicant may give up and abandon the application. However, the applicant may continue the application in order to have any amendments to the application entered and the arguments considered. This can be done by filing a Request for Continued Examination ("RCE").[33] Filing an RCE is a final disposal of the initial application as far as the examiner is concerned, although the application number stays the same. When the applicant files an RCE, the examiner enters the amendment after final rejection (or a preliminary amendment if the applicant did not file an amendment after final rejection) and considers the applicant's arguments. In effect, the applicant has simply purchased another bite at the apple. The applicant is likely to file an RCE if she believes that an issue requiring appeal has not yet been reached with the examiner. In fiscal year 2009, the amendment supplied with or referenced by the RCE would receive quick consideration, because it was on the same workflow schedule as an amendment filed after a non-final rejection. That is no longer necessarily true, as will be discussed below in part two of this article.

The applicant also might file a continuation application as a vehicle to continue prosecution of broader claims while allowing the original or earlier application to issue as a patent with narrower claims.[34]

THE EXAMINING CORPS

The next section of the article introduces the women and men of the patent examining corps, the largest part of the USPTO. The examining corps is the component of the patent business line of the USPTO that evaluates all applications for compliance with substantive and procedural law and rejects or allows them accordingly. A short history of patent examination in the United States precedes a discussion of the ranking, pay, benefits, and training of modern examiners and the union that represents them.

Very Brief History of U.S. Patent Examination

The first patent law of the United States required that applications for letters patent be examined by high officials, including the Secretary of State, the Secretary for War, and the Attorney General.[35] These notables quickly found that the task was onerous and interfered with their other duties. After 1793 the United States had a registration system for patents, in which the applications were not examined.[36] After 1836, however, applications for patents have been examined by professional patent examiners.[37] Patents are presumed valid[38] because of such examination. A party challenging the validity of an issued patent must do so by providing facts supported by clear and convincing evidence.[39]

The Current Examining Corps

As of the end of fiscal year 2009 (September 30, 2009) the examining corps consisted of 6,243 examiners.[40] In 1970, by way of comparison, the average number of patent examiners was 1,179[41] and in 2003 the number was 3,579.[42] Patent examiners are chosen for their education or experience in the technical arts to which patents may pertain. Examiners have different pay grades based on education, experience, time in service, and promotion. A starting examiner with no special education or honors will begin at the General Service (GS) 5 grade. A starting examiner with honors in her education will begin at the GS-7 grade. A starting examiner with a master's degree or higher education or some valuable work experience begins at the GS-9 grade. The starting examiners will, if successful, be promoted to higher grades. After GS-9 the next grade is GS-11, then GS-12, GS-13, GS-14, and GS-15.

Signatory Authority

A GS-15 examiner, generally an expert examiner or "Supervisory Patent Examiner" (SPE), usually will have special duties (e.g., Quality Assurance Specialist) or supervisory duties.[43] A GS-14 examiner is one who has "full signatory authority," which means that she has the power to sign office actions and also allow applications. Such an examiner is called a "Primary Examiner" and achieves that position due to solid experience and tested performance. GS-13 examiners undertake a two-year program that leads first to partial signatory authority, which means that they can sign office actions that are not

final rejections or disposals, and then to full signatory authority.[44] Examiners of lesser grades require approval for their office actions from an examiner with an appropriate level of signatory authority.

Pay and Benefits

The GS pay grades used for examiners are not the ordinary GS pay grades. Patent examiners are paid more and have their own special GS grade pay scales.[45] This is done in order to attract and retain a valuable technically trained workforce that might otherwise work in industry or academia. The USPTO also offers awards programs for exceeding goals, of which more below. In addition, the USPTO offers other incentives for becoming an examiner, such as the opportunity for experienced examiners to work from home[46] and, in the past, financial assistance with attending law school while working as an examiner.[47] Examiners also receive benefits such as health benefits, childcare, relocation assistance, a fitness center, a transportation subsidy, and participation in the Federal Employees Retirement System.[48]

Assignment and Training of Examiners

Patent examiners are assigned to one of eight "Technology Centers."[49] The Technology Centers contain a total of 411 "art units" that are groups of examiners who specialize in a particular technology or classification of subject matter.[50] Examiners are generally assigned to art units in the technology with which the examiner is familiar. Examiners may be reassigned to other art units as needed and if consistent with their technical background.

At one time, examiners were trained in an apprentice-like system in which new examiners were paired with experienced examiners after a brief schooling. This would be difficult today because, starting in fiscal year 2005, the USPTO has hired an unusually large number of examiners every year in a response to the rapidly increasing backlog of unexamined applications.[51] Accordingly, the USPTO opened a Patent Training Academy in 2006 to train new examiners during their first year.[52]

Patent Office Professional Association

POPA has the exclusive rights to represent the non-supervisory, non-managerial professional employees engaged in the patent function, including essentially all non-supervisory patent examiners.[53] POPA is an independent union led by elected volunteers from the bargaining unit.[54] POPA leaders generally have more longevity in their leadership positions than USPTO leaders do in theirs.[55] POPA leaders are often called to give testimony to Congressional committees in oversight hearings and hearings on legislation involving patents.[56] One member of the Patent Public Advisory Committee is appointed by POPA and two other by other USPTO unions.[57]

USPTO management must negotiate changes in terms and conditions of employment for examiners, such as the production expectancy goals discussed below, with POPA.[58] As noted earlier, POPA has not had an amicable relationship with USPTO managers. It does not have an undisputed collective bargaining agreement and is "operating under a loosely formulated set of practices and memoranda of understanding."[59] Management hitherto has avoided making changes to the performance appraisal system because of a perception that POPA would not be cooperative.[60]

THE EXAMINER PERFORMANCE APPRAISAL SYSTEM[61]

As with the employees in most organizations, examiners are evaluated according to the quantity and the quality of their work. The next section of the article discusses the system with which the USPTO evaluates examiners and thus provides them with incentives to perform high quality examination of applications as rapidly as possible. This system has been modified by the Count System Initiatives, as will be noted in the discussion.

The Performance Appraisal Plan ("PAP") is the name given to the system used to evaluate the performance of examiners in their capacity as examiners. It leads to the preparation of a "Classification and Performance Management Record." This Record scores each of the "performance elements" applicable to the examiner being appraised as "Outstanding," "Commendable," "Fully Successful," "Marginal" or "Unsatisfactory" and assigns a "Total Score." The way the performance elements are weighted and calculated, and which ones are "critical," will be discussed later

The USPTO sets production goals for itself and for each technology center.[62] These goals are beyond the scope of this article. The performance elements applicable to supervisory patent examiners and technology center directors are also beyond the scope of this article.

