



Licensing Executives Society

(U.S.A. and Canada), Inc.

A Member Society of the Licensing Executives Society International

March 7, 2019

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The Honorable Andrei Iancu
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
U.S. Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Via email: Eligibility2019@uspto.gov

Re: Licensing Executives Society (U.S.A. and Canada), Inc. Comment re
"2019 Revised Patent Subject Matter Eligibility Guidance," Federal Register,
Volume 84, No. 4 (Jan. 7, 2019), Docket No. PTO-P-2018-0053

Dear Under Secretary Iancu:

The Licensing Executives Society (U.S.A. and Canada), Inc. ("LES") appreciates the opportunity to comment on the U.S. Patent and Trademark Office ("USPTO") 2019 Revised Patent Subject Matter Eligibility Guidance. LES strongly supports the proposed change as one that will bring the USPTO patent examination and appeal process into greater alignment with judicial precedent as a whole, restore the traditional practice of a broad interpretation of patent eligible subject matter, and increase predictability, efficiency, and reliability in the U.S. patent system. Further, by bringing greater predictability and reliability to the US patent system, this change will re-invigorate innovation in America, and enhance corresponding investment and economic activity.

LES is a non-partisan, non-profit, volunteer-driven professional society devoted to speeding innovation to market. For over 50 years, LES has been the only professional society devoted exclusively to promoting innovation and the public well-being through the licensing of intellectual property. We represent all industries, from high technology to pharma and biotech. Our 2,500 members are inventors, entrepreneurs, small businesses, business executives, accountants, and lawyers. We represent licensors as well as licensees. In short, we represent all sides in all quadrants of the innovation economy. We are a member society of the Licensing Executives Society International (LESI), a global community of over 8,000 senior licensing professionals committed to predictable, reliable, and durable intellectual property rights.

LES strongly supports your implementation of the 2019 Revised Patent Subject Matter Eligibility Guidance. Further, LES strongly urges the USPTO to implement appropriate training for its personnel to ensure that the Guidance is properly and consistently applied throughout the USPTO, especially by patent examiners and PTAB judges.

The Guidance will improve and expedite the work of the USPTO by restoring an approach to patent examination that is consistent with traditional notions of patent subject matter eligibility. The Guidance more properly respects the discrete statutory provisions of utility, novelty, and non-obviousness, while nonetheless acknowledging that there might be certain specified exceptions under 35 U.S.C. 101.

This Guidance will go a long way toward restoring predictability and enhancing certainty in the US patent system; and this, in turn, will enhance innovation, business creation, and economic activity. Moreover, this Guidance will ensure a level playing field; and in so doing, will foster a diverse marketplace for all, from sole inventors to large multi-national corporations.

LES is of the view that legislative action will nonetheless be necessary to fully achieve these objectives, and to restore the US patent system to its proper place of preeminence. Such legislative action will ideally clarify that a broad, inclusive, and clear definition of patent eligible subject matter will best serve our national interest, stimulate our economy, and serve society as a whole. We encourage you to work with your colleagues in Congress toward that end.

Recent precedent, especially the triad of *Alice*, *Mayo*, and *Myriad*, has thrust the law of patent eligible subject matter into profound uncertainty. Lower court judges have complained that a patent policy driven by Supreme Court precedent has left them with a difficult task. *E.g.*, *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1354 (Fed. Cir. 2018)(Plager, J., concurring in part, dissenting in part, and noting in a section entitled “The Emperor Has No Clothes” that “There is almost universal criticism among commentators and academicians that the 'abstract idea' idea has created havoc in the patent law. The testimonials in the blogs and elsewhere to the current mess regarding our § 101 jurisprudence have been legion. There has even been a call for abolishing § 101 by the former head of the Patent and Trademark Office.”); and *Berkheimer v. HP, Inc.*, 890 F.3d 1369 (Fed. Cir. 2018)(Lourie, J., concurring in denial of petition for rehearing) (“However, I believe the law needs clarification by higher authority, perhaps by Congress, to work its way out of what so many in the innovation field consider are § 101 problems. Individual cases, whether heard by this court or the Supreme Court, are imperfect vehicles for enunciating broad principles because they are limited to the facts presented. Section 101 issues certainly require attention beyond the power of this court.”); *see also* David O. Taylor, “Amending Patent Eligibility”, *UCDL Rev.* 2016, Vol. 50:2149 (2017) (noting widespread uncertainty in law of patent eligibility attributable to recent precedent).

With the associated increased risk and uncertainty, investment in innovation in the US will likely decline and move overseas where it is perceived that patent eligibility

standards are more clear. Although the scope of this effect is uncertain, it can be expected to diminish American innovation. Meanwhile, in Europe and China innovators are receiving patents for inventions that US judges are finding ineligible. If left unchecked, these trends will have an unfortunate effect on American innovation and our economy. *See* Madigan, Kevin and Mossoff, Adam, “Turning Gold to Lead: How Patent Eligibility Doctrine Is Undermining U.S. Leadership in Innovation” (April 13, 2017). *George Mason Law Review*, vol. 24, 2017, pp. 939-960; *George Mason Law & Economics Research Paper No. 17-16*. Available at SSRN: <https://ssrn.com/abstract=2943431>.

The 2019 Revised Guidance answers the call for greater clarity, certainty, and adherence to traditional notions of patent eligible subject matter in a practical and prudent manner that better ensures society will reap the full benefit of our patent system, and we fully support its full implementation.

LES appreciates your careful consideration of these comments. We commend the USPTO’s efforts to revisit and refine its patent examination procedures to comport with traditional principles of patent eligibility. We encourage you to call on us for any assistance you think we might lend. Our community is eager to work with you in your efforts to improve the US patent system for the benefit of society as a whole.

Very best regards,

Brian O’Shaughnessy
Past President
LES (U.S.A. & Canada), Inc.

Very best regards,

Robert Held
President and Chair of the Board
LES (U.S.A. & Canada), Inc.