



JEFFREY L. GERHART  
*Chairman*  
WILLIAM A. LOVING, JR.  
*Chairman-Elect*  
JOHN H. BUHRMASTER  
*Vice Chairman*  
NANCY A. RUYLE  
*Treasurer*  
STEVEN R. GARDNER  
*Secretary*  
SALVATORE MARRANCA  
*Immediate Past Chairman*  
CAMDEN R. FINE  
*President and CEO*

April 10, 2012

*Submitted Via Electronic Mail: TPCBMP\_Rules@uspto.gov*

Ms. Janet Gongola  
Patent Reform Coordinator  
The United States Patent and Trademark Office  
Alexandria, VA 22313

Re: Docket No. USPTO-P-2011-0087 Transitional Program for Covered  
Business Method Patents—Definition

Dear Ms. Gongola:

The Independent Community Bankers of America (ICBA)<sup>1</sup> is pleased to submit comments on the proposed rule issued by The United States Patent and Trademark Office (USPTO), which implements Title XVIII of the Leahy-Smith America Invents Act that requires the USPTO to issue regulations for determining whether a patent is for a technological invention in a transitional post-grant review proceeding for covered business method patents.

The Leahy-Smith America Invents Act (AIA) included important language which creates a transitional program at the USPTO to review covered business method (CBM) patents against the best prior art. The legislative history of the AIA clearly stated the program is essential to improve patent quality, forestall abusive litigation around patents of dubious quality, and “reduce the burden placed on the courts and the economy.”<sup>2</sup> ICBA strongly urges that the rules implementing the program be drafted to meet the Congressional intent and at a cost which ensures that the program is available to entities of all sizes.

---

<sup>1</sup> The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers they serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever changing marketplace.

With nearly 5,000 members, representing more than 20,000 locations nationwide and employing nearly 300,000 Americans, ICBA members hold \$1.2 trillion in assets, \$960 billion in deposits, and \$750 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA’s website at [www.icba.org](http://www.icba.org).

<sup>2</sup> 157 Cong. Rec. S1363 (daily ed. Mar. 8, 2011) (statement of Sen. Charles Schumer)

While ICBA is supportive of a fee model that ensures the USPTO has sufficient resources for a sustainable and effective transitional business review program, we are concerned that this fee structure favors larger institutions. ICBA is concerned that patent holders may unfairly target smaller institutions that might not have the resources to initiate a post grant review under this program.

Therefore, ICBA recommends that the USPTO make two modifications to the proposed fee structure: first, reduce the fee for a business method review in instances where the petition is filed by a small entity with fewer than 500 employees, and second, divide the fee into an “application fee” where the balance is not owed unless the USPTO agrees to undertake the review. Such a structure would help ensure that owners of business method patents do not attempt to extract settlements from small entities, such as community banks, using a settlement value that is based on avoiding the cost of filing a business method review.

In order to maximize the benefit to overall patent quality, and minimize the harm done to the U.S. economy, including community banks and the small businesses they serve, ICBA encourages the USPTO to write final rules that allow the broadest possible usage of the CBM patent review program.

Towards this end, ICBA supports the USPTO’s definition of “technological invention” contained in the proposed rule, however, the text and legislative history of the AIA reveal that the USPTO should err in favor of permitting review of the patent under challenge, and therefore, the ultimate burden of persuasion should be on the patentee to show that the patent is a “technological invention.” Accordingly, ICBA urges the USPTO to clarify that the petitioner need only make a prima facie showing (rather than “demonstrate”) that the patent for which review is sought is a covered business method patent. Further, ICBA recommends that the definition of “technological invention” be amended by adding a new sentence to the end, as follows: “The burden of persuasion shall be on the patentee to show that claimed subject matter satisfies this definition.”

On the issue of eligibility for the CBM program, the proposed rule state that a petitioner may not file a petition seeking review under the transitional business method program unless that petitioner has been “sued for infringement of the patent or has been *charged with infringement* under that patent.” (emphasis supplied). We agree with those who have suggested that the USPTO should apply a test similar to that used in the district courts to determine whether declaratory judgment jurisdiction is present. *See MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118 (2007). As recently stated by the Federal Circuit, declaratory jurisdiction is present:

when the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality...[t]he dispute must be definite and concrete, touching the legal relations of parties having adverse legal interests, such that the dispute is real and substantial

and admi[ts] of specific relief... (*Arris Group Inc.*, 639 F.3d at 1373-74). This proposal is fully consistent with the text and legislative history of the AIA, which makes clear that the regulations implementing the CBM program were to be drafted so as to apply the program “as broadly as possible” in view of the fact that it is “more costly to our economy” when dubious patents escape review.

Finally, ICBA recommends that the USPTO construe “financial products or services” in its broadest sense. In the absence of such construction, also supported in the legislative history, those most likely to assert covered patents to harass institutions will simply employ clever tactics to draft claims which mask the true application of the patents at issue, an eventuality specifically contemplated and condemned by the authors of the provision.

Again, ICBA appreciates the opportunity to comment on this important rulemaking. Please do not hesitate to contact me at [cary.whaley@icba.org](mailto:cary.whaley@icba.org) or 202.659.8111 with any questions regarding our comments.

Sincerely,

/s/

Cary Whaley  
Vice President, Payments and Technology Policy