

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
Alexandria Division**

SMITHKLINE BEECHAM,)
CORPORATION,)
d/b/a GLAXOSMITHKLINE,)
SMITHKLINE BEECHAM PLC, and)
GLAXO GROUP LIMITED, d/b/a)
GLAXOSMITHKLINE,)

Plaintiffs,)

v.)

CIVIL ACTION NO. 1:07cv1008 (JCC/TRJ)

JON W. DUDAS, in his official capacity as)
Under-Secretary of Commerce for)
Intellectual Property and Director of the)
United States Patent and)
Trademark Office, and)

UNITED STATES PATENT AND)
TRADEMARK OFFICE,)

Defendants.)
_____)

DECLARATION OF ROBERT BRUCE BRENEMAN

I, Robert Bruce Breneman, make the following declaration based upon my personal knowledge of the facts set forth herein. I hereby testify and declare the following:

1. I hold the position of PALM EXPO Program Manager for the U.S. Patent and Trademark Office ("USPTO"). I am responsible for overseeing the implementation and development of the Patent Application Locating and Monitoring Exam Post-Exam ("PALM EXPO") system. Prior to being the PALM EXPO Program Manager, I worked at the USPTO in various positions including a Supervisory Patent Examiner and a Patent Examiner. In total, I have been employed by the USPTO for twenty-one years.

2. I am a member of the team of USPTO personnel responsible for preparing the agency and patent applicants to implement new rules concerning the filing of continuing applications, requests for continued examination, and examination of claims as set forth in “Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications,” 72 Fed. Reg. 46716 (Aug. 21, 2007) (“Final Rules”), which become effective on November 1, 2007. More specifically, I am the Information Technology (“IT”) Lead/Expert responsible for ensuring that the key USPTO automations systems, particularly PALM EXPO, are able to track and manage patent application filings made under the Final Rules.

3. PALM is the primary computer system used to electronically track and manage patent application filings and the patent examination process. PALM includes PALM PreExam, PALM EXPO, and Infrastructure. PALM EXPO and PALM PreExam capture and report basic information for each patent application filed in the USPTO, including all attorney and applicant related information, the event history in all applications, and the workflow. The information about patent applications contained in PALM EXPO is used by the USPTO to manage patent examination/processing and by patent applicants to track the status of that examination/processing. For example, a patent examiner can access PALM EXPO data via the PALM Intranet to view the contents of a particular application, ascertain what documents have been filed to date, and determine what documents need to be filed and under what time frame. See e.g., Ex. A (showing PALM EXPO data file for Plaintiffs’ U.S. Application No. 11/613,517). Patent applicants can access similar information from the Patent Application Information Retrieval (“PAIR”) system, which draws much of its data from PALM. Additionally, PALM EXPO is electronically linked to other related USPTO computer systems

(e.g., OACS, eDAN, and eFSweb). Together, these systems allow examiners and applicants to manage and process patent applications in the examination pipeline.

4. To support the Final Rules, the USPTO determined that PALM (EXPO and PreExam) as well as PALM related systems (e.g., PAIR, OACS, eDAN, eFSweb) had to be modified in several ways, including: (i) modifying the structural architecture of the database; (ii) creating new application data elements; (iii) developing new user interfaces for USPTO personnel to enter new tracking information; (iv) building new reports to track and enforce Final Rules; (v) establishing new interfaces for other USPTO PALM-related computer systems; and (vi) developing special processes for handling and managing applications claim counting and priority claims.

5. The six modifications to the USPTO's computer systems were made by USPTO employees and contractors (approximately 50 people) at a cost to the agency of approximately \$1.6 million. The modifications took more than four months to complete. The table below details the cost associated with various computer system modifications.

Computer Systems Modified and Related Activities¹	Cost
Project Management	\$67,000
PALM	\$248,000
EFS	\$234,000
PALM PreExam	\$294,000
eDAN	\$95,000
OACS	\$400,000
EFS-autoload F-1	\$200,000
PAIR	\$94,000
TOTAL	\$1,632,000

¹ All listed modifications to USPTO computer systems were made by contractors in consultation with USPTO employees as project managers.

