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June 19, 2012

Via Electronic Mail
SecrecyOrder.Comments@USPTO.govThe Honorable David Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
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P.O. Box 1450
Alexandria, VA 22313-1450Attn: James Moore
Office of the Administrator for Policy and External AffairsRe: Comments on *Notice of Request for Comments on the
Feasibility of Placing Economically Significant Patents
Under a Secrecy Order and the Need To Review Criteria
Used in Determining Secrecy Orders Related to National
Security*, 77 Fed. Reg. 23662 (April 20, 2012) (the
“Feasibility Study”).

Dear Under Secretary Kappos:

I am writing on behalf of the American Bar Association Section of Intellectual Property Law (the “Section”) to provide comments in response to the request the United States Patent and Trademark Office (the “Office” or the “USPTO”) published in the Federal Register on April 20, 2012 (PTO-P-2012-0012). These comments have not been approved by the ABA House of Delegates or Board of Governors, and should not be considered to be views of the American Bar Association.

The Section has long supported publishing pending applications at 18 months from the original filing date of the application. Our Section’s White Paper, “Agenda for 21st Century Patent Reform,” was unambiguous:

Publish all applications for patent at 18-months following the earliest filing or priority date for which an applicant seeks the benefit. The adoption of a first-inventor-to-file rule removes the last objection to the mandatory publication of pending applications

because a third party with access to the published application will no longer be able to “swear behind” the date of the application in order to seek a patent for the same or similar (obvious) subject matter. Indeed, as of the publication date, publication cuts off the ability for any third party to seek a patent for the same or any obvious subject matter relative to any subject matter disclosed in the published application. Equally importantly, routinely publishing all pending applications at the 18-month date provides complete assurance and certainty to all inventors as to all potential prior art that might exist based upon any earlier filed applications for patent. Thus, because all earlier-filed applications will already have published by the time an inventor’s application reaches the 18-month publication date, the universal publication rule means that at the publication date no possibility will exist that any later-emerging prior art will prevent the patenting of a claimed invention.¹

Contrary to the possible concern expressed in the Feasibility Study that circumstances other than national security might justify a further derogation from the universal publication principle, the timely publication of patent applications provides greater economic certainty, protects inventors, particularly in light of the America Invents Act (AIA) 35 USC 135 (a) and 102(b), and is necessary for further harmonization with global patent laws.

As such, as a general response, the Section opposes expanding the use of secrecy orders beyond their existing narrow framework focused on national security concerns. The Section also notes that the questions posed in the Feasibility Study appear to go well beyond the issues actually proposed by Congress as set forth in the Notice, which merely relate to problems believed caused by delays between 18 month publication and patent issuance. These concerns and others are set forth in the below response to the questions set forth in the Feasibility Study.

1. Should the USPTO institute a plan to identify patent applications relating to critical technologies or technologies important to the United States economy to be placed under secrecy orders?

No. The question starts by assuming that 35 U.S.C. §181 provides statutory authority to allow the Government to override the requirements for 18 month publication as well as issuance of a patent when the requirements for patentability have been

¹ See “A Section White Paper: Agenda for 21st Century Patent Reform,” September 2010 Revision, at page 2.
http://www.americanbar.org/content/dam/aba/administrative/intellectual_property_law/advocacy/white_paper_sept_2010_revision.authcheckdam.pdf.

otherwise satisfied. In order to accomplish this, there would have to be a finding that an invention, if published, would have an economic impact “detrimental to the national security.” Critical technologies or technologies important to the United States economy are best protected by strong intellectual property, particularly in view of the AIA. The publication of the patent ensures that such technology is not patented by others to the economic detriment of U.S. inventors.

Even assuming such statutory authority exists, there remains the problem that by issuance of a secrecy order the inventions cannot be effectively marketed or globalized. As noted in the Federal Register, the imposition of a secrecy order effectively prevents the U.S. discovered invention from being patented in other countries, thereby limiting any protection to the United States. Moreover, when a secrecy order is imposed, the technical data and the invention itself are likely subject to the export control regime, which is designed to prevent disclosure of technical information and technologies detrimental to U.S. national security. In this manner, any invention deemed of sufficient importance to the economic well-being of the United States would not be exploitable on a global basis by the U.S. inventor, thereby leaving the remainder of the global market free to those who copy the U.S. invention based upon its domestic implementation. Thus, the use of a secrecy order under 35 U.S.C. §181 would work to harm U.S. competitiveness on the very technologies it needs to remain preeminent in cutting edge technologies.

2. Which governmental body should be designated by the President to provide the USPTO with the final determination as to which applications should receive this treatment?

The Section does not support blocking publication of patent applications on the basis of importance to the United States economy. For reasons expressed above, suppression of the public disclosure through publication would work against the economic interest of the United States, not advance our economic security.

