



UNITED STATES PATENT AND TRADEMARK OFFICE

UNDER SECRETARY OF COMMERCE FOR INTELLECTUAL PROPERTY AND
DIRECTOR OF THE UNITED STATES PATENT AND TRADEMARK OFFICE

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The Honorable Jonathan D. Leibowitz
Chairman, Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Mr. Chairman:

On behalf of the United States Patent and Trademark Office (USPTO), I write to comment on the Federal Trade Commission's Report of March 2011, "The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition" (the "Report").

The USPTO supports balanced protection of the notice function served by patents. This letter addresses Chapter 3 of the Report, "Patent Notice: A Competition Perspective," in particular, the recommendations pertaining to patent examination operations at the USPTO, legislative measures in the Congress, and judicial action in the Federal courts.

I am also pleased to report that the President signed the America Invents Act into law on September 16, 2011. This sweeping legislation introduces many needed reforms into the patent law, including first-to-file provisions along with various inter partes dispute provisions for challenging the patentability of an issued patent. These provisions, along with the FTC's recommendations, will go far into facilitating a 21st century patent system and 21st century U.S. Patent and Trademark Office.

(1) Recommendations Regarding Patent Examination Operations

(a) USPTO Review of Claim Language for Indefiniteness (pp. 11, 94-102)

The Commission states that, in assessing indefiniteness, the USPTO should adhere to the lower threshold of ambiguity adopted by the Board of Patent Appeals and Interferences in *Ex Parte Miyazaki* as opposed to the Federal Circuit's "insolubly ambiguous" standard for finding claims invalid for indefiniteness.

In assessing indefiniteness, the PTO should adhere to the principle articulated in Miyazaki.

The USPTO agrees with this recommendation and implemented it through a notice published in the Federal Register on February 9, 2011. See Supplementary Examination Guidelines for Determining Compliance with 35 U.S.C. § 112 and for Treatment of Related Issues in Patent Applications, 76 FR 7162, 7164 (Feb. 9,

2011) (stating that “[i]n deciding whether a pending claim particularly points out and distinctly claims the subject matter, a lower threshold of ambiguity is applied during prosecution.”).

(b) Recognition of Commercial Perspective in Enablement Analysis (pp. 12–13, 109, 112)

The Commission states that the “undue experimentation” analysis for assessing enablement of a patent disclosure should recognize the commercial perspective and, in particular, states that more detailed disclosure may be needed when product life-cycles are short.

Determinations regarding whether a disclosure requires undue experimentation should give recognition to the competitive significance of the time required for experimentation; when product life-cycles are short, greater disclosures may be needed in order to be competitively meaningful.

The USPTO is concerned that product life-cycle may not be an appropriate consideration for determining patentability (i.e., whether undue experimentation is required for enablement) as product life-cycle is typically influenced by other factors unrelated to the level of skill in the art. For example, product life-cycle is influenced by consumer demand. Further, information regarding product life-cycle is not readily available to examiners, so there would need to be a mechanism for requiring patent applicants to submit product life-cycle information to the USPTO and resources available to examiners for verifying such information. Finally, where product life-cycle information is available during examination and relevant to one of the Wands factors for enablement, examiners today can consider such information.

Accordingly, the USPTO does not recommend adopting the Commission’s proposal unless product life-cycle information is available to examiners and that information is relevant to one of the Wands factors.

(c) Definition of Claim Terms (pp. 13, 109–112)

The Commission proposes that patent applicants be required to designate a dictionary for assigning meaning to claim terms or acknowledge acceptance of a USPTO-designated default dictionary that could vary by art unit. Further, patent applicants should be required to provide a glossary of, or otherwise readily identify in the specification, definitions of key terms not covered by the designated dictionary.

The Commission recommends that patent applicants be required either (i) to designate a dictionary for use in assigning meaning to terms not defined in the application or (ii) to acknowledge acceptance of a PTO designated default dictionary for that purpose. The PTO designated default dictionary could vary by art unit.

