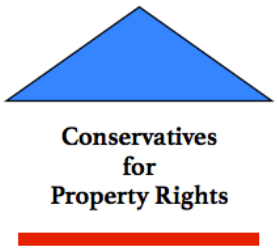

October 12, 2022

U.S. Patent & Trademark Office
600 Dulany Street
P.O. Box 1450
Alexandria, VA 22313

RE: Request for Comments Regarding the Patent Subject Matter Eligibility Guidance (Docket No. PTO-P-2022-0026)

To whom it may concern:

Conservatives for Property Rights (CPR) is pleased to respond to the Request for Comments Regarding the Patent Subject Matter Eligibility Guidance (Docket No. PTO-P-2022-0026). CPR is a coalition of public policy organizations concerned with preserving and protecting private property rights with respect to all forms of property. CPR educates and advocates on issues related to property rights, including intellectual property.

In CPR's March 8, 2019, comments,[1] we commended the 2019 Revised Patent Subject Matter Eligibility Guidance. We said, "The revised guidance provides coherence and clear direction in assessing whether patent claims constitute abstract ideas under the law." Further, we observed, "The revised guidance's synthesis of relevant judicial rulings and groupings of abstract ideas—mathematical concepts, methods of organizing human activity, and mental processes—along with useful examples give meaning to the heretofore post-*Alice*, post-*Mayo* uncertainty and inconsistency."

Indeed, our assessment was correct. The 2019 guidance along with the *Berkheimer* Memo have wrought tangible improvements for patent eligibility assessments in examination. PTO reports "consistent decision-making across our over 9,600 patent professionals, and . . . a remarkable drop in the corps-wide eligibility rejection rate from about 25% in 2018 to about 8% today."[2] PTO's April 2020 "Adjusting to Alice" report finds "the 2019 revisions to our eligibility guidance resulted in a 25% decrease in the likelihood of *Alice*-affected technologies receiving a first office action with a rejection for patent ineligible subject matter" and "that uncertainty about determinations of patent subject matter eligibility for the relevant technologies decreased by a

[1] https://www.property-rts.org/_files/ugd/651e0c_f81860589bca485c8c9be0f4b04f9dfd.pdf

[2] https://www.uspto.gov/blog/director/entry/providing-clear-guidance-on-patent

remarkable 44% as compared to the previous year."[3] This evidence shows marked progress toward consistency and reliability in patent examination validity determinations in just three years.

CPR does not think the 2019 guidance needs much revision—perhaps a couple of scalpel incisions that update it for the few substantive refinements in post-2019 101 judicial rulings; instead, the guidance should receive greater weight with courts. The judicial branch should employ the 2019 101 guidance in its adjudication of matters of patent subject matter eligibility. The guidance's track record is truer than that of the judiciary. To be sure, the Court of Appeals for the Federal Circuit is technically correct in *cxLoyalty, Inc. v. Maritz Holdings, Inc.* that "this guidance 'is not, itself, the law of patent eligibility, does not carry the force of law, and is not binding on our patent eligibility analysis.' *In re Rudy*, 956 F.3d 1379, 1382 (Fed. Cir. 2020). And to the extent the guidance 'contradicts or does not fully accord with our caselaw, it is our caselaw, and the Supreme Court precedent it is based upon, that must control.'" However, the debilitating effect of the status quo of patent eligibility jurisprudence—utter chaos—poses an existential threat to the United States' patent system, American innovation, and our economic, competitive, and national security.

In our September 23, 2021, comments on patent eligibility jurisprudence,[4] we noted, "The PTO [101] guidance has been a necessary, but is not sufficient remedy to the state of patent eligibility jurisprudence" where the judiciary is concerned. We regard "the threshold 101 question as properly broad [in the statute]. Whether an invention is novel, useful, and nonobvious are subsequent criteria that only warrant consideration if patent eligibility is met." If *Chevron* deference were ever legitimate, it would be in courts' divining subject matter eligibility in patent cases in light of the 2019 guidance. The Supreme Court's denial of certiorari in *American Axle* indicates perhaps the high court's disinterest in correcting its string of unfortunate, disruptive patent eligibility decisions or prefers to defer to the legislative branch to straighten this out.

