



# Report In Brief

SEPTEMBER 30, 2013

## Background

The President signed the Leahy-Smith America Invents Act in September 2011. The AIA included fundamental revisions to patent laws and USPTO practices, such as moving to a first-inventor-to-file patent process, authorizing the agency to set and retain fees to ensure it has sufficient resources for its operations, and establishing satellite offices.

USPTO has stated these changes would help it process applications faster, reduce the patent application backlog, increase patent quality through expedited patent challenges, and improve examiner recruitment and retention.

The new law, containing 37 provisions, mandated USPTO to implement 24 rules, 7 reports, and 4 programs and the Small Business Administration and the Government Accountability Office to issue one report each by September 16, 2015.

## Why We Did This Review

Given the magnitude of changes required by AIA, OIG audited USPTO's effectiveness and progress in implementing them by the law's multiple deadlines. Our objectives were to evaluate:

- USPTO's plans for training employees and providing the IT infrastructure needed to meet AIA provisions.
- Whether USPTO's expansion of satellite offices is cost-effective and within regulations.
- Whether USPTO is collecting necessary information for reporting on AIA to Congress by September 2015.
- Whether USPTO will be able to use lessons learned from implementing initial AIA provisions when rolling out later provisions.

## U.S. PATENT AND TRADEMARK OFFICE

### USPTO Successfully Implemented Most Provisions of the America Invents Act, but Several Challenges Remain

OIG-13-032-A

#### WHAT WE FOUND

USPTO implemented most provisions of the American Invents Act (AIA) on time but is overdue on several others. Specifically, we noticed significant problems with the planning and implementation of one IT system, the Patent Review Processing System, which was developed to meet AIA mandates and had cost overruns and limited functionality.

In addition, USPTO's initial plan to assess training provided to approximately 8,000 examiners on AIA-mandated changes was not sufficient and did not enable structured feedback from the examiners.

Challenges also remain for the satellite office program. To increase the agency's presence beyond USPTO's Alexandria, Virginia, headquarters, the AIA required the agency to establish at least three satellite offices by September 16, 2014, subject to available resources. The agency opened the first of these offices in Detroit in July 2012, but is unlikely to open the remaining offices by the September 16, 2014, deadline. USPTO is required to report to Congress by September 30, 2014, on the effectiveness of these offices, and the delayed openings will affect the report.

Finally, we found that USPTO lacks implementation plans to complete the overall AIA implementation report and operate two AIA-mandated programs, the Pro Bono and Diversity of Applicants programs.

#### WHAT WE RECOMMENDED

We recommend that the Under Secretary of Commerce for Intellectual Property and Director of the U.S. Patent and Trademark Office:

1. Strengthen project planning and execution between the Office of the Chief Information Officer and the Patent Trial and Review Board (PTAB), and with other USPTO units.
2. Develop a multiyear plan that comprehensively addresses PTAB's IT requirements to support its expanded responsibilities under the AIA.
3. Ensure the quality of processing first-inventor-to-file (FITF) applications by soliciting feedback from examiners after FITF training and after their first reviews of those applications, as well as by oversampling recently filed FITF applications.
4. Update Congress on the agency's ability to establish satellite offices that meet AIA provisions and provide a plan for more satellite offices as resources become available.
5. Strengthen management of the satellite office program to develop a consistent and coordinated approach for establishing and operating satellite offices.
6. Prepare a comprehensive plan for issuing the overall AIA Implementation report to include milestones for completing the remaining AIA reports and for operational oversight needed to carry out the Pro Bono and Diversity of Applicants programs.