The Commission urges the PTO to continue to look for ways to press patent applicants to include definitions or contextual explanations of key terms. Mechanisms that could accomplish this include (i) requiring applicants to provide a glossary defining any key terms that are not covered by a designated or default dictionary or that the applicant chooses to define differently than in such a dictionary or (ii) requiring that applicants include key claim terms in the specification and provide a ready means for identifying where they appear.

The USPTO has already studied the concepts set forth in the Commission's recommendations and determined that designating a dictionary can pose difficulties, e.g., a given dictionary's definitions may be preferable for some terms but not for others. In our view, the same sought-after advantages can be obtained more directly by applicants including glossaries in the specifications of their applications.

The USPTO addressed the use of glossaries in the Supplementary Examination Guidelines for Determining Compliance with 35 U.S.C. § 112 and for Treatment of Related Issues in Patent Applications, 76 FR 7162, 7166 (Feb. 9, 2011) (stating that "[t]he specification should ideally serve as a glossary to the claim terms so that the examiner and the public can clearly ascertain the meaning of the claim terms," "[e]xpress definitions of claim terms can eliminate the need for any 'time-consuming and difficult inquiry into indefiniteness,'" and "applicants are encouraged to use glossaries as a best practice in patent application preparation"). While the USPTO has received some unfavorable feedback from members of the patent bar regarding the inclusion of glossaries in the specification, in our view, the greatest clarity is obtained when the specification serves as a glossary for the claim terms. Thus, the USPTO will continue to emphasize to applicants that the inclusion of a glossary for all proper claim terms is a best practice for avoiding indefiniteness inquiries, as well as for improving the notice function of patents, thereby fostering competitiveness.

(d) Language Used to Describe and Claim Software-Related Inventions
(pp. 13, 111–112)

The Commission states that the USPTO should convene a government/industry task force or hold a workshop to explore ways of promoting greater uniformity in the methodology or language used to describe and claim software inventions.

The Commission urges that the PTO convene a government/industry task force or hold a workshop to explore ways of fostering greater uniformity in the methodology or language used for describing and claiming software inventions.

The USPTO agrees that more uniformity of language used to describe and claim software-related inventions is desirable.

The USPTO will consider establishing a government/industry task force to work with the USPTO to develop a course of action, such as organizing a roundtable to enable stakeholders in the software industry to engage in a discussion on harmonizing language and methods used to describe software-related inventions.

(e) Enhanced Clarity of the Prosecution History Record (pp. 14, 112–116)

The Commission states that the USPTO should further encourage examiners to develop a clear record as to issues of claim scope through greater focus on Section 112 standards and increased use of applicant interviews and Rule 105 inquiries to elicit information on the meaning of applicants' claims. Further, the USPTO should continue to encourage examiners to make greater use of statements of reasons for allowance and for withdrawing indefiniteness rejections.

The Commission urges that examiners be further encouraged to build a record that improves claim scope clarity. In part, this may be achieved through greater focus on Section 112 standards. Additional notice may be derived via indefiniteness rejections or interviews tailored to elicit information from applicants regarding the meaning of their claims. Beyond this, the Commission reiterates the recommendation in its 2003 IP Report for "a concentrated effort to use examiner inquiries [under PTO Rule 105] more often and more extensively," as a means, for present purposes, of increasing and recording examiner/applicant exchanges pertinent to patent scope.

The Commission recommends that the PTO continue to encourage examiners to make greater and more informative use of statements of reasons for allowance and for withdrawing indefiniteness rejections....

The USPTO agrees with these recommendations and implemented them through a notice published in the Federal Register on February 9, 2011. See Supplementary Examination Guidelines for Determining Compliance with 35 U.S.C. § 112 and for Treatment of Related Issues in Patent Applications, 76 FR 7162, 7169-7170 (Feb. 9, 2011) (emphasizing that examiners establish a clear record and provide sufficient explanation in Office communications with respect to indefinite claim language, make Rule 105 requirements for more information to ascertain the meaning of claim terms as necessary, use applicant interviews to resolve indefiniteness issues, and use reasons for allowance to clarify claim interpretation).