5. If the USPTO was preliminarily enjoined from implementing the Final Rules, there would be several anticipated adverse IT consequences: (i) a “stand down”; (ii) a “disturbance”; and (iii) increased administrative IT processing. Each adverse consequence is discussed in detail below. And, because the USPTO has never before had to stop, or “roll back,” programmed changes of this magnitude to one of its computer systems, it cannot fully anticipate all of the possible other problems likely to occur.

6. Beginning with the “stand down,” the USPTO cannot “roll back” the modified PALM EXPO computer system to the pre-modified version. The USPTO made extensive and complex architectural changes to PALM EXPO in preparation for the Final Rules, which are programmed to take effect on November 1. Those modifications practically could not simply be “undone” in the event of a preliminary injunction. In other words, it is not simply a matter of replacing the newly-modified software with the old software. Rather, the USPTO must “stand down” and use the newly-modified software to operate in old ways. For example, USPTO employees and contractors hired by the agency will be forced to engage in a complicated process where certain functionalities in PALM will be deactivated and other functionalities will remain unaltered. PALM EXPO users, in turn, will be required to engage in “work arounds,” meaning that they will have to use the functionalities designed for the Final Rules in a non-Final Rules system, complicating data entry. I estimate that a “stand down” will take two months to execute, and I project that it will cost the agency roughly \$60,000, as detailed in the table below.

	Rate	Time to Completion	Cost
Contractor	\$19,000 per month	2 months	\$38,000
USPTO employees	\$11,000 per month	2 months	\$22,000
TOTAL			\$60,000

7. A “stand down” will trigger a “disturbance” of the USPTO’s computer systems. A “disturbance” means that PALM EXPO and related computer systems will operate at sub-standard performance levels (e.g., parts of the system will be unavailable and response times will be retarded) for some period of time until USPTO employees are able to ascertain and activate the necessary functionalities to run PALM in a transition state. I estimate that a “disturbance” will take a minimum of eight hours to overcome and likely much longer, costing the agency at minimum approximately \$1,144,000 in reduced productivity, as calculated below:

- USPTO personnel cost per hour = \$430,000
- 1 hour “disruption”² = \$430,000
- 1 hour “disruption” = 3 hour disturbance
- 1 hour disturbance = (\$430,000/3) = \$143,000
- 8 hour disturbance = 8 x \$143,000 = **\$1,144,000**

8. Finally, because the patent community has been gearing up for the Final Rules since August 21, 2007, it can be expected that many patent applicants who do not immediately hear about a preliminary injunction will make filings on or after November 1, 2007, as if the Final Rules were in effect (e.g., a suggested restriction requirement or a preliminary amendment cancelling claims, both in effort to comply with Final Rule 75). When the Office receives these “Final Rules prompted filings,” it must electronically process and retain them. However, once applicants later learn of an injunction, should one issue, they will likely make more filings in

² A “disruption” means that there is an Office-wide stoppage of computer-based work.

attempt to “un-do” their earlier “Final Rules prompted filings.” These later corrective filings will result in a second wave of documents submitted to the USPTO, including petitions to correct their earlier filings. Either way, the Office would have to electronically process and retain all submissions it receives, resulting in increased administrative costs for the agency.

9. In sum, leaving aside the increased administrative costs discussed in paragraph 8, if an injunction issues preventing the USPTO from implementing the Final Rules on November 1, 2007, the Office will be forced to spend in excess of \$1.2 million that it otherwise could have saved just to manage its PALM EXPO system alone.

Adverse Event Triggered by a Preliminary Injunction	Approximate Cost
“Stand down”	\$60,000
“Disturbance”	\$1,144,000
TOTAL	\$1,204,000

10. An injunction would also force the USPTO to re-dedicate its IT employees to resolving the aforementioned adverse consequences when these employees could be directing their attention to make planned enhancements of the Final Rules-modified PALM (e.g., expand the pilot email notification program to all applicants when Office actions are mailed, eliminating paper notifications sent by postal mail). This re-dedication affects a quality loss. That is, applicants will not be able to manage their filings using PALM as well as they could if the Office was able to make the planned enhancements.

I declare under penalty of perjury pursuant to 18 U.S.C. § 1001 that the foregoing is true and correct.



Robert Bruce Breneman

10/26/07

Date