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The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA, 22314

Via email: TPCBMP_Definition@uspto.gov

RE: Comments on Notice of Proposed Rulemaking: “Transitional Program for Covered Business Method Patents – Definition of Technological Invention” 77 Fed. Reg. 7095 (February 10, 2012)

Dear Under Secretary Kappos:

Hewlett-Packard Company (“HP”) thanks the U.S. Patent and Trademark Office (“USPTO”) for the opportunity to provide comments in response to the proposed Definition of Technological Invention published in the Federal Register on February 10, 2012 (the “Notice”). Our comments below are primarily focused on increasing certainty for participants in the Transitional Program for Covered Business Method Patents, and insuring the legislative intent is clearly followed in the proposed rules.

Section 18 of the Leahy-Smith America Invents Act (“AIA”) establishes a Transitional Program for Covered Business Method Patents. Section 18(d)(1) specifies that a covered business method patent is “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” Section 18(d)(2) provides that the USPTO will issue regulations for determining whether a patent is a “technological invention.” Pursuant to Section 18(d)(2), the USPTO proposed the following definition in the Notice:

Technological invention. In determining whether a patent is for a technological invention solely for purposes of the Transitional Program for Covered Business Methods (section 42.301(a)), the following will be considered on a case-by-case basis: whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.

The Notice states that the proposed definition is consistent with the legislative history of the AIA, namely comments made by Sen. Schumer¹, Rep. Smith², and Sen. Coburn³. This point was echoed by Chief Judge James Donald Smith in a message posted on the USPTO website on April 5, 2012, stating that “the identified factors (1) and (2) are consistent with the legislative history.”⁴

While HP understands the USPTO’s asserted basis for the proposed definition, HP is concerned that the proposed definition is too circular, too narrow, lacks clarity, and will be difficult to apply on a consistent basis. As a result, technological patents, which are the result of painstaking research and development, may be improperly included in Section 18 proceedings due at least to the difficulty in resolving what is “technological” or “technical.” Indeed, the Federal Circuit has already stated that such terms are “ambiguous and ever-changing.”⁵

This potential over-reaching effect of Section 18 appears contrary to the AIA legislative history. In particular, this appears contrary to Senator Schumer’s statement that “[t]he proceeding is limited to certain business method patents, which ... are generally of dubious quality because unlike other types of patents, they have not been thoroughly reviewed at the PTO due to a lack of the best prior art.”⁶ Similarly, this appears contrary to Senator Kyl’s statement that the proceeding “applies only to abstract business concepts and their implementation whether in computer or otherwise, but does not apply to inventions relating to computer operations for other uses or the application of the natural sciences or engineering.”⁷ Moreover, this appears contrary to Senator Coburn’s statement that “inventions related to manufacturing and machines that do not simply use known technology to accomplish a novel business process would be excluded from review under section 18.”⁸

In view of the above, HP believes that the proposed “technological invention” definition should be amended. In particular, HP believes that the proposed definition should be amended to include two factors for consideration on a case-by-case basis. The first factor should be whether the claimed subject matter is directed to the application and advancement of science, mathematics, and/or engineering. As acknowledged by Senator Kyl, these subjects are at the foundation of technological innovation, and should be found in most technological inventions.

¹ 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (“The ‘patents for technological inventions’ exception only excludes those patents whose novelty turns on a technological innovation over the prior art and are concerned with a technical problem which is solved with a technical solution and which requires the claims to state the technical features which the inventor desires to protect.”)

² 157 Cong. Rec. H4497 (daily ed. June 23, 2011) (statement of Rep. Smith) (“Patents for technological inventions are those patents whose novelty turns on a technological innovation over the prior art and are concerned with a technical problem which is solved with a technical solution.”)

³ 157 Cong. Rec. S5428 (daily ed. Sept. 8, 2011) (statement of Sen. Coburn) (“Patents for technological inventions are those patents whose novelty turns on a technological innovation over the prior art and are concerned with a technical problem which is solved with a technical solution.”)

⁴ http://www.uspto.gov/aia_implementation/smith-blog-extravaganza.jsp#heading-5

⁵ *See, In re Bilski*, 545 F.3d 943, 960 (Fed. Cir. 2008) (“We next turn to the so-called ‘technological arts test’ that some amici urge us to adopt. We perceive that the contours of such a test, however, would be unclear because the meanings of the terms “technological arts” and “technology” are both ambiguous and ever-changing.”)

⁶ 157 Cong. Rec. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer) (emphasis supplied).

⁷ 157 Cong. Rec. S1379 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis supplied).

⁸ 157 Cong. Rec. S5428 (daily ed. Sept. 8, 2011) (statement of Sen. Coburn) (emphasis supplied).

The second factor should be whether the claimed subject matter is tied to a particular machine or conducts a transformation in a manner beyond a mere pre-solution or post-solution activity. This factor is consistent with the Supreme Court's precedent that the machine-or-transformation test is an important clue in determining patentability, and, in our opinion, similarly important in determining the technological nature of an invention.

In summary, HP proposes the following definition for "technological invention" as applied solely to the implementation of the transitional post-grant review proceeding for review of the validity of covered business method patents under Section 18 of the AIA:

Technological invention. In determining whether a patent is for a technological invention solely for purposes of the Transitional Program for Covered Business Methods (section 42.301(a)), the following factors will be considered on a case-by-case basis:

1. whether the claimed subject matter is directed to the application and advancement of science, mathematics, and/or engineering; and
2. whether the claimed subject matter is tied to a particular machine or conducts a transformation in a manner beyond a mere pre-solution or post-solution activity.

HP thanks the USPTO for providing the public the opportunity to comment on the proposed rules to implement the Transitional Program for Covered Business Method Patents. We would be pleased to answer any questions these comments may raise, and look forward to participation in the continuing development of the rules for implementation of the AIA.

Respectfully submitted,

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