Performance Element: Production Goal Achievement

Examiners are evaluated for quantity of performance or "production." Production is determined by "counts."

Counts/Balanced Disposals

The performance appraisal plan system as of fiscal year 2009 awarded an examiner one "new count" for completing a FAOM. The examiner received one "disposal count" for any of the following events: 1) the application is allowed, 2) the application is abandoned by the applicant, 3) the examination of the application is continued by filing an RCE,[63] and 4) the rejection of the application having been appealed, the examiner wrote an "examiner's answer" in

response to the applicant's appeal brief.[64]

Examiners did not receive counts for anything else they did, such as writing restriction requirements, preparing additional office actions whether "final" or not, preparing advisory actions, and interviews with the applicant or her attorney.

As we will see, the Count System Initiatives altered the type of actions that receive counts and the weighting of the counts changed in favor of FAOMs.

Two counts equal a "balanced disposal" or a "BD." Another name for a BD is "Production Unit" or a "PU." Although the use of the terms "balanced" and "disposal" might lead one to believe that a "BD" consisted of a pairing of one new count and one of the four disposal counts, such is not the case. A BD is two of any type of count. This has not changed with the Count System Initiatives.

The number of BDs an examiner must obtain in order to achieve her goal for the fiscal year depends on the art unit to which the examiner is assigned, her GS grade, and her examining time.

The time allocated for achieving counts arguably is even more important to the appraisal system than how counts are determined.

Time per Balanced Disposal: "Production Expectancy Goal"

During the administration of President Gerald Ford, the USPTO determined the average amount of examining time that an examiner at a GS-12 grade would spend, from initial review to disposal, in examining an application in each art.[65] These times are now known as "production expectancy goals" and are adjusted by an examiner's grade as discussed later. Hundreds of production expectancy goals exist and all are based on the expectancy goals set in 1976.[66]

According to a leading expert in this field, Dr. Ron Katznelson, the production expectancy goals originated in average times for a disposal determined in 1965 and he "could find no evidence that workgroup quotas [basis of production expectancy goals] set [in 1976] were based on any measurements or objective performance facts."[67] Notably, a production expectancy goal does not depend on any characteristic of the application being examined other than its class and subclass.[68] The production expectancy goals did not, and do not now, change if the specification of the application has more pages and claims than average and has a higher than average number of prior art references cited by the applicant.

For example of a production expectancy goal, art unit 3762 examines applications directed to inventions in certain subclasses in class 600 (surgery) and certain subclasses in class 607 (surgery: light, thermal, and electrical application). A GS-12 examiner in art unit 3762 is allowed 21.7 hours per application.

Some of the applications assigned to the art unit may be classified in different classes and subclasses, as in the example of art unit 3762. The GS-12 production expectancy goal for art unit 3762 happens to be the same no matter which technology is involved (21.7 hours per BD). Most art units will have different GS-12 production expectancy goals depending on the technology of the application. Art unit 3761, for example, is assigned applications in some subclasses in class 27 (undertaking), some subclasses of class 422 (chemical apparatus and process disinfecting, deodorizing, preserving, or sterilizing), and some subclasses of class 604 (surgery). Examiners in art unit 3761 therefore might examine applications for diapers or blood collection kits. The GS-12 examining time allowed for a BD in an application directed to a diaper invention can be 16.3 hours whereas that allowed for an application directed to a blood collection kit can be 18.2 hours.

The GS-12 production expectancy goal based on all art unit technologies was 20.5 hours for a BD in fiscal year 2003.[69] As we will see, the Count System Initiatives altered the production expectancy goals by increasing the examining time allotted to a BD by an average of at least one hour (0.7 hours for design applications). This increase, however, applies to all production expectancy goals uniformly.

Adjustment of Times per Balanced Disposal by Position Factor (Grade)

The examining times per BD are given for GS-12 examiners and must be adjusted for examiners at other pay grades. Higher-grade examiners are more experienced and need less time whereas less experienced (and thus lower-grade) examiners will need more time. The table below provides the "position factors" for each pay grade:

GS level	Examiner Status	Position Factor by which the GS-12 expectancy goal must be divided
GS-5	Starting examiner, no special honors or higher education	0.55
GS-7	Starting examiner, special honors in education	0.7
GS-9	Starting examiner, master's degree or higher	0.8
GS-11	Starting examiner with special qualifications, rehired examiner	0.9
GS-12	Examiner with some experience	1.0
GS-13	No signatory authority	1.15
GS-13	Partial signatory authority	1.25
GS-14	Primary Examiner, with full signatory authority	1.35
GS-15	Expert examiner	1.5

Accordingly, a GS-13 examiner in art unit 3762 with partial signatory authority will be allowed 21.7 hours divided by the appropriate factor (1.25) for a BD or 17.36 hours of examining time per BD. This is her particular "production expectancy goal." A GS-5 examiner will be given 21.7 hours divided by 0.55 or 39.45 hours per BD. The GS-5 examiner therefore will be allowed about 230% of the time allowed a GS-13 examiner with partial signatory authority.[70]

Examining Time and Non-Examining Time

The examiner's performance goal will also depend on how much examining time she has per pay period. An examiner has 80 hours of work time per two-week pay period, not counting overtime. All of this time will be considered examining time unless some of the time is approved by supervisors as non-examining time. For example, some of the 80 hours may be allotted to mandatory training or meetings and that time will be considered non-examining time. Any approved leave or sick time will be non-examining time. An examiner generally will receive approval from her supervisor for non-examining time for the preparation of written restriction requirements. Any paid overtime will be counted as examining time.

Any reduction of the examining time will reduce the number of BDs that must be completed by the examiner for the appropriate period in order to be fully successful.

Examples

Consider a hypothetical examiner in art unit 3762. This examiner is a GS-11 and has 70 hours of examining time in a two-week pay period. A GS-12 examiner is allotted an expectancy goal of 21.7 hours of examining time per BD in this art unit. The hypothetical examiner is a GS-11, however, and therefore she must divide this time by her position factor (0.9), which gives her 24.11 hours of examining time per BD. When she divides 70 hours of examining time by her expectancy goal of 24.11 hours, she will find that her goal for that pay period is 2.9 BDs or 5.8 counts. This means that she must complete 5.8 FAOMs or 5.8 disposals or some combination of FAOMs and disposals totaling 5.8 counts in the pay period in order to be fully successful.[71] Any work on written restriction requirements, office actions subsequent to the FAOM that are not disposals, interviews that do not lead to an immediate disposal, and the like would not be awarded a count.