(f) Consideration of Future Claim Evolution in Written Description Analysis (pp. 15, 120–122, 125)

The Commission states that the USPTO's written description analysis should more fully consider the ability of a person having ordinary skill in the art ("PHOSITA") to foresee evolution of the claims such that there would be no written description support for new or amended claims of broader scope than what

the PHOSITA could reasonably be expected to foresee from the specification at the time of filing.

The Commission recommends that consideration of the PHOSITA's ability to foresee future evolution of the claims be more fully incorporated into application of the written description requirement; the applicant should not be understood to have been in possession of the subject matter of a new or amended claim of scope broader than what the PHOSITA, on the filing date, could reasonably be expected to foresee from the specification.

To the extent this recommendation addresses examination procedure, as opposed to statutory changes or rule making, the USPTO already instructs examiners to interpret claim language in light of the specification at the time of the invention. See, e.g., Supplementary Examination Guidelines for Determining Compliance with 35 U.S.C. § 112 and for Treatment of Related Issues in Patent Applications, 76 FR 7162, 7164 (Feb. 9, 2011) (stating that “[t]he plain meaning of a term means the ordinary and customary meaning given to the term by those of ordinary skill in the art at the time of the invention.”).

Additionally, the USPTO instructs examiners to evaluate all claims, including original claims, for compliance with the written description requirement, and cautions examiners that some broad genus claims may not find support in the written description. See, e.g., Supplementary Examination Guidelines for Determining Compliance with 35 U.S.C. § 112 and for Treatment of Related Issues in Patent Applications, 76 FR 7162, 7170 (Feb. 9, 2011) (stating that “[t]he written description requirement of § 112, ¶ 1 applies to all claims including original claims that are part of the disclosure as filed. As stated by the Federal Circuit, ‘[a]lthough many original claims will satisfy the written description requirement, certain claims may not.’ For instance, generic claim language in the original disclosure does not satisfy the written description requirement if it fails to support the scope of the genus claimed.”).

Additionally, evolution of claims is permitted in some instances. For example, the reissue statute, 35 U.S.C. § 251, permits a patentee to seek reissue of a patent when the patentee deems the patent wholly or partly inoperative or invalid, by reason of the patentee claiming more or less than he or she had a right to claim in the patent, so long as no new matter is introduced into the application for reissue and the error arose without any deceptive intention.

(g) An Industry-Based Patent Classification System (pp. 16–17, 128–129, 134)

The Commission states that the USPTO should instruct examiners on classifying patents using an industry-based classification system, in addition to the USPTO classification system, in art units where additional classifications would enhance public notice. Further, examiners should compile search-friendly lists of descriptive terms for applications.

The Commission recommends that the PTO instruct examiners to classify patents using an industry-based classification system, as well as the PTO classification system, in art units where the additional classifications would significantly improve public notice. The Commission further recommends that the PTO explore mechanisms for encouraging examiners to compile search-friendly lists of descriptive terms for applications under review and patents ready for issuance.

The USPTO is in the process of implementing a new classification system that will be internationally compliant and include “keywords” that are search-friendly terms in consultation with counterpart international patent offices.

(h) Enhanced Searching of Software-Related Inventions (pp. 16–17, 128–129, 134)

The Commission states that the USPTO should explore with the software industry ways in which uniformity of language used to describe and claim software-related inventions can be achieved as a means of enhancing search capabilities.

The Commission urges that the PTO explore with the software industry whether ways might be devised to foster greater uniformity in the methodology or language used for describing and claiming inventions, as a means of enhancing search capabilities.

As mentioned earlier, the USPTO agrees that more uniformity of language used to describe and claim software-related inventions is desirable. See page 3 at (d). The USPTO will consider establishing a government/industry task force to work with the USPTO to develop a course of action, such as organizing a roundtable for stakeholders in the software industry to discuss harmonizing language and methods used to describe software-related inventions, and how to enhance the searching for software-related inventions.

