

TO: The USPTO Office

The following comments are responsive to the April 20, 2012 PTO Federal Register Notice seeking comments of placing economically significant patents under Secrecy Order and the need to review criteria used in determining secrecy orders related to national security.

The House Subcommittee on Commerce, Justice, Science and Related Agencies has instructed the USPTO as follows:

PTO in consultation with appropriate agencies, shall develop updated criteria to evaluate the national security applications of patentable technologies (and) to evaluate and update its procedures with respect to its review of applications for foreign filing licenses that could potentially impact economic security. (H.R. Rpt. 112-116 at pg 19, July 20, 2011)

The Stated Concern

The concern seems to center upon the fact that patent applications are published no earlier than 18 months after the filing date but that it takes about three years for an application to be processed and in that disparate time (roughly 16-18 months) the information supplied in the published application would permit competitors to design around the disclosed U.S. technologies and seize markets before the U.S. inventor is able to raise financing and secure market. (H.R. Rpt. 112-169 at pg 18- July 20, 2011).

If that is the driving force for the U.S. to identify and bar from publication and issuance certain patent applications as detrimental to the nation's economic security, the concern is, in WARF's opinion, overemphasized and the possible solution of a Secrecy Order being placed upon such patent applications ill-conceived, and impractical.

The U.S. Patent System

Moreover, it seems to WARF that the approach suggested flies in the face of the premise of an established patent system which, certainly in the U.S., lies in the disclosure inducement theory where an inventor, as quid pro quo for disclosing his/her invention, has the right to exclude others from practicing that claimed invention for a limited period of time. Thus, the U.S. system was intended to be the motivation for inventing around the technology claimed as well

as for innovation. It was and is a building block in the innovation and expansion of scientific endeavors and has fulfilled its function for over 200 years.

The Definitional Problem

A fundamental, if not THE fundamental problem, lies in the definition of what disclosure is, or would be, detrimental to the nation's economic security. It particularly defies definition at the early stage of patent application publication because, by far, the greatest factor is market need and/or market availability. Because today when it is accepted that we all live in a global economy, market pull is an ever greater determinant of economic success than technology push and until that pull is generated projecting the potential influence of a given specific technology, through evaluation of patent application disclosures, to the point of national economic security is virtually impossible.

The University Perspective

In fiscal year 2009 academic institutions performed about 53% of the nation's total basic research and 36% of all U.S. research (basic and applied) and the federal government provided 59% (\$32.6 billion) of academic spending on science and engineering research and development. (Science and Engineering Indicators 2012 – National Science Board)

A substantial part of those monies are administered under the auspices of the Bayh-Dole Act of 1980, the principal premise of that Act being to use the patent system to promote utilization of inventions arising from federally-supported research or development and the commercialization and public availability of such inventions (35 U.S.C. 200).

In the university sector basic the applicable considerations are as follows:

1. Most of the inventions generated find their origin in the results of basic research and therefore tend to be embryonic in nature.
2. Publication of research results is generally required under federal grant procedures.
3. The university grant/research structure is geared toward publication, not patenting, with publication being the driving force toward tenure and the intention that the public should be aware of and benefit from the information published and permit other scientists to build upon the subject matter disclosed.
4. The decision to seek patent protection on a given invention often occurs after publication.

5. Development of an invention arising from basic research will take on the average of at least 5 to 7 years and much longer (e.g. 10 years) where regulatory approval is required.

These circumstances raise several questions in the context of national economic security:

1. Who has the ability, capability, knowledge, or is sufficiently prescient to determine which of such inventions will have an impact or even affect the economic security of the U.S.?
2. By parity of reasoning should there also be a review of every academic publication to assess its effect on national economic security?
3. Should there be a monitoring of what is disclosed in the classroom or through research collaboration?

Other Concerns

1. What, in fact, constitutes economic national security?
2. What about the impact on the various free trade agreements to which the U.S. is a party?
3. Are tariffs a function or consideration in national economic security?
4. Should, perhaps, the ITC be given the authority to ban importation of goods responding to publication of disclosures and date of patent grant?
5. What about the potential impact of post grant review under the AIA?
6. Will a secrecy order approach contribute anything to the control of industrial espionage?
7. In a global economy and given the communications capability that exists today how can the suggested secrecy order approach be reconciled with the need for patent protection in foreign venues?

National Security

The administration of security-based secrecy orders has been an established practice for many years and is a generally accepted practice. Nevertheless, it should be administered and determination made on a thorough review of patent applications, their content and disclosure by experienced and well-trained personnel and not on the basis of key word checks.

Moreover, with the rapid pace of scientific development frequent review of any security review list should be done to have such lists as current as possible.

Very Truly Yours,



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Managing Director