3. Which mechanisms should a governmental body use, at the time a patent application is filed, to determine that publication at 18-months of that particular application would be detrimental to national economic security?

The Section flatly opposes blocking publication of patent applications on the basis of importance to the United States economy. Again, doing so would be counterproductive to the national economic interest.

4. What criteria should be used in determining that dissemination of a patent application would be detrimental to national economic security such that an application should be placed under a secrecy order?

The Section opposes blocking publication of patent applications on the basis of importance to the United States economy. Moreover, the economic security of the United States is enhanced through publication because publication cuts off the ability for any third party to seek a patent for the same or any obvious subject matter; and it permits

competing U.S.-based entities to have a timely notice of patent filings that may require them to seek early license rights or design around their competitors likely patent protection if licenses are unavailable. Prolonged secrecy simply undermines U.S. economic security.

5. Would regulations authorizing economic secrecy orders be covered by the current statutory authority provided to the USPTO, or would such orders require a new statutory framework?

A new statutory framework, which the Section would oppose, would be needed. The existing authority relating to secrecy orders is found in 35 U.S.C. § 181, which provides the statutory authority to allow the Government to override the requirements for 18 month publication as well as issuance of a patent when the requirements for patentability have been otherwise satisfied in only one narrow circumstance – national security interests of the United States. In the context of the Invention Secrecy Act, “national security” is not expansively read, but instead is narrowly tailored to specific technologies directly affecting National Defense, and even in these cases, secrecy orders only apply for highly sensitive technologies the very identification of which may be confidential or secret. *See Federation of American Scientists, Administration of the Invention Secrecy Act in the Patent and Trademark Office* (1991)(available at <http://www.fas.org/sgp/othergov/invention/admin.html>). Therefore, current implementation of 35 U.S.C. §181 would argue against extending the meaning of “national security” to inventions that are economically important.

6. What would be the effect of establishing a new regulatory scheme based on economic security on businesses, industries, and the economy?

If secrecy orders are regularly granted for national economic security, the effect would be substantial and negative on domestic inventors. Specifically, U.S. inventors would be forced to forgo global patent protection for their most valuable technologies, and if export controls are imposed consistent with these secrecy orders, U.S. inventors would be prohibited from entering the global market entirely. In this manner, the U.S. would conceivably lose its preeminence in technological innovation. As such, in order to prevent such a disastrous outcome, U.S. inventors would likely choose to keep their inventions outside of the patent process to prevent the issuance of secrecy orders, and the public as a whole would likely be denied access to the advancements made by the inventors since patents on such technologies would no longer be published. Furthermore, absent a patent publication of the subject matter the technology may be invented by others outside of the United States, thereby placing U.S. inventors and the U.S. economy more generally at an economic disadvantage.

7. How could Government agencies best perform such a determination while remaining in compliance with applicable laws and treaty obligations?

The Section opposes blocking publication of patent applications on the basis of importance to the United States economy. Moreover, the “best performance” of these

“economic security” determinations is likely to be so highly problematic and counterproductive to U.S. interests that it is unlikely that there will be an “acceptable performance” methodology developed.

8. How would such a policy affect the public notice function that underlies the policy of publication, including the ability of United States inventors and innovators to timely access the newest technical information upon which to build and stay ahead?

As noted above in relation to the answer to question 6, if such secrecy orders are regularly granted for national economic security grounds, the impact could be significant on research. Under the current narrow grounds for granting secrecy orders, the USPTO only issues between 100 and 200 new secrecy orders a year, with FY2011 resulting in 143. Very few of these are issued for inventions made solely in the private sector. Most appear to be inventions where the Government is involved in the technology being developed. See Invention Secrecy Activity (<http://www.fas.org/sgp/othergov/invention/stats.html>). In contrast, should the Government begin imposing secrecy orders on the grounds of national economic security, this expansive new category would greatly increase the chance of a security order being granted, and it would be unlikely that these will be Government-partnered projects. As a result, the truly valuable inventions will likely not issue as published patents if they are filed as patent applications, and more likely will be withheld from the patent publication in favor of trade secrecy restrictions. In this manner, the public would seemingly lose access to the most valuable inventions made in the US, which would also thwart the public notice function noted in the question.

9. What would be the impact on United States innovators, companies, and employers? How would such a secrecy order affect United States businesses that currently have substantial business operations or sales in foreign countries?

Secrecy Orders of any type may constructively take the invention from the inventor by preventing publication, patent issuance, and foreign filing of the application. Most economically important innovations are developed or licensed for commercialization outside the United States. Patent filings in the major markets for the product are typically necessary to optimize the economic value of the innovation. A Secrecy Order for economically critical innovation that is not a threat to national defense appears to thwart the very objective that is intended to serve.