(2) Recommendations Regarding Legislation

(a) 18-month Publication (pp. 14, 117–119, 125)

Under 35 U.S.C. § 122, pending patent applications are published 18 months after filing, unless the applicant requests the application not be made public and promises not to file abroad. The Commission recommends amending the statute to eliminate that exception, so that all pending applications would be made public 18 months from filing. Applications containing information the disclosure of which would be detrimental to national security will continue to not be published, as under current law.

The Commission recommends legislation requiring publication of patent applications 18 months after filing, whether or not the applicant also has sought patent protection abroad (subject to possible adjustments to provide any necessary protection to independent inventors).

Of the more than 500,000 utility or plant applications filed at the USPTO annually by applicants, approximately 20,000 include non-publication requests (roughly four percent of total applications filed). To promote innovation by requiring additional disclosure of inventions, the 1999 American Inventors Protection Act (AIPA) amended 35 U.S.C. § 122 to require publication of the vast majority of pending applications at 18 months.

The Commission correctly argues that publication of all pending applications would help competitors identify pending claims, and claims that might issue, to better assess whether those businesses have the freedom to operate. While we have heard concerns that individual inventors and small businesses will be less likely to file U.S. applications, and instead protect their inventions as trade secrets, it is unknown how many applicants will forgo filing a patent application out of fear their invention will be stolen.

Some have argued that to help American companies remain competitive and prevent the theft of U.S. intellectual property, all patent applications should be kept secret. For example, in 2010, Congressman Frank Wolf introduced legislation entitled the “Strategic Manufacturing & Job Repatriation Act,” which he argued would have “protected” U.S. intellectual property by restricting “unnecessary foreign access to pending patent applications.” Specifically, it would have amended 35 U.S.C. § 122 to require the publication of application abstracts only, not the entire patent application. But as Representative Dana Rohrabacher noted on August 3, 1999 during the House Judiciary Committee hearing on the AIPA (H.R. 1907), the existing statute only requires publication of applications that are scheduled to publish in other countries. Accordingly, the claimed need for secrecy, as applied to applications filed and published abroad, is unfounded. (To date, 37% of applications filed in 2007 in which the applicant requested non-publication, published as issued patents).

We support this recommendation. Publishing all applications will promote the spread of new ideas and enable businesses to better assess whether they have the freedom to operate in a particular market. Accordingly, the USPTO’s initiative to allow applicants to control when their applications are examined includes a requirement that applicants who defer examination agree to have their applications published. The USPTO is currently exploring other ways of encouraging all applicants to timely publish their applications.

(b) Continuation/Prior Use Based on a Published Application (pp. 15–16, 124–125, 133–134)

Under current law, if an applicant discovers that a competitor is selling a product that falls within the description of the applicant's pending application, the applicant can amend his or her claim to cover that product. The Commission recommends enacting legislation that would provide a defense to infringement against any asserted claims that (i) were added or amended after a continuation application was filed, and (ii) published after the alleged infringer had developed, used, or made substantial preparation for using the invention.

The Commission recommends enactment of legislation to protect from infringement actions of third parties who (i) infringe properly described claims only because of claim amendments (or new claims) following a continuation and (ii) developed, used, or made substantial preparation for using, the relevant product or process before the amended (or newly added) claims were published.

We do not support this recommendation. The proposed amendment would unfairly prejudice businesses in industries that must rely on amendment practice to obtain an effective patent.

There is no dispute that the ability of an applicant to amend or add claims in a continuation application creates uncertainty for those attempting to determine whether they have the freedom to make, use, or sell a new product or service. As the report acknowledges, however, hearing testimony "provided ample evidence" that this practice is critical to businesses in fields like biotechnology where, due to inefficiencies, prolonged examination often produces amended or new claims that cover the same invention the applicant had sought from the start (Report at 123). The testimony also explained that sometimes applicants amend claims as testing is completed and the invention refined (Id. at 124). If pursued, the proposed legislative change may require an amendment to 35 U.S.C. § 154(d), which currently allows a patentee to recover, in limited circumstances, a reasonable royalty for infringement occurring during pendency. The USPTO has been at the forefront of encouraging Congress to pass legislation broadening prior user rights and, thereby, promote investment and fairness by protecting companies that develop and implement new technologies before others file patent applications covering the invention. Having championed this effort, we are pleased that it has met with much success. On September 16, 2011, President Obama signed into law provisions that establish a defense to a claim of infringement for any manufacturing or other commercial process, or machine, manufacture, or composition used in such process, made or used more than a year before the patentee filed their application. Rather than limit the scope of the defense to "manufacturing" processes, Congress wisely chose to broaden the defense to apply to any "commercial process." As such, the defense would be available for any process, machine, manufacture, or composition that enters the stream of commerce or has an economic impact on commerce, so long as it was made or used more than a year before another filed an application covering the invention.