An examiner may work paid overtime up to an authorized level. However, she will have to produce at a fully successful level during the official overtime. In other words, paid overtime increases her BD goal according to the amount of paid overtime. Unpaid overtime does not increase her BD goal, and may be required for an examiner who must achieve the production goal set by her official examining time.[72]

Performance Element: Workflow Management

An examiner is not at liberty to work on any of the applications assigned to her whenever she wants as long as she meets her production goal. The performance element named "Workflow Management" refers to whether the examiner is diligent in keeping up with schedules for examining applications and responding to applicants' replies and amendments.

Regular New Docket

For example, the examiner will have a "Regular New" case docket. The Regular New docket consists of the applications assigned to the examiner that are original applications (not continuations, divisional or reissue applications) and have not yet been examined. The examiner must "take up" at least one application on this docket every other biweekly pay period. That is, the examiner must restrict, if necessary, or search and examine the application and issue a FAOM during that period.[73] The examiner, in general, must take up the applications on the Regular New docket in the order of date of filing.[74] In fiscal year 2009, the examiner had to take up at least the application having the oldest effective filing date at least every other biweekly pay period.[75] A change to this timing is included in the Count System Initiatives.

Regular Amended and Special New Dockets

Other dockets of interest are the "Regular Amended" and the "Special New" case dockets. The Regular Amended case docket comprises those applications that have been examined and received an office action but not been allowed. The examiner has two months from the date the response is forwarded to her to respond with another office action. Requests for continued examination and their associated amendments or responses were assigned to an examiner's Regular Amended docket before the Count System Initiatives came into effect.

The "Special New" case docket includes those applications that are continuations or divisional applications of applications previously assigned to the examiner, as well as reissue applications. The examiner should act on the application having the oldest effective filing date on her Special New docket at least every other pay period. In general, an application assigned to the examiner's Special New docket may not receive attention as quickly as an application on the Regular Amended docket.

Quality

An examiner may have up to three quality-related performance elements that will be graded as part of the performance appraisal plan.

Performance Element: Patent Examining Function

All examiners are rated on the performance element called the "Patent Examining Function." This performance element appraises the office actions written by the examiner for their clarity and attention to formalities and procedure.

Office actions prepared by an examiner without signatory authority must be reviewed and approved by an examiner with signatory authority, either partial or full as needed. This review, together with observations by the examiner's supervisor, will serve as the basis for determining this performance element for examiners lacking signatory authority.

The examiner's supervisor rates the examiner on this and the other two quality performance elements (if applicable to the examiner) based on the examiner's error rate and the perceived quality of the examiner's office actions with respect to the performance elements. An examiner with no errors will be fully successful but an award of "outstanding" or "commendable" will require high quality office actions. To some extent, therefore, the quality performance elements depend on the judgment of the supervisor.

Performance Element: Action Taking

An examiner with at least partial signatory authority (GS-13 with partial signatory authority and above) is appraised on the substantive quality of the office actions she signs. The "Action Taking" performance element is directed to, for example, the quality of the examiner's searches, understanding and application of references, and ability to combine references in rejecting claims for obviousness.

Performance Element: Patentability Determination

An examiner with full signatory authority (GS-14 and above) has the power to sign or approve notices of allowability. The quality of her decisions to allow applications is rated in the "Patentability Determination" performance element. An erroneous decision to allow an application would lower her appraisal on this performance element. This has changed to an extent with the implementation of the Count System Initiatives.

Quality Assurance Specialists

In addition to review of quality by the examiner's supervisor, the USPTO has very experienced examiners (GS-14 and GS-15) known as Quality Assurance Specialists (QAS) that review randomly selected in-process and allowed applications to determine how well the USPTO's quality goals are being met.[76] The reports of these teams also will reflect on the action taking and patentability determinations of the examiners in question.

Second Pair of Eyes

Until recently, most patent applications that were to be allowed had to be reviewed by a second examiner with full signatory authority (such as a SPE, a primary examiner, or a QAS) to determine whether the application should have been allowed. This program began some time ago[77] but was extended to most applications over three years ago under the last administration.[78] It is known as the "second pair of eyes." The patentability determinations performance factor of the examiner in question might be affected when the second pair of eyes considered an application to have been allowed in error.

The "second pair of eyes" generally did not review applications that were not deemed to be allowable. The second pair of eyes program may have been responsible in part for the sharply lowered allowance rate during the end of the last administration,[79] and thus the rise in filing of RCEs.[80]

The second pair of eyes program recently has been directed to review art units that have an unusually low allowance or high churn rate, in order to find out why, and to retrain rather than penalize examiners should no reason exist for these abnormal conditions.[81]

Performance Element: Customer Service

"Customer service" is the performance element that rates how well the examiner stays in touch with those who need to reach her. For example, the examiner should consistently set up her e-mail account to notify others who send her messages of her absence and she should properly notify her supervisor when she will be absent.

Evaluation

Supervisors monitor each examiner's performance, including production, in each two-week pay period and at the end of each quarter. The main performance review takes place at the end of the fiscal year (September 30) and is the most important evaluation using the examiner's performance appraisal plan. Mid-year progress reviews occur at the end of the second quarter of the fiscal year (around the beginning of April). An examiner who has received an oral or written warning will receive quarterly evaluations that will be very important to determine whether she is making progress in improving her performance.

Rating the Performance Elements

As noted earlier, "Outstanding," "Commendable," "Fully Successful," "Marginal," or "Unsatisfactory" are the ratings applied to each of the performance elements of the examiner's PAP and to the examiner's overall performance. These ratings correspond to five, four, three, two, and one points, respectively.

With respect to the production goal achievement performance element, an examiner is rated according to how well she meets her goal, as shown in the table below:

Rating	Achievement of Goal
Outstanding (five points)	more than 110% of goal
Commendable (four points)	105%–109% of goal
Fully Successful (three points)	95%–104% of goal
Marginal (two points)	90%–94% of goal
Unacceptable (one point)	less than 90% of goal

The workflow management performance element is rated according to whether the examiner is able to keep up with her dockets. Negative points are given for not keeping to the schedule of a docket and positive points are awarded for being faster than required by the docket's schedule.[82] For example, an examiner will receive one negative workflow point for not moving an amended application off the regular amended docket within two months after it is forwarded to the examiner. The examiner will receive 0.2 positive workflow points for moving the amended application off the regular amended docket in one month or less after the application is forwarded.[83]

The quality-related performance elements are rated in a less mechanical way by the examiner's supervisor, as noted earlier.