Of course, PTO cannot compel the federal judiciary, which has created the "validity goulash" mess with the Supreme Court's *Alice-Mayo* framework, to defer to the 101 guidance. That leaves the remedy up to Congress to enact legislation to restore the broad, unadulterated patent eligibility threshold statute. Two pending bills contain 101 correction provisions: the Restoring America's Leadership in Innovation Act (H.R. 5874), section 7; and the Patent Eligibility Restoration Act (S. 4734). The legislative process on patent-eligible subject matter has been underway in earnest since Senators Thom Tillis's and Chris Coons' extensive series of hearings in 2019 and their draft reforms to Section 101 and negotiations since then.[5] Ultimately, only legislation can deliver the necessary consistency, certainty, reliability, and predictability for patent eligibility decisions. Congress should consider enacting provisions that direct federal courts to give PTO examiners' practices and guidance due consideration in deciding patent eligibility cases.

A danger, given the current situation, is PTO's overcompensation for inaction, slow movement, or mixed results in the other two branches of government. Changing the tried and

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[3] https://www.uspto.gov/blog/director/entry/providing-clear-guidance-on-patent

[4] https://www.property-rts.org/_files/ugd/651e0c_8213b24653d243e2b4f16f56007c23bf.pdf

[5] https://www.property-rts.org/_files/ugd/651e0c_c9c97b0b464f45e8a5e66b120bd2add9.pdf

proven guidance for the sake of making changes would be worse than making no revisions. Further, making changes that politicize the guidance for the advantage of vested interests that have a stake in unreliable, uncertain patents would pour salt in the existing 101 wounds. Imprudent administrative action would worsen a bad legal situation. Any revisions to the guidance should be modest, focused, and purely legal or technical. They should clarify and promote consistency, and should leave intact the multistep framework and useful flow charts that have led to the marked increase in consistent application of Section 101 during examination referenced above. The goals of certainty and reliability of patents must remain paramount.

Aside from doing nothing, PTO could take the initiative in other beneficial ways. For example, PTO could clarify and expand on how to scrutinize artificial intelligence-related computer-implemented inventions for subject matter patent eligibility. Instead of weakening the 101 guidance, PTO could address inconsistent application of the guidance within and across arts areas by examiners, which came to light in the agency's June 2022 report on patent-eligible subject matter.[6] Thus, PTO should focus on increasing examiner training. The POP board, PTAB judges, and other PTO officials should undergo training in the 101 guidance. Everyone in the agency with any role related to examination, re-examination, or adjudication of validity disputes, including inter partes reviews or post grant reviews, should become well versed in how the guidance works, how it complies with the *Alice-Mayo* framework, etc. PTO might consider how to measure consistency among examiner units, other agency units, and by individuals within those units. Consistency in applying the guidance could be made a job performance criterion for relevant PTO personnel, including PTAB judges.

Moreover, PTO should consider holding similarly focused basic training sessions for inventors, patent attorneys and agents, and other stakeholders. In collaboration with various organizations, such as IP bar association sections, trade associations, and professional societies, PTO could hold training sessions at events and conferences. Also, PTO should consider offering similar training opportunities for federal judges. This would provide judges the opportunity to expand their understanding of the guidance PTO examiners apply on the front end and better inform their legal analysis where 35 U.S.C. § 101 is concerned.

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In closing, the state of patent-eligibility jurisprudence, constraints of the separation of powers, and successful improvements in patent-eligible subject matter patent examination due to the 2019 guidance present PTO a unique situation and opportunity. PTO should consider taking the opportunity of its fresh look at the guidance to expand its usage, including for training, in ways PTO clearly has the latitude to pursue. Such an effort would help broaden the understanding within PTO and other officials and stakeholders in the patent system regarding patent-eligible subject matter, as viewed from the patent examination stage. PTO could underscore the notion Federal Circuit Chief Judge Kimberly Moore noted in her *American Axle* dissent, that "§ 101 . . . [serves a] statutory gate-keeping function."[7]

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[6] https://www.uspto.gov/sites/default/files/documents/USPTO-SubjectMatterEligibility-PublicViews.pdf

[7] Judge Kimberly Moore, dissent in *American Axle & Manufacturing v. Neapco Drivelines*, as quoted in Nancy Braman, "CAFC Rejects Method for Manufacturing Propshafts Under 101; Judge Moore Calls Majority Analysis 'Validity Goulash'," *IPWatchdog* (October 4, 2019)

Respectfully,

James Edwards, Ph.D.
Executive Director
Conservatives for Property Rights

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