



January 18, 2017

**VIA EMAIL: [101Roundtable2@uspto.gov](mailto:101Roundtable2@uspto.gov)**

The Honorable Michelle K. Lee  
Undersecretary of Commerce for Intellectual Property  
and Director of the United States Patent and Trademark Office  
United States Patent and Trademark Office  
600 Dulany Street  
Alexandria, VA 22314

**Re: Notice of Roundtables and Request for Comments Related to Patent Subject Matter Eligibility, 81 Fed. Reg. 200, pp. 71485-89 (October 17, 2016)**

Dear Undersecretary Lee:

The Entertainment Software Association (ESA) welcomes the opportunity to respond to the United States Patent and Trademark Office's (USPTO) October 17, 2016 Request for Comments Related to Patent Subject Matter Eligibility. We commend the USPTO's efforts to improve the quality of patents, which we believe will restore much-needed balance to patent law and policy.

ESA is the U.S. association exclusively dedicated to serving the business and public affairs needs of companies that publish computer and interactive games for video game consoles, handheld devices, personal computers, and the Internet. It represents nearly all of the major video game publishers and major gaming platform providers in the U.S. In 2015, the U.S. video game industry generated more than \$23.5 billion in revenue, added more than \$6.2 billion in value to U.S. GDP and directly and indirectly employed more than 146,000 people in 36 states.

The video game industry is consumer-focused, with a well-earned reputation for being at the forefront of innovation and job creation. The USPTO already recognizes the importance of our industry in educating students in the technical skills necessary for jobs of the future. For example, for the third year in a row, the USPTO's Office of Education and Outreach hosted JamTech, a hands-on education experience designed to teach students how to build and program their own video games and also educate them on the vital role strong patent protection plays in the development and commercialization of new gaming technologies.

ESA members own global patent portfolios containing hundreds of patents that advance the state of the art in entertainment software and hardware, ranging from animation, image generation and processing, game server architecture, gesture-based input technology, episodic content delivery, wearable hardware and accessories to social networking integration, avatar-based virtual world chatting and virtual reality hardware. However, due to its growing profile, the industry has become a constant target of patent assertion entities employing poor-quality patents in order to extract unfair settlements. The surge in litigation over poor-quality patents is having a real-world impact on video game companies, who now must adjust their budgets to account for nuisance litigation.

### **The Value of High-Quality Patents and Technology-Neutral Examination**

The quality of patents is of high importance to the video game industry. Strong patents form the backbone of a well-functioning marketplace for collaboration in research and development, licensing and innovation. Appropriately narrow claims that clearly outline the patent-eligible invention benefit our companies by allowing them to make informed decisions about acquisition, licensing and enforcement. The examination process plays a key role in raising and maintaining quality and we are generally supportive of the USPTO's initiatives in this area including: (1) promoting increased communication between examiners and applicants; (2) providing examiners with adequate time, incentives and resources in order to properly examine applications, especially as technologies become increasingly complex; and (3) furnishing examiners with continuous training as well as guidance to applicants as subject matter eligibility law evolves (such as the November 2016 guidelines issued on *McRO* and *Bascom*, both of which our members have found to be useful). We appreciate and commend these efforts, but we would also like to register our concern about potentially inconsistent outcomes when it comes to the examination of computer-related inventions by different art units. In addition to the previously-mentioned undertakings on quality, we ask that the USPTO furthermore focus on maintaining consistency in art units when examining applications for software-related inventions.

On the issue of consistency, we are concerned that a perception exists that examination by different art units produces different outcomes. It is troubling that these variations encourage a type of forum-shopping where applicants engage in manipulating the classification system in order to be placed in an art unit that is less likely to issue an *Alice* rejection, even if the invention is essentially the same. We understand that the unsettled issue of subject matter eligibility can negatively affect the quality of the resulting patents if applications involving similar technologies are treated differently in different art units. Not only does this inconsistent treatment undermine applicant trust and confidence in the impartiality of the system, it also leads to the rejection of

worthy inventions that contribute to the advancement of the art while allowing the issuance of overbroad claims, which ultimately fuel frivolous litigation. One way to maintain the integrity of the process is to improve the quality of office actions. Examiners need better-reasoned arguments, drawing on other relevant aspects of patent law, in their rejections and not rely solely on boilerplate section 101 language when making rejections. Better training and accountability for examiners across all art units (not just those who focus on business methods and ecommerce) in the case law and its effective application to the facts as well as efficient searching tools and resources, particularly when with regard to non-patent literature, quality assurance review and greater examiner-applicant interaction, could all work to substantially minimize inconsistencies.

### **Conclusion**

Overbroad patents can harm innovation. They do not add meaningfully to the base of public knowledge, make it difficult for companies to avoid committing infringement and fuel excessive litigation. ESA appreciates the USPTO's efforts to improve the quality of the patents it issues and we believe that these efforts will have beneficial downstream effects including by restoring the balance between stakeholders, particularly in enforcement. These benefits will enable our members to more easily protect their inventions while avoiding infringement and instead focus on developing next-generation technologies.

Should the USPTO have any questions or comments concerning ESA's response, please contact Stanley Pierre-Louis or Ben Golant at (202) 223-2400.

Respectfully submitted,



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