All of the performance elements are considered to be "critical" except Customer Service.[84] This means that the examiner's overall rating cannot be "fully successful" or better unless each of the individual performance elements is fully successful. Put another way, the examiner's overall performance rating will not be higher than the lowest rating of any critical performance element that receives a marginal or unsatisfactory rating.

Overall Rating

Assuming that the examiner is at least fully successful in all of the critical performance elements, the overall rating of the examiner's performance is calculated by adding up the various ratings according to the weight assigned them. The examiner's overall ratings are important for earning awards, such as the Department of Commerce Bronze Medal, and consideration for higher level jobs, such as becoming a SPE.

The performance elements are not equally weighted and will depend on the examiner's level. The weights assigned to the ratings of the performance elements for an examiner at the level of GS-13 (without signatory authority) and below are as follows:[85]

Performance Element	Weight
Production Goal Achievement	45%
Patent Examining Function	35%
Workflow Management	10%
Customer Service	10%

For a GS-14 (having full signatory authority) and GS-15 expert examiners, the weights are:[86]

Performance Element	Weight
Production Goal Achievement	40%
Patent Examining Function	10%
Action Taking	10%
Patentability Determination	20%
Workflow Management	10%
Customer Service	10%

An example will show how the overall performance is calculated. Consider a GS-11 examiner who is rated as fully successful (3) on her production goal achievement, commendable (4) on patent examining function, outstanding (5) on workflow management, and fully successful (3) on customer service. She is at least fully successful on all critical performance elements and her overall rating will not suffer from a less than satisfactory rating as described above. The examiner's supervisor will add up the final rating as follows:

Performance element rating	multiplied by weight (%)	amount
3 (production goal achievement)	45	135
4 (patent examining function)	35	140
5 (workflow management)	10	50
3 (customer service)	10	30
TOTAL		**355**

This hypothetical examiner has an overall performance rating of 355. This number is translated into an adjectival rating according to this system:

Adjectival rating	Point range
Outstanding	460–500
Commendable	380–459
Fully Successful	290–379
Marginal	200–289
Unacceptable	100–199

The hypothetical examiner, having an overall point rating of 355, is "fully successful." The importance of the production goal performance element is apparent in this example. The examiner easily would have been "commendable" overall if she had posted enough BDs to put her in the commendable rating for the production goal performance element. She would have just achieved the overall commendable status if she had been outstanding at patent examining function. The workflow management performance element can hurt her overall performance more than it can help because it is a critical performance element but is weighted by only 10%. The customer service performance element does not hurt or help her overall score very much at all because it is not critical and is weighted by only 10%.

Discipline, Pay, Promotion, and Benefits

An examiner's performance ratings are very important to her. Low ratings may lead to discipline and deprivation of valuable benefits whereas high ratings will lead to promotion, benefits, and awards.

Discipline

An examiner who has an "unacceptable" overall performance rating at the end of a quarter could receive an oral warning. If she does receive a warning, she will have to raise her overall performance to marginal or higher during the next quarter or she will receive a written warning. She may be terminated for having an "unacceptable" overall rating for three consecutive quarters.

Examiners who receive "marginal" ratings are not given warnings. However, they are ineligible for certain programs valued by examiners, such as hoteling, telework, flextime, and paid overtime. "Hoteling" refers to the "patent hoteling program" or PHP in which an examiner who is at a GS-12 level may work from home but must come into the office in Alexandria, Virginia for at least two days every two weeks. Examiners in the hoteling program do not have an assigned office and may have to sign up for a temporary office or "hotel" when they plan to be on the campus, such as for interviews with applicants. The patent telework program allows the examiner to work from home for a part of a week. The flextime program allows the examiner to vary her hours of work, such as arriving later and leaving later. Paid overtime is clearly valuable.

Promotion and Pay

Marginal examiners also are not going to be promoted. An examiner may be promoted only if, for thirteen consecutive biweekly pay periods (26 weeks), the examiner is achieving a production goal at a level at least halfway between the fully successful level applicable to her pay grade and that of the next pay grade, or higher.[88] In the example of the GS-11 examiner given earlier, she had to reach at least 95% of her production goal (37.7 BDs for thirteen consecutive pay periods times 0.95 = 35.82 BDs) to be "fully successful" for this performance element. A GS-12 examiner in the same art unit would have to reach at least 95% of her production goal (42 BDs for thirteen consecutive pay periods times 0.95 = 39.9 BDs) to have a fully successful rating for this performance element. The GS-11 examiner will need to reach or exceed the average of these goals or 37.86 BDs during the period in question in order to be promoted.

Examiners are promoted by above average production as noted, and meeting other required qualifications such as being at least fully successful in all critical performance elements. Another qualification is achieving signatory authority while in the GS-13 grade. The promotion to the GS-15 grade is the only one that involves competition with other examiners. The other promotions are mandatory if the examiner meets the required criteria.

Examiners will receive pay increases in grade by progressing through the ten steps in the grade. An examiner with a fully successful overall rating of record automatically increases by one step every year in grade for steps 0–4. After step 4, until step 7 is reached, an automatic increase in step will require two years per step. Three years will be required for an automatic increase of a step starting at step 7 until step 9.

An examiner who is rated fully successful over all will be allowed to work overtime and earn overtime pay. For most examiners, overtime pay is the same pay per hour as their regular hourly salary. For lower grade examiners, overtime pay is one and a half times their regular hourly salary. In addition, the examiner may earn bonuses for exceptional performance.

Bonuses

One such bonus is the "Special Achievement Award," which is granted for achieving in excess of the examiner's production goal by 110% or more for four consecutive quarters.[89] The bonus is equal to three percent of the examiner's base salary and is awarded at the end of the fourth quarter. The examiner must have a fully successful rating or better in the applicable quality performance elements. In addition, the examiner must have at least 1400 hours of examining or examining related (such as training) time during the four quarters.