The written description requirement, recently reaffirmed by the Federal Circuit sitting *en banc* in Ariad v. Lilly, 598 F.3d 1336 (Fed. Cir. 2010), provides an adequate safeguard against an applicant adding claims or amending claims to capture more than they had possession of at the time they filed their application. Moreover, because the vast majority of pending applications publish after 18 months, those disclosures arguably provide adequate notice for companies seeking to determine whether they have the freedom to enter a new market without significant fear of being sued for infringement, and to the extent they do not, we prefer to support a legislative change requiring the publication of all applications. Thus, the equities weigh in favor of maintaining the current system.

Given the protections afforded third parties in both the new legislation and the recent decision by the Federal Circuit, the USPTO sees no need for additional legislative action.

(c) Adequate Funding (pp. 16, 125)

The Commission recommends that the USPTO receive the funding and information systems it needs to promptly and properly examine pending applications.

The Commission recommends that the PTO receive the funding and information systems needed to promptly and properly examine the many applications that it faces.

The USPTO agrees with this recommendation because it is good for the agency, innovators, and the nation.

The recently-enacted America Invents Act contains provisions to better enable the UPSTO to recover costs, address its operational needs, engage in multi-year budgeting, and provide a high quality, timely examination of patent applications. In particular, the Act grants the USPTO with the authority to set or adjust fees under a scheme where the aggregate revenue from the patent or trademark fees, respectively, equals the aggregate estimated cost of the patent or trademark operations, respectively, including administrative costs to the USPTO. It further gives the USPTO the ability to retain an interim 15% surcharge on all fees plus the revenue generated from the newly available prioritized examination procedure. Lastly, the Act establishes a Patent and Trademark Fee Reserve Fund maintained at the Department of Treasury to house all patent and trademark fees collected in excess of the amount Congress authorizes the USPTO to spend annually. The USPTO will have access to spend the fees in the Reserve Fund as long as Congress authorizes the agency to do so in annual appropriations acts.

(b) Identification of Patent Assignees (pp. 17, 129-131)

Currently, patent owners have the choice of whether to record assignments with the USPTO. If filed, the USPTO posts assignment information on its Web site, but only the assignee's name, a contact person, and an address (often a law firm).

The Commission recommends enacting legislation requiring that assignments of both patents and published applications be made public, and that they identify the actual assignee and the real party in interest.

The Commission recommends the enactment of legislation requiring the public recordation of assignments of patents and published patent applications. To ensure that such listings provide maximum benefit to public notice, they should identify both the formal assignee and the real party in interest.

Testimony before the Commission indicates that patent owners may fail to record assignments, or list “shell companies” as assignees, and that this hampers efforts of fair-minded companies to develop an effective strategy for either avoiding infringement or licensing patents they are likely to infringe. That being said, the Commission acknowledged that companies may use assignment information to determine a competitor’s business strategy.

We generally support this proposal. We support requiring the recording of all assignments with the USPTO, as well as requiring that the assignment identify the real party in interest. Of course, we would want to avoid the disclosure of confidential business information, such as the specific terms of the agreement struck by the parties to the business agreement. To that end, the USPTO is currently exploring ways of encouraging those who benefit most from the patent system to record every assignment, and to disclose sufficient assignment information to allow fair-minded companies to license patents or otherwise avoid infringement.

