

March 8, 2019

The Honorable Andrei Iancu  
Under Secretary 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

*via email:* Eligibility2019@uspto.gov

**RE: Comments on “2019 Revised Patent Subject Matter Eligibility  
Guidance” 84 Fed. Reg. 50 (January 7, 2019)**

Dear Under Secretary Iancu:

I am writing to comment on the guidance that the U.S. Patent and Trademark Office (“Office”) recently published regarding the law of patentable subject matter in the United States, “The 2019 Revised Patent Subject Matter Eligibility Guidance,” (“Revised Guidance”). By way of background, I am a registered patent attorney. In my career, I have prosecuted hundreds of patent applications and handled many dozens of appeals before the Patent Trial and Appeal Board (“PTAB”). Many of the patent applications that I have prosecuted have been directed to software inventions that involve mathematical algorithms and/or economic concepts. Accordingly, I have extensive experience prosecuting patent applications that are related, at least facially, to some of the fields of innovation that may be affected by the Revised Guidance.

I am providing these comments in my own capacity as a registered patent practitioner, and not on behalf of any firm or client with whom I may be associated.

**I. Executive Summary**

At the outset, I want to applaud the efforts of Office leadership in making bold moves to address the reported crisis in patentable subject matter law. The goal of improving consistency in the adjudication of patent rights is laudable. I strongly agree with you that consistency is crucial in the area of business and property rights. This is why I am writing to draw attention to the potential for the Revised Guidance to undercut, rather than improve, predictability in the adjudication of patent rights, as explained further below.

My overall recommendation is to consider advocating for changes in the law of patentable subject matter rather than pressing the limits of the Office’s rulemaking authority in this area. Although this overall recommendation may seem to be academic, it results in the following specific and concrete proposals:

- Consider backtracking from efforts to interpret the law of patentable subject matter, including efforts made through the Revised Guidance, for at least these reasons:
  - First, some may view efforts by the Office to influence the law of patentable subject matter as being contrary to statutory limitations on the Office’s rulemaking powers.
  - Second, and related to the first point, the Revised Guidance in its current form leaves unanswered important questions about how the Office intends to enforce

compliance with the Revised Guidance—and providing clear answers to these questions may further highlight the potential for controversy over statutory separation of powers, especially in the context of instructions to administrative patent judges.

- Third, efforts to influence the law of patentable subject matter through Office policymaking guidance, including the Revised Guidance, may thereby subject this area of the law to instability and oscillation—which are the opposite of the consistency goals that you are seeking—because your position as Director is politically appointed with frequent turnover.
- As a constructive substitute to the actions that I recommend avoiding, I suggest that the Office consider lobbying for improvements to the law of patentable subject matter. I genuinely believe that such a lobbying effort will create a greater chance than the Revised Guidance does of improving consistency in the law of patentable subject matter, while also helping your administration to avoid the controversies that are listed above. More specifically, you may consider performing one or more of the following:
  - signing one or more merits, intervenor, and/or amicus briefs advocating for improvements to the law of patentable subject matter, and sounding the alarm regarding the harm caused by the current state of the law;
  - handpicking and shepherding one or more ideal vehicle patent appeals through the federal court system, potentially up to the Supreme Court, to demonstrate the current inadequacy of the state of the law of patentable subject matter;
  - lobbying Congress for amendments to improve the text of 35 U.S.C. 101; and
  - coordinating with associations including the Intellectual Property Owners Association (“IPO”) and the American Intellectual Property Law Association (“AIPPLA”) to advocate for their agreed-upon proposed amendments to 35 U.S.C. 101.<sup>1</sup>

## **II. Reason 1 for considering backtracking from the Revised Guidance: Despite the benefits that may result from Office efforts to improve the law of patentable subject matter through Office policy guidance, some may allege that these efforts step beyond statutory limitations on the Office’s rulemaking powers**

The first important reason to consider backtracking from the Revised Guidance is that it may cause controversy over the statutory limitations on the Office’s rulemaking powers. The Federal Circuit has consistently held that the Office lacks “substantive” rulemaking powers. *Animal Legal Defense Fund v. Quigg*, 932 F.2d 920 (Fed. Cir. 1991); *Merck & Co., Inc. v. Kessler*, 80 F.3d 1543 (Fed. Cir. 1996); *Tafas v. Doll*, 559 F.3d 1345 (Fed. Cir. 2009). In view of this settled case law, the Revised Guidance creates a risk of unintended political controversy and blowback.