The Special Achievement Award has been in effect for some time. A newer program is the "gainsharing" award, which was an award of two percent of the examiner's salary for being rated as being at least "commendable" in the appropriate quality performance elements and in workflow management while achieving 110% or more of the examiner's production goal averaged over a fiscal year.[90] The examiner must have had at least 1400 hours of examining or examining-related time during the fiscal year for the full award, but the award would be prorated if the examiner's examining or examining-related time is between 1400 and 700 hours per year. The award was four percent of salary if the examiner achieved at least 120% of the examiner's production goal, and it was six percent of salary for achieving at least 130% of the production goal.

Thus, an examiner who reached or exceeded 130% of her production goal for four consecutive quarters in a fiscal year while maintaining a commendable (or better) rating in the applicable quality performance elements (and having 1400 hours of examining or examining-related time) would have earned a maximum award of nine percent of her base salary.[91] This figure is now ten percent because the Gainsharing Program award has been modified by the Count System Initiatives.

The USPTO is obliged to give awards as described above regardless of the agency's financial condition or its performance. ◂◂

Part two of this article will review the effects of the performance appraisal plan system on the USPTO's goals (such as reducing pendency while maintaining quality), discuss the changes to the system introduced by the Count System Initiative, and suggest further changes to the system in view of the renewed cooperation between USPTO management and POPA.

The views expressed in this article are personal to the author and do not necessarily reflect the views of the author's firm, the State Bar of California, or any colleagues, organization, or client.

Dabney Eastham is general counsel of Think Tank Photo, Inc., Santa Rosa, California and an advisor to the Executive Committee of the Intellectual Property Law Section of the State Bar of California. *He expresses his gratitude to the Commissioner for Patents, Robert Stoll, and Supervisory Patent Examiner Angela Sykes, for assistance in preparing this article. The opinions expressed in this article are solely those of the author and should not be attributed to Mr. Stoll or Ms. Sykes. The author is entirely responsible for all errors in this article. Readers are encouraged to send their comments to the author at dabneyeastham@gmail.com.*

Endnotes

1. USPTO and Patent Office Professional Association, "Joint Labor and Management Count System Task Force Proposal: Update to the Examining Corps," September 30, 2009 (hereafter, the "Task Force Proposal") (available at www.uspto.gov/web/offices/ac/ahpa/opa/documents/briefing_for_corps-final_draft-093009-external-jrb.pdf)(accessed December 6, 2009).
2. A press release accompanying the "Task Force Proposal" stated that the proposed changes were designed to "set the foundation for long-term pendency improvements," as well as "increase customer satisfaction by incentivizing quality work at the beginning of the examination process," encourage examiners to identify allowable subject matter earlier in the examination process," rebalance incentives both internally and externally to avoid rework," and "increase examiner morale and reduce attrition." Press Release #09-19, September 30, 2009 "USPTO Joint Labor-Management Task Force Proposes Significant Changes to Examiner Count System" (available at www.uspto.gov/web/offices/com/speeches/09-19.htm, accessed December 6, 2009).
3. "POPA Members Vote to Change USPTO Production System," POPA News, Vol. 9, No. 4 (November 2009), at 1 (available at http://popa.org/pdf/newsletter/2009_11.pdf, accessed December 6, 2009).
4. *Id.* The fiscal year of the United States government begins on October 1 and ends September 30 of the next year.
5. *Id.*
6. "POPA Membership Approves Count System Task Force Proposal" (president Budens' announcement on October 20, 2009 of vote result to the bargaining unit members)(available at http://popa.org/phb/issues/prodperformexam/taskforce-20oct2009.phb)(accessed December 6, 2009).
7. "POPA Members Vote to Change USPTO Production System," *supra* note 5.
8. *Id.*
9. *See* United States Government Accountability Office Report GAO-05-720, *INTELLECTUAL PROPERTY USPTO Has Made Progress in Hiring Examiners, but Challenges to Retention Remain* (June 2005), at 25–26 (hereafter "GAO 2005 Hiring Report")(available at http://www.gao.gov/new.items/d05720.pdf)(last accessed December 29, 2009). A report commissioned by the House Appropriations Subcommittee on Science, State, Commerce, and Justice contains a useful discussion of the difficult and sometimes counterproductive relationship between USPTO management and POPA. National Academy of Public Administration, *US Patent and Trademark Office: Transforming to Meet the Challenges of the 21st Century* (August 2005) (available at http://208.89.204.184/NAPA/NAPAPubs.nsf/5053746074da45db85256968006aa88f/1b930c8f684de52e852570fc00636b70?Open Document) (hereafter, "NAPA 2005 Report"), at 122–125. Readers (of POPA's newsletter, POPANews, will be familiar with the tension between POPA and management in the first decade of the 21st Century. For example, the February–March 2005 issue of POPANews begins with the headline "USPTO Declares War on Employee

Professionalism and Patent System Integrity." A cartoon below the headline shows a two-faced person identified as "USPTO" (management) wearing a hat in the shape of the USPTO headquarters buildings (the Madison buildings), one face asking a Uncle Sam character identified as "Congress" for "more $ for excess claims" while the other face simultaneously is shouting "No!" at a supplicating figure identified as "examiners" who is saying "need more time for excess claims."