Patent application publication can prove invaluable during the formulation stage of new businesses and for independent inventors in need of investments. Publication of patent applications 18 months after filing allows earlier insight into the state-of-the-art, helping organizations and inventors better pinpoint their research and development investments. It expands the library of prior art available to USPTO's examiners, ensuring greater quality and certainty in the patenting process. Further, publication at 18 months after filing brings us another step closer to harmonizing International patent laws, an important goal in today's global economy.

10. Are there procedures currently available before the USPTO, such as nonpublication requests and prioritized examination, sufficient to minimize risks to applicants and allay concerns with 18-month publication of their inventions? If not, why?

Prioritized examination, patent prosecution highway, and special treatment for green energy and other targeted technologies provide options to enable prompt patent issuance in the United States. Further, the prioritized examination and patent prosecution highway are consistent and in harmony with the efforts of many foreign jurisdictions. The publication of applications and public access to patent files, combined with prioritized examination options, provides greater certainty in the patenting process while enabling reasonably prompt global patent issuance.

11. What are the risks that an economic secrecy order regime would influence other nations to implement similar laws? Would the global implementation of an economic secrecy order regime benefit or hinder the progress of innovation in the United States?

Implementation of an economic secrecy order would act as a divergence from the USPTO efforts toward global patent harmonization. Other nations would likely follow. Already, requirements in some jurisdictions for foreign filing license and first filing in the country where the inventor resides creates hurdles for research collaborations spanning across several nations. The threat to deem innovation subject to an economic secrecy order as abandoned if filed outside the United States adds a particularly harsh complication. Securing the protection of internationally developed innovation would inevitably become more complicated if the United States were to initiate an economic secrecy order regime. A global secrecy order would introduce uncertainty, complications, and perhaps an unsolvable quandary for United States inventors, particularly those collaborating with international researchers.

The USPTO has been collaborating with other nations to streamline examination and searching of patent applications, including for example, patent prosecution highway. The USPTO has generally supported harmonization of patent laws and full implementation of the provisions of WIPO. The first-inventor-to-file provision of the America Invents Act helps to bring the US patent laws into greater harmony with Europe and Japan. Introduction of a Security Order for economically significant information could both impact harmonization efforts and greatly complicate patent filing for innovators that rely on international collaboration and commercialization of their inventions.

12. How would such a secrecy order regime affect international efforts toward a more harmonized patent system?

See question 11.

13. Should the USPTO consider limiting what is published at 18 months?

No. The Section opposes limiting what is published at 18 months. See question 9. Further, open availability of patent applications and certain patent prosecution papers is valuable and consistent with other major patent office practice such as the EPO. Publication and access to prosecution is a valuable service to the public. Limiting publication may impair global patent harmonization, impair improvement of the useful arts, and would seem to reverse, rather than progress, USPTO patent process.

14. How should criteria currently used by United States defense agencies to screen patent applications for potential national security-based secrecy orders pursuant to 35 U.S.C. §181 properly encompass the scope of invention, which may have a bearing on ensuring the United States maintains its technical advantages in defense-related fields?

Under the current procedure, the Department of Defense (or other agency designated by the President as a “defense agency of the United States”) provides the USPTO with criteria to be used by the USPTO in determining which applications should be routed to the Department of Defense (or other agency) for further National Security screening prior to publication. The Section strongly urges that the standards for granting secrecy orders, irrespective of the field of invention, in no way be expanded to embrace inventions that are merely economically important.

15. Are there examples where technologies that could relate to United States defense capabilities that were excluded from consideration for a secrecy order?

The Section is not aware of any examples where specific technologies were excluded from consideration for a secrecy order.

16. What is the competitive cost to expanding the scope of the criteria used to screen applications for security order consideration?

See questions 6 and 9 with respect to the institution of new regulatory scheme based on economic security.

17. Among patent practitioners, is there a common practice of attempting to avoid consideration for a secrecy order by drafting the patent disclosure in such a way as to not raise national security implications of an invention?

The Section is not aware of any common practice aimed at avoiding such consideration.

In closing, the Section appreciates the opportunity to comment on this important issue that could have broad reaching negative economic implications for U.S. inventors. The Section strongly supports timely publication of all patent applications, subject only to the existing application of 35 U.S.C. 181. Publication of patent applications provides certainty for innovators and economic advantage, particularly under the America Invents Act.

The Honorable David Kappos
United States Patent and Trademark Office
June 19, 2012
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If you have any questions on our comments or would wish for us to further explain any of our comments, please feel free to contact me. Either I or another member of the leadership of the Section will respond to any inquiry.

Very truly yours,

A handwritten signature in cursive script that reads "Bob Armitage".

Robert Armitage
Section Chair
American Bar Association
Section of Intellectual Property Law