(3) Recommendations Regarding Judicial Action

(a) Greater Notice Scrutiny of Functional Claiming (pp. 11, 100–102)

The Commission recommends that when judging whether a specification sufficiently supports means-plus-function claims, courts should ask whether the public is sufficiently informed of the specific means included in and excluded from the claims. The Commission asserts that courts should apply this public notice-oriented approach to all aspects of functional claiming in general.

The Commission further recommends that courts pay close heed to notice objectives as they further explicate the circumstances in which a patent’s specification sufficiently supports means-plus-function claims. Notice objectives require sufficiently detailed structure to inform the public of the specific means that are and are not encompassed in the applicant’s invention. Similar concerns apply more broadly, and the Commission urges that courts extend their recent focus on indefiniteness to address functional claiming in general, in order to ensure disclosure of what is within and what is outside of the patent.

The USPTO is concerned that if courts follow this recommendation, more functional claims might be unduly invalidated. How many more is an empirical question, and answering it would require clearer understanding of the Commission's "close heed" standard. By comparison, the USPTO's recent 35 U.S.C. § 112 Supplementary Examination Guidelines already address functional claiming in general and means-plus-function claiming in particular, to ensure that claims "clearly and precisely define the metes and bounds of the claimed invention." Supplementary Examination Guidelines for Determining Compliance with 35 U.S.C. § 112 and for Treatment of Related Issues in Patent Applications, 76 FR 7162, 7164 (Feb. 9, 2011). These § 112 Guidelines are consistent with the Commission's concern for greater specificity in functional claiming, and provide a more cogent point of departure for courts to evaluate claims for definiteness and adequate disclosure.

Qualitatively, however, the report suggests that the appropriate benchmark is whether the specification, which includes the claims, contains structural information sufficiently detailed to inform the public of the specific means that are inside and outside the claim scope. The USPTO believes that this benchmark, as articulated by the report, presents three problems.

First, it is unclear whether the Commission's understanding of the "public" is in relation to those of ordinary skill in the art. Any suggestion by the FTC that the "public" is broader would be contrary to Supreme Court precedent. See, e.g., Carnegie Steel Co. v. Cambria Iron Co., 185 U.S. 403, 437 (1902) ("The specification of the patent is not addressed to lawyers, or even to the public generally, but to the manufacturers of steel, and any description which is sufficient to apprise them in the language of the art of the definite feature of the invention, and to serve as a warning to others of what the patent claims as a monopoly, is sufficiently definite to sustain the patent.").

The report apparently criticizes, for example, the Federal Circuit's holding that an algorithm alone, without corresponding source code, may serve as the corresponding structure for a computer-implemented means-plus-function claim. But the Federal Circuit explained that an algorithm may be sufficient in a number of forms—as a mathematical formula, in prose, as a flow chart, etc.—so long as it is sufficiently detailed to inform one of ordinary skill in the art of the metes and bounds of the claims. Report at 100 (citing Finisar Corp. v. DirecTV Grp., Inc., 523 F.3d 1323, 1340 (Fed. Cir. 2008)).

Consistent with this Supreme Court and Federal Circuit precedent, the § 112 Guidelines further clarify both how examiners will evaluate functional claims for indefiniteness and how applicants may appropriately respond. See Supplementary Examination Guidelines for Determining Compliance with 35 U.S.C. § 112 and for Treatment of Related Issues in Patent Applications, 76 FR 7162, 7164, 7169 (Feb. 9, 2011) (discussing the interpretation of functional claims and discussing desirable applicant responses to an Office action). The § 112 Guidelines also clarify why examiners will interpret means-plus-function claims under the "broadest reasonable interpretation" standard. Id. at 7164 (stating that "giving a

claim its broadest reasonable interpretation will reduce the possibility that the claim, once issued, will be interpreted more broadly than is justified”).

Second, the Commission’s recommendation appears to stem from a misunderstanding of the role of the skilled artisan in determining the adequacy of disclosure. The Commission’s apparent dissatisfaction with the Finisar standard implies that courts are currently accepting inadequately detailed specifications because of an overestimation of the abilities of those skilled in the art. It is well settled that the adequacy of the disclosure of an algorithm must be determined in light of the level of ordinary skill in the art. See, e.g., Aristocrat Techs. Australia Pty Ltd. v. Int’l Game Tech., 521 F.3d 1328, 1337 (Fed. Cir. 2008).