The statutory limitations on the Office’s rulemaking powers are not academic. These specific limitations sank the signature effort by two of your predecessors, Directors Dudas and Doll, to regulate continuation practice in *Tafas*. For parallel reasons, efforts by the Office to develop, directly or indirectly, the law of patentable subject matter create a risk of another confrontation with the Federal Circuit or with administrative patent judges, as discussed further below. Most importantly, the specter of the Federal Circuit ultimately failing to agree with the Revised

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<sup>1</sup> <https://www.aipla.org/policy-advocacy/legislative/joint-aipla-ipo-proposal-on-patent-eligibility>

Guidance creates a risk that any patents issued, with your signature, based on the *de facto* pro-patent case law interpretations in the Revised Guidance will thereby become vulnerable to invalidation and unenforceability.

There are several different reasons to ask whether the Revised Guidance oversteps statutory limitations by attempting to change substantive patent law, despite the disclaimer within the Revised Guidance that it does not. 84 Fed. Reg. 50, 51. The question of patentable subject matter goes to the heart of substantive patent law and is far removed from the Office’s more traditional sphere of statutory rulemaking authority, including more mundane questions about “the conduct of proceedings in the Office,” such as setting filing fees, setting paperwork due dates, and designating Office closings during holidays and weather emergencies. 35 U.S.C. 2 (b)(2). The question of patentable subject matter is also arguably more substantive in nature than the law governing continuation practice in *Tafas*. For example, in response to public comments warning the Office that the rulemaking package in *Tafas* would step beyond the Office’s statutory rulemaking limits, the Office responded with a similar disclaimer denying this fact—yet the Federal Circuit ultimately held otherwise. 72 Fed. Reg. 46,716, 46,808.

Another reason to ask whether the Revised Guidance oversteps statutory limitations on rulemaking power is that the Revised Guidance appears to constitute the most aggressive attempt yet by the Office to influence the law of patentable subject matter through policymaking guidance. For example, the Revised Guidance has already been widely interpreted as significantly changing the practice of patent examination to benefit patent applicants.<sup>2</sup> This contrasts with previous instances of Office guidance on patentable subject matter, which were not interpreted as benefiting patent applicants to the same extent. Moreover, the Revised Guidance includes apparently novel instructions to administrative patent judges, whereas the previous interim guidance contained no such instructions (see also the discussion *infra* at 6).

To be specific, the Revised Guidance contains two controversial interpretations of substantive patent law. First, the Revised Guidance effectively divides step 1 of the *Alice/Mayo* test into two substeps, USPTO step 2A(i) and (ii) by newly injecting step 2A(ii) into the previous analysis—even though step 2A(ii) will strike some readers as redundant to USPTO step 2(B). Second, the Revised Guidance effectively creates, with only one minor exception, a limited set of “abstract idea” categories from which Office employees must select. Moreover, this development further creates a procedural obstacle for both examiners and administrative patent judges who seek in good faith to deviate from this limited set. For example, this latter development is so aggressive that it requires junior PTAB judges to notify “PTAB leadership by a written request for clearance” prior to deviating from this specified set of abstract ideas. 84 Fed. Reg. 50, 51 and 57 n. 42. This latter change is in tension with the refusal of the Supreme Court to provide a limiting definition of the term “abstract idea.” *Alice Corp. Pty. Ltd. v. CLS Bank Intern.*, 134 S.Ct. 2347, 2357 (2014). Critical readers may allege that both of these changes find no clear support in federal case law—and some of these readers may sit on the PTAB itself. At least some administrative patent judges may feel that the Federal Circuit, after being reversed repeatedly by the Supreme Court on the topic of patentable subject matter, is likely to view these *de facto* pro-patent changes to the law of

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<sup>2</sup> See, for example, the blog post “New 101 Guidance from USPTO – What Does It Change?” at <https://www.knobbe.com/news/2019/01/new-101-guidance-uspto-%E2%80%93-what-does-it-change>. (“It is now much easier and faster for Examiners to find claims eligible unless they are very broad and very abstract.”).

patentable subject matter with a skeptical eye, thereby creating a risk of confrontation with members of the Board or the Federal Circuit, as discussed further below.

**III. Reason 2 for considering backtracking from the Revised Guidance: the Revised Guidance leaves unanswered important questions about how the Office intends to enforce compliance with the Revised Guidance, and clear answers to these questions would further highlight the potential for controversy over statutory separation of powers**

In view of the Federal Circuit’s recognition of the statutory limitations outlined above, the Revised Guidance includes the following standard boilerplate disclaimer:

This guidance does not constitute substantive rulemaking and does not have the force and effect of law. The guidance sets out agency policy with respect to the USPTO’s interpretation of the subject matter eligibility requirements of 35 U.S.C. 101 in view of decisions by the Supreme Court and the Federal Circuit. The guidance was developed as a tool for internal USPTO management and does not create any right or benefit, substantive or procedural, enforceable by any party against the USPTO. Rejections will continue to be based upon the substantive law, and it is those rejections that are appealable to the Patent Trial and Appeal Board (PTAB) and the courts. All USPTO personnel are, as a matter of internal agency management, expected to follow the guidance. Failure of USPTO personnel to follow the guidance, however, is not, in itself, a proper basis for either an appeal or a petition.