10. Secretary Locke reached out to POPA by calling POPA president Robert Budens on April 21, 2009 and meeting with him and POPA secretary Randy Myers the next day to discuss "patent employees' perspectives on USPTO problems and steps to move the agency forward." "Commerce Secretary Meets with POPA Leaders," POPANews, vol. 9, no. 3 (July 2009), at 1 (available at http://popa.org/pdf/newsletters/2009_07.pdf)(accessed January 21, 2010).
11. The author was able to find only a few references available to the public that explained aspects of the performance appraisal plans and like matters. These references consisted of presentations or articles by former examiners and reports of the investigations of the USPTO by outside agencies. One of the most helpful sources was Randolph A. Smith, *USPTO Examiners Performance System and Strategy Tips for Improving the Value of Your Inventions* (hereafter "Smith"). This is a presentation given on November 22, 2005 and is available at www.miyoshipat.co.jp/seminar/pdf/seminar051122.pdf (accessed December 24, 2009). Another helpful source was Jason J. Chung, *Patent Pendency Problems and Possible Solutions to Reducing Patent Pendency at the United States Patent and Trademark Office*, 90 J. Pat. & Trademark Off. Soc'y 58 (2008)(hereafter "Chung"). The GAO 2005 Hiring Report, *supra* note 9, was helpful. The follow-up GAO report was also helpful. *See* United States Government Accountability Office Report GAO-07-1102, *U.S. Patent and Trademark Office: Hiring Efforts Are Not Sufficient to Reduce the Patent Application Backlog* (September 2007)(hereafter "GAO 2007 Hiring Report")(available at http://www.gao.gov/new.items/d071102.pdf)(accessed January 21, 2010). A very useful reference was Inspector General of the United States Department of Commerce Final Report IPE-15722, *United States Patent and Trademark Office: USPTO should Reassess How Examiner Goals, Performance Appraisal Plans, and the Award System Stimulate and Reward Examiner Production* (2004)(hereafter, the "IG Report")(available at http://www.oig.doc.gov/oig/reports/2004/USPTO-IPE-15722-09-04.pdf)(last accessed December 29, 2009). The IG Report, however, assumes the reader has a fairly sophisticated understanding of the performance appraisal plan system. The NAPA 2005 Report, *supra* note 9, was helpful concerning the examiner award system and overall is one of the most useful studies of the USPTO in recent years.
12. The USPTO receives and examines four kinds of U.S. patent applications: utility, design, plant, and reissue. Utility applications are by far the most numerous. In fiscal year 2009 applicants filed 457,966 utility applications, 25,581 design applications, 992 plant applications, and 961 reissue applications. United States Patent and Trademark Office Performance and Accountability Report, Fiscal Year 2009 (hereafter "Fiscal Year 2009 Report")(available at http://www.uspto.gov/about/stratplan/ar/2009/)(accessed January 2, 2010), at 112. This article will concentrate its discussion on utility applications. The USPTO also conducts *ex parte* and *inter partes* reexaminations of issued patents and processes, searches, and examines Patent Cooperation Treaty applications. These matters consume relatively few resources and in any event are beyond the scope of this article.
13. The initial processing of patent applications is explained in a PowerPoint presentation by Andrew Faile, director of Technology Center 2600, entitled "Introduction to the USPTO" at slide 9. This is part of a presentation for new patent examiners. The author obtained this PowerPoint presentation from the USPTO and will supply it upon request. *See also* Manual of Patent Examining Procedure (8th ed., revised July 2008)(available at http://www.uspto.gov/web/offices/pac/mpep/mpep.htm) (hereafter "M.P.E.P.") at § 903.08(e). The Office of Patent Application Processing was named the Office of Initial Patent Examination until a couple months before the writing of this article. An application will be logged onto the Patent Application Location and Management (PALM) database for assignment to the docket of the assigned examiner. IG Report, *supra* note 11, at 2.
14. 37 C.F.R. § 1.16(s); *see* 37 C.F.R. § 1.52(f) for reductions in excess size fee for filing in an electronic medium.
15. 37 C.F.R. § 1.16(i).
16. 37 C.F.R. § 1.16(h).
17. 37 C.F.R. § 1.56.
18. 37 C.F.R. § 1.97(a); M.P.E.P. § 609.
19. A claim is a sentence "particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." 35 U.S.C. § 112, second paragraph.
20. 35 U.S.C. § 121. *See generally* M.P.E.P. at Chapter 800 and Judge Newman's dissenting opinion describing restriction practice in *Bristol-Myers Squibb Co. v. Pharmachemie, B.V.*, 361 F.3d 1343, 1351–54 (Fed. Cir. 2004).
21. 37 C.F.R. § 1.142.
22. *See generally* M.P.E.P. §§ 818–818.03(d). An applicant may petition the Director from a restriction requirement that has been made final. 37 C.F.R. § 1.144.
23. 35 U.S.C. § 131. *See generally* M.P.E.P. at chapters 700 and 2100.
24. 37 C.F.R. § 1.111.
25. 37 C.F.R. § 1.133; *see generally* M.P.E.P. §§ 713-713.10.
26. 37 C.F.R. § 1.113.
27. M.P.E.P. § 706.07(a).
28. 37 C.F.R. § 1.116.
29. M.P.E.P. § 706.07(f). The examiner may or may not enter any amendments to the application.
30. 35 U.S.C. §§ 6 and 134.
31. 37 C.F.R. § 41.37.
32. 37 C.F.R. § 41.39.
33. 35 U.S.C. § 132; 37 C.F.R. § 1.114. The applicant must pay a fee for requesting continued examination. *See* 37 C.F.R. § 1.17(e).
34. No limit is imposed on the number and timing of continuation applications or RCEs other than cost as long as the applicant can claim a right of priority from an earlier-filed application. The applicant, however, may forfeit her right to a patent under the doctrine of prosecution history laches for unreasonable and unexplained delay in prosecution. *In re Bogese*, 303 F.3d 1362, 1369 (Fed. Cir. 2002).
35. *Hyatt v. Doll*, 576 F.3d 1246, 1254 (Fed. Cir. 2009); *Stacy V. Jones*, The Patent Office (Praeger Publishers 1971)(hereafter "Jones") at 5.
36. *Hyatt*, *supra* note 32; Jones, *supra* note 32, at 7.
37. *Hyatt*, *supra* note 32; Jones, *supra* note

32, at 7.

38. 35 U.S.C. § 282.

39. *E.g.*, *SRAM Corp. v. AD-II Engineering, Inc.*, 465 F.3d 1351, 1357 (Fed. Cir. 2006). This standard of proof is the subject of dispute. *See, e.g.,* Doug Lichtman & Mark A. Lemley, *Rethinking Patent Law's Presumption of Validity*, 60 Stan. L. Rev. 45 (2007).

40. Fiscal Year 2009 Report, *supra* note 12, at 11. The USPTO had a total federal employee workforce of 9,716. *Id.*

41. *Id.* at 185.

42. IG Report, *supra* note 11, at 1.

43. One former examiner recommended that more examiners be promoted to GS-15 with examining responsibilities (rather than to supervisors or QAS) because GS-15 examiners produce more than primary examiners. Chung, *supra* note 11, at 75–76.

44. Smith, *supra* note 11, at 15; Chung, *supra* note 11, at 67; Memorandum from Edward E. Kubasiewicz re "Signatory Authority Program" dated December 1, 1992 and related memoranda (available at http://www.popa.org/pdf/misc/sig-main.pdf)(last accessed January 3, 2010).

45. The special rates for patent examiners are listed in Special Salary Rate Table Number0576andisavailableonlinefrom the Office of Personnel Management at www.opm.gov/SpecialRates/package/table057601012010.html (accessed January 8, 2010). Each grade, such as GS-5, has ten steps. A GS-5, step 1 examiner has the lowest salary at $41,969. The highest salary is that of a grade GS-15, step 10 examiner and is $155,500. Patent examiners may earn more than their basic salaries due to overtime and bonuses, as described in the text.