Further, the ability of one skilled in the art to write software to implement the claimed means does not relieve the patentee of his or her duty to disclose sufficient corresponding structure in the specification to support a means-plus-function claim limitation. See, e.g., Blackboard Inc. v. Desire2Learn, Inc., 574 F.3d 1371, 1385 (Fed. Cir. 2009).

In this regard, too, the USPTO’s § 112 Guidelines provide that examiners evaluating disclosure will give claims their broadest reasonable interpretation “consistent with the specification as it would be interpreted by one of ordinary skill in the art.” Supplementary Examination Guidelines for Determining Compliance with 35 U.S.C. § 112 and for Treatment of Related Issues in Patent Applications, 76 FR 7162, 7164 (Feb. 9, 2011). In turn, the level of ordinary skill in a given art is a fact-specific inquiry. See, e.g., Power-One, Inc. v. Artesyn Techs., Inc., 599 F.3d 1343, 1351 (Fed. Cir. 2010) (listing “the level of ordinary skill in the art” as one of the “underlying factual considerations” in an obviousness analysis).

Nevertheless, if courts were to accept the Commission’s contentions, then the result would likely be a trend toward findings of lower-skilled PHOSITAs. Courts would ascribe less inferential ability to the PHOSITA, so that greater detail would be necessary to satisfy the definiteness requirement. At the same time, judicial findings of lower-skilled PHOSITAs may also mean that more claims will be invalidated for lack of enablement because undue experimentation would be necessary to practice the claimed invention. Conversely, more claims may be upheld as non-obvious because the differences between the claimed invention and the prior art would be amplified in view of a lower-skilled PHOSITA.

Third, technology-specific effects may present a significant problem. Whether public notice is currently impaired in means-plus-function claims specifically and in functional claiming generally varies widely by technology. Also varied is any judicial overestimation of the skill in a given art, the breadth of a given art, and the need for more “close heed” by courts. Finally, as to second-order effects upon findings involving enablement, non-obviousness, and other patentability requirements, such effects may vary even more widely across technology areas.

Therefore, the USPTO recommends against the FTC's recommendation for greater detail in means-plus-function claiming beyond the Federal Circuit's current standards. To be sure, the USPTO requires sufficiently detailed applicant specifications to satisfy the notice objective, and the USPTO's § 112 Guidelines are consistent with that requirement. However, the Commission's "close heed" standard is unclear and the push for greater notice should not upend respective stable understandings of the PHOSITA in various arts.

(b) More Judicial Guidance on Determining PHOSITA Skill Level (pp. 12, 107-09, 111-12)

The Commission states that courts should be much more specific in describing the particular traits of one of ordinary skill in the art.

The Commission urges the courts to direct heightened attention and provide additional guidance regarding the assessment of PHOSITA skill levels relative to the problems posed by the art. To serve notice goals application of the PHOSITA standard should be fact-based, up-to-date, and appropriately tailored to the specific technology at hand.

The USPTO generally supports this recommendation, and believes that if courts follow this recommendation, subsequent treatment by the Federal Circuit of trial court decisions will be more firmly grounded in clearly identified traits, e.g., the ability, education, experience, etc., of the PHOSITA. As the predictive value of both trial and appellate decisions improves, strategic behavior by patentees and accused infringers regarding PHOSITA determinations will be better informed and may reduce the need for litigation.

Moreover, ensuring that PHOSITA determinations remain current, fact-based, and reflect the specific technology of the PHOSITA rather than broad rules of thumb would minimize the problems of overestimating PHOSITA skill levels or underestimating the difficulty of a given art. In both cases, courts would more realistically be assessing the notice owed by the applicant and whether the specification has provided that notice.

Accordingly, the USPTO generally supports the Commission's recommendation in favor of greater explication by the courts in the assessment of PHOSITA skill levels.

