



Report In Brief

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Background

As the sole authority for issuing U.S. patents, USPTO's responsibilities include reviewing and deciding on patent applications, as well as providing the means for parties to appeal patent examiners' decisions. Although the backlog of patent applications remains at more than 600,000, USPTO has also accumulated another substantial, growing backlog and pendency of patent appeals.

Responsibility for patent appeals rests with the Board of Patent Appeals and Interferences (BPAI), USPTO's administrative law body. Most of BPAI's cases are *ex parte* appeals, for which judges hear from one side only. As the number of decisions have increased (almost doubling from FYs 2005 to 2011), so have the number of *ex parte* appeals—and the average time to decide an appeal has almost doubled since FY 2010.

Why We Did This Review

The growing number and pendency of *ex parte* appeals is not the only challenge BPAI faces. The America Invents Act of 2011 gives BPAI operations additional responsibilities—including planning, implementing, and institutionalizing new proceedings for reviews and expanding the size of BPAI to meet these responsibilities.

Because of these challenges, our review sought to determine (1) whether BPAI's staffing and resources have changed in relation to changes in its caseload and (2) to what extent BPAI operations and resources will be affected by the implementation of AIA.

U.S. PATENT AND TRADEMARK OFFICE

USPTO's Other Backlog: Past Problems and Risks Ahead for the Board of Patent Appeals

OIG-12-032-A

WHAT WE FOUND

Between FYs 2005 and 2011, as the number of appeals BPAI received for review rose substantially (as have the appeal backlog and pendency time), BPAI's staffing levels have remained essentially flat. Furthermore, until 2008, inaccurate data delayed efforts to address the growing backlog and increase in appeal pendency. Our concerns include:

BPAI Staffing Levels Did Not Increase as the Number of Patent Examiners Grew. While the number of BPAI's administrative patent judges has increased, their growth has not been as steady as the growth of patent examiners or their decisions.

Prior to FY 2010, the Actual Ex Parte Appeal Backlog Was Higher Than Reported to External Stakeholders. Between FYs 2005 and 2009, BPAI did not accurately account for the true number of *ex parte* appeal cases awaiting its review, because thousands of unassigned cases that should have been added to BPAI's case management docket remained in a holding status.

BPAI Has Not Established a Performance Metric For Ex Parte Appeals. Unlike both Patents and Trademarks, BPAI does not have official performance targets to serve as public benchmarks for directing its efforts and measuring the success of its *ex parte* activities.

Further, AIA significantly increases BPAI's responsibilities—yet BPAI lacks a strategic plan for expanding its operations and an implementation plan to guide it through the many uncertainties associated with organizational growth. Specifically, we found:

BPAI Lacked a Comprehensive AIA Implementation Plan Before May 2012. To address the law's passage, BPAI prepared key individual documents but did not initially prepare a comprehensive implementation plan.

Current AIA Implementation Plan Lacks Requirements for Measuring Progress and Performance. BPAI's strategic AIA implementation plan lacks the milestones, tasks, delivery dates, and task leads to guide AIA implementation, measure progress and results of new proceedings, and manage and mitigate risks before they occur.

BPAI Has Not Determined Its Future Management and Administrative Staffing Structure. Even though it will increase in size to address a growing appeal backlog and new AIA trial proceedings, BPAI has not completed a comprehensive workforce analysis or prepared a workforce plan for its future management and administrative staffing needs.

WHAT WE RECOMMEND

We recommend that the Under Secretary of Commerce for Intellectual Property and Director of USPTO:

- Align BPAI's resource planning with the hiring actions and expected production levels of patent examiners;
- Require BPAI to annotate current information on public websites to indicate that backlog data prior to FY 2010 is underreported and therefore should be used with caution;
- Direct BPAI to develop and publish performance measures and targets for *ex parte* appeals and other proceedings;
- Develop comprehensive management plans (including how to measure progress, gauge performance, and identify risk) to address the implementation and operational oversight of the new BPAI proceedings under the AIA;
- Ensure that data processing systems meet the needs of all four AIA proceedings; and
- Explore the feasibility of BPAI's current management and administrative structure and staffing, given the increase in the number of proceedings and staff at BPAI.