46. Both the patent hoteling program and the telework program require participating examiners to spend at least part of the working week at the USPTO's Carlyle Complex in Alexandria, Virginia. This sets some limit on where an examiner may live although in theory an examiner in the hoteling program (who must spend at least an hour in the Alexandria offices every week) could live anywhere in the United States and fly to Alexandria each week. Examiners in the hoteling program are known to come in on a Friday afternoon, stay with friends in the District of Columbia over the weekend, and visit the office on Monday morning. This gives them a nearly two-week period away from the office.

47. Tuition assistance for law school was a popular program but it is not offered at the present time due to shortfalls in the budget.

48. Posting for "Patent Examiner (*General)" employment opportunity, at http://jobview.usajobs.gov/getjob.aspx?JobID=85627686&rc=5&TabNum=4 (accessed January 21, 2010) and "Work/Life" section of "New Employee Information," at http://www.usptocareers.gov/Pages/NewEmployee/WorkLife.aspx (accessed January 21, 2010).

49. The Technology Centers are TC 1600 (biotechnology and organic chemistry), TC 1700 (chemical and materials engineering), TC 2100 (computer architecture and software), TC 2400 (networking, multiplexing, cable and security), TC 2600 (communications), TC 2800, TC 2900 (designs), TC 3600 (transportation, construction, electronic commerce, agriculture, national security, and license and review), and TC 3700 (mechanical engineering, manufacturing, and products and designs). *See* http://www.uspto.gov/patents?organization.jsp (accessed December 29, 2009) and IG Report, *supra* note 11, at 1.

50. The number of art units fluctuates. In 2004 it was 271. IG Report, *supra* note 11, at 1. For examples of technology covered by specific art units, *see* the discussion of art units 3761 and 3762 in TC 3700 in the section of this article entitled "Time per Balanced Disposal: Production Expectancy Goal.'"

51. *See* Statement of the Honorable Jon W. Dudas to Subcommittee on Courts, the Internet, and Intellectual Property of the Committee on the Judiciary, House of Representatives on September 8, 2005 (available at http://www.uspto.gov/web/offices/com/speeches/2005sep08.pdf)(last accessed January 2, 2010), at 7–8. "In FY05, which ends in just a few weeks, we will have hired approximately 940 patent examiners, which represents about a 25% increase in our examining staff. We plan then to hire an additional 1,000 patent examiners each fiscal year, through fiscal year 2011." *Id.* at 8. The USPTO hired 588 examiners in fiscal year 2009. Fiscal Year 2009 Report, *supra note* 12, at 14.

52. USPTO Performance and Accountability Report Fiscal Year 2006 at 115 (available at http://www.uspto.gov/about/stratplan/ar/2006)(accessed December 30, 2009).

53. NAPA 2005 Report, *supra* note 9, at 123.

54. *Id.* at 123–24. "Independent" means that POPA does not belong to or share its dues with a labor association such as the AFL-CIO. The word is also applicable to the way POPA conducts itself. POPA has its own relationship with Congress, *see* note 56, *infra*, has lobbied Congress for changes to the Patent Reform Act to allocate fees exclusively to fund the portions of examiners' salaries attributable to examining patent applications (*see* April 2009 issue of POPANews) and met with President Obama's transition team to discuss POPA's priorities (*see* February 2009 issue of POPANews).

55. *Id.* at 124, noting that Ronald J. Stern had been president of POPA for over 30 years at the time the report was being prepared. The current president of POPA, Robert Budens, has held that position since the beginning of 2006 and prior to that was a delegate of POPA. All of USPTO's top management, with the exception of Commissioner for Trademarks Lynne G. Beresford, General Counsel James A. Toupin, and Deputy Commissioner for Patents Margaret A. Focarino, has changed since Mr. Budens became president of POPA.

56. *Id.* at 125; *see, for example,* the written statement provided by Robert Budens as part of his testimony to the Subcommittee on Courts, the Internet, and Intellectual Property of the House Committee on the Judiciary on February 27, 2008, in which Mr. Budens criticizes statements of the then-Director of the USPTO (available at http://judiciary.house.gov/hearings/pdf/Budens080227.pdf)(hereafter, "Budens Statement"). Longevity in office is useful when dealing with Congress, whose incumbents seemingly serve at their pleasure or that of nature.

57. NAPA 2005 Report, *supra* note 9, at 9. The American Inventors Protection Act of 1999 created the trademark and patent public advisory committees. Each of the committees must contain a representative of each of the labor organizations recognized by the USPTO as non-voting members. 35 U.S.C. § 5(b)(3). Mr. Budens, the president of POPA, is POPA's delegate to the Patent Public Advisory Committee.

58. NAPA 2005 Report, *supra* note 9, at 99. POPA negotiates agreements with USPTO management on subjects ranging from furniture procurement for examiner offices to

quality initiatives. *See* agreements filed under the "Agreements" tab in "Useful Info" on www.popa.org. POPA.