(c) Consideration of Competitive Significance of Experimentation Time in Enablement (pp. 13, 109, 112)

The Commission states that courts should change the Wands analysis for enablement to consider the competitive impact of experimentation time with respect to product life-cycles.

Determinations regarding whether a disclosure requires undue experimentation should give recognition to the competitive significance of

the time required for experimentation; when product life-cycles are short, greater disclosures may be needed in order to be competitively meaningful.

The USPTO is concerned that if courts follow this recommendation, more claims may be unduly invalidated in the short run for lack of enablement. How many more is an empirical question, and answering it would require clearer understanding of the Commission's "competitively meaningful" standard. Qualitatively, however, the report argues that short product life-cycles should correspond to greater disclosure to reduce experimentation time, and vice-versa. Although potentially beneficial in the long run, this standard presents two problems.

First, there is no jurisprudence on "competitively meaningful" disclosures. Part of the difficulty is reflected in the Commission's own accurate characterization of the problem—i.e., that different technologies have different product life-cycles. Accordingly, a nuanced, factually rich doctrine of "competitively meaningful" enablement over a range of technologies and product life-cycles is likely to emerge only slowly and incrementally. In the interim, invalidations of patents for lack of enablement would be difficult to predict reliably, and public notice of what is expected of applicants may actually suffer considerably.

Further, the USPTO notes that the Federal Circuit recently reversed a grant of summary judgment for lack of enablement and concluded that issues of fact exist regarding whether disclosure of programming software was necessary to enable the claimed invention. See Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc., 617 F.3d 1296, 1305-1307 (Fed. Cir. 2010). In Transocean, the court stressed that a patentee is only required to enable the claimed invention rather than the most commercially viable product. Id. at 1307 ("In requiring disclosure of 'programming' and relying on the difficulty of constructing Transocean's first dual activity rig, the district court erroneously required Transocean to enable the most efficient commercial embodiment, rather than the claims.").

Moreover, as technologies evolve, the PHOSITA standard must properly evolve with it in a fact-sensitive and technology-specific way. Indeed, the Commission recommends just such an up-to-date approach for courts in determining PHOSITA skill levels. Yet for the "competitively meaningful" standard, this constant unsettling of precedent is likely to aggravate the existing need for respective stable PHOSITA jurisprudence in various arts. It is also likely to aggravate the problem of public notice as to what is expected of applicants. Such uncertainty will be harmful to investment and competition.

Second, the prevailing Wands analysis has been the law of enablement for nearly a quarter-century and has given rise to settled expectations. The Wands factors look largely to the nature of the experimentation and not the competitive market. Indeed, the Wands factors include: quantity of experimentation, guidance

presented, working examples, the state of the prior art, the relative skill of those in the art, and the breadth of the claims.

Additionally, the Wands analysis originally grew out of a general reasonableness standard. See In re Wands, 858 F.2d 731, 737 (citing Ansul Co. v. Uniroyal, Inc., 448 F.2d 872, 878-79 (2d Cir. 1971)). The addition of “competitively meaningful” as a consideration for enablement would not be reasonable given the lack of a uniform definition for the term, as noted earlier.

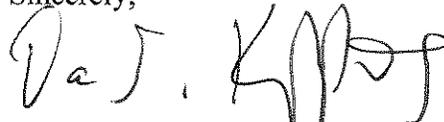
Given that product life-cycles can, as the report notes, vary anywhere from months to decades, unsettling the Wands analysis to include competitive impact would frustrate the settled expectations of at least those investments that touch technology markets with longer product life-cycles.

Accordingly, the USPTO recommends against a concerted judicial disruption of the Wands doctrine to consider competitive impact with respect to product life-cycles. However, a legislative solution might permit a full public weighing of interests and an opportunity for existing long-term investment expectations to be recalibrated with ample public notice.

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I thank the FTC for considering these comments and hope that they assist you in your ongoing efforts to foster innovation, promote competition, and advance American prosperity.

Sincerely,



David J. Kappos
Under Secretary and Director