59. NAPA 2005 Report, *supra* note 9, at 123.
60. *See, e.g., id.* at 99 (production expectancy goals subject to negotiation with POPA) and 126 ("USPTO officials repeatedly invoke labor-management challenges as their reason for not pursuing changes.").
61. The assertions in this section and the previous section of the article, in the absence of any specific citations, are based on the references cited in note 10 *supra*, and the author's conversations with USPTO examiners, primarily SPE Angela Sykes. The author, however, is solely responsible for any errors.
62. IG Report, *supra* note 11, at 6–7.
63. The USPTO treats a request for continued examination as a final disposal for the purpose of accessing a disposal count, but the application retains the same number, prosecution continues as before, and the application is still pending. Filing a request for continued examination, however, will affect the way patent term adjustment is calculated because the guarantee of a pendency of three years or less does not include any of the time the application is pending after filing an RCE. 35 U.S.C. § 154(b)(1)(B)(i); 37 C.F.R. § 1.703(b)(1).
64. M.P.E.P. at § 1705. This section of the M.P.E.P. is now out of date.
65. Smith, *supra* note 11, at slide 2. The Patent Office Professional Association Newsletter, volume 76, no. 2 (July 1976) is entirely devoted to an article entitled "A Historic Step in the Taming of the Goals" that describes how POPA and USPTO management signed an "Agreement on Goals" on July 9, 1976. The article describes how POPA and management negotiated the "goals" for different art groups on a case-by-case basis, following the introduction of goals in 1974. The author obtained a copy of this newsletter from the USPTO and will supply it upon request.
66. IG Report, *supra* note 11, at 7; Smith, *supra* note 11, at slide 2. Some new classifications of technology have been created since 1976, of course, such as class 977 (nanotechnology), established in 2004 and assigned to art unit 2891. The expectancy goal for a new class is simply the average of the expectancy goals of the classes from which examiners were obtained to be assigned to the new class.
67. Ron D. Katznelson, *My 2010 Wishes for the U.S. Patent Examiner* (January 8, 2010), available at http://works.bepress.com/rkatznelson/60/ (accessed January 21, 2010)(hereafter "Katznelson 2010 Paper"), at 5.
68. "Classes" and "classification" refer to the United States Patent Classification (USPC) scheme, which assigns technologies to different classes and subclasses. The USPC classification is used to assign applications to the appropriate technology center and art unit. It is also very useful in searching for prior art. An International Patent Classification (IPC) also exists and is used worldwide.
69. IG Report, *supra* note 11, at 7.
70. The received wisdom is that examiners need three to five years to become effective. NAPA 2005 Report, *supra* note 9, at 4–5, 9, and 80. The 45% of examiners that have over five years in service bear a disproportionate burden of the production, quality, pendency reduction, and training of the 55%. *Id.* at 88.
71. In this case, she will have to complete six counts because counts are awarded only in whole numbers.
72. GAO 2005 Hiring Report, *supra* note 9, at 29.
73. Completion of a written restriction requirement will satisfy this docket. A telephonic restriction requires completion of a FAOM to satisfy the docket.
74. M.P.E.P. § 708 ("Nonprovisional applications shall be taken up for examination by the examiner to whom they have been assigned in the order in which they have been filed [except for those applications receiving accelerated examination]").
75. IG Report, *supra* note 11, at 2.
76. "Review Quality Assurance Specialists" report to the Office of Patent Quality Review (formerly the Office of Patent Quality and Assurance) and "Training Quality Assurance Specialists" report to individual technology centers. *Id.* at 32; NAPA 2005 Report, *supra* note 9, at 67.
77. *See* Federal Trade Commission, *To Promote Innovation, The Proper Balance of Competition and Patent Law and Policy* (October 2003)(available at http://www.ftc.gov/os/2003/10/innovationrpt.pdf)(accessed January 26, 2010), at 14 (the second pair of eyes review was first adopted for business method patents). As this history suggests, the USPTO used the second pair of eyes review to avoid granting patents that would arouse controversy.
78. *See* Statement of the Honorable Jon W. Dudas to Subcommittee on Courts, the Internet, and Intellectual Property of the Committee on the Judiciary, House of Representatives on April 5, 2006, at 2–3 (available at http://www.uspto.gov/web/offices/com/speeches/2006apr05.pdf)(accessed January 2, 2010). "If there is even one allowed claim that our quality reviewers believe should have been rejected or one significant deficiency that would negatively impact the proper advancement of prosecution in the case—that counts as an error." *Id.* at 2.
79. *See Thomson Reuters Patent Focus Report 2009* (available at http://scientific.thomsonreuters.com/news/2009-02/8502356/)(last accessed January 2, 2010). The "number of patent grants fell to below 50 per cent of applications examined, to stand at 47.3 percent. This compares to 54 per cent in fiscal year 2007 and 72 per cent in 2000. Statistically, it is now harder to obtain patent protection from the USPTO than it is either from the JPO or EPO." *Id.*
80. *See, e.g.,* Arti K. Rai, *Growing Pains in the Administrative State: the Patent Office's Troubled Quest for Managerial Control*, 157 U. Penn. L. Rev. 2051, 2061 n.44 (2009)(36% of total filings in Technology Center 2100 in the last year were RCE filings). Professor Rai is now Administrator for External Affairs for the USPTO. On November 24, 2009 Hal Wegner forwarded to his email list (in a message entitled "RCE Abuse (cont'd): the Kappos Administration to the Rescue") a slide said to be from a USPTO presentation at a recent AIPLA meeting that showed the ratios of original utility applications to RCEs and CPA applications for each of the technology centers (except designs) over the period 2001–2007. The ratios decreased for each technology center

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handling these matters do not themselves have to get up to speed again later. Again this is useful in controlling costs.

Another useful facet of the PCT procedure is the ease with which formal corrections may be effected under Rule 92 *bis*. Under this rule many corrections can be effected by simply submitting a letter to the International Bureau setting out the correction required. It is open to national patent offices later to ask for more information if they wish, but in practice few do.

CONCLUSION

Although there are costs involved in using the PCT that are additive to those encountered in the regional phase, proper use of PCT and in particular proper preparation of a PCT application can be highly advantageous in saving costs in later stages of the prosecution of applications deriving from a PCT filing. ◀◀

The views expressed in this article are personal to the author and do not necessarily reflect the views of the author's firm, the State Bar of California, or any colleagues, organization, or client.

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from a range between 6 and 13 to a range between 2 and 6. The ratio will be two when only two original applications were filed for every RCE or continuing application.

81. Remarks of Commissioner for Patents Robert Stoll at the 34th IP Institute, Dana Point, November 12 and 14, 2009, as recorded in the author's notes.
82. A table of the points deducted for not meeting processing time requirements and given for exceeding them is given in the IG Report, *supra* note 11, at 35.
83. Chung, *supra* note 11, at 74.
84. Examiners are usually rated as being at least "fully successful" in the customer service performance element.
85. IG Report, *supra* note 11, at 34.
86. *Id.*
87. No adjectival rating exists for the overall point range 0–99 because the lowest possible numerical score is 100.
88. In other words, she needs to post BDs equal to or above the average of the minimum BDs for a fully successful rating in her grade and the next grade.
89. IG Report, *supra* note 11, at 29. For the purpose of awards programs only, the examiner is considered to have reached a production goal of fully successful during overtime hours and the extent to which the examiner exceeds production goals is based on examining time during regular working hours. This will be to the advantage of an examiner who exceeds production goals in both regular working hours and during overtime.
90. *Id.* The award includes a workflow component called the "pendency reduction award," in which the examiner earns one half of a percent of her annual base salary for being at least "commendable" in workflow management for the first two quarters and one percent if, in addition, she is at least commendable in workflow management for the remaining two quarters. Being only "fully successful" in this performance element during the four quarters will reduce the gainsharing award by one percent.
91. The awards system has been criticized for overlap and providing insufficient incentive to exceed 110% of production goal. *Id.* at 24–25.