84 Fed. Reg. 50, 51.

This disclaimer may help to assuage a concern that the Revised Guidance oversteps the Office’s rulemaking powers. Nevertheless, in addressing this concern regarding statutory separation of powers, the Revised Guidance explicitly denies patent applicants any remedy in situations where Office employees fail to comply with the Revised Guidance, thereby creating a different concern regarding enforceability.

It is helpful to consider the concern over enforceability from two different perspectives: the perspective of patent applicants and the perspective of Office employees, including both examiners and administrative patent judges. From the perspective of patent applicants, if a patent examiner “injures” a patent applicant by failing to follow a pro-patent interpretation of the law from the Revised Guidance, yet the applicant cannot seek redress by way of either “appeal or petition,” then these applicants may speculate about whether Office resources might be better directed to efforts that create tangible and enforceable rights for Office stakeholders (I propose such substitute efforts at the end of these comments). Similarly, these applicants may ask what prevents patent examiners, who are incentivized in many scenarios to reject patent applications, from simply ignoring the Revised Guidance. Additionally, these patent applicants may speculate about how Office management will monitor and detect failures to comply with the Revised Guidance, since applicants themselves are best positioned to report these failures and Office employees, in contrast, are unlikely to report their own mistakes.

Additionally, the failure to provide a remedy through either appeal or petition may conflict with the Federal Circuit’s holding that the MPEP “describe[s] procedures on which the public can rely.”

*Patlex v. Mossinghoff*, 758 F.2d 594, 606 (Fed. Cir. 1985), since the Revised Guidance “supersedes” portions of the MPEP and, like previous versions of this guidance, may be incorporated in a finalized form into the MPEP. 84 Fed. Reg. 50, 51. *See also Morton v. Ruiz*, 415 U.S. 199 (1974) (internal manual binding on agency); *In re Kaghan*, 387 F.2d 398, 401 (C.C.P.A. 1967) (“[W]e feel that an applicant should be entitled to rely not only on the statutes and Rules of Practice but also on the provisions of the MPEP in the prosecution of his patent application.”); 5 U.S.C. § 551(4) (broad definition of agency “rule” to include “the whole or a part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency”).

One reason why the Office might promulgate this guidance is that current Office leadership views itself as having the authority to enforce the Revised Guidance even if patent applicants themselves cannot. Obviously, examiners are employees who work under the Director. Similarly, Federal Circuit precedent suggests that the Director has the power to effectively overrule administrative patent judge votes by “stacking panels” of these judges, as discussed further below. *In re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994) (en banc).<sup>3</sup> More generally, both examiners and administrative patent judges are Office employees who serve under the Director with the caveat that these employees enjoy certain statutory federal employee protections. For example, administrative patent judges are Article I judges who by constitutional design lack the protections given to Article III judges of life tenure and guaranteed salaries.

From the perspective of both examiners and administrative patent judges, the Revised Guidance raises the important question of how Office management will react to failures by Office employees to comply with the Revised Guidance, regardless of whether these failures are due to accident or insubordination. Accidental failures may be easy to address by issuing corrected Office communications to patent applicants, for example, yet the question of employee insubordination is more challenging to answer.

To illustrate the dilemma here, I would invite you to consider the example of an Office employee with the good faith belief that the Revised Guidance deviates from Federal Circuit case law and thereby oversteps the statutory limitations on the Office’s rulemaking authority and/or the good faith belief that the Revised Guidance undermines the judicial independence of a member of the PTAB.<sup>4</sup> This employee might protest: “*the Office cannot fairly ask me to enforce rules that the Office has no authority to make.*” In other words, the employee may protest that, if the Revised Guidance “does not create any right or benefit, substantive or procedural,” 84 Fed. Reg. 50, 51,

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<sup>3</sup> *But see* the Golden article discussed *infra* at page 8 and n. 10 (arguing that the *Alappat* court did not reach a majority on the issue of panel stacking and, therefore, contrary to widespread belief, the decision in *Alappat* does not constitute a precedential holding that this practice is permissible under the law).

<sup>4</sup> In other words, in the context of Board judges, there are two separate and independent concerns regarding statutory separation of powers: (i) separation of powers between the Office and the Federal Circuit when interpreting substantive patent law, as discussed in *Merck* and *Tafas*, and (ii) separation of powers between the Office and the Board, as discussed in *Alappat*.

how can the Office fairly direct Office employees to provide these nonexistent benefits to patent applicants?

Although it is unlikely that an examiner would go to such lengths to defy Office leadership by refusing to comply with the Revised Guidance, it is not unlikely that an administrative patent judge would do so, because these judges are arguably intended to have a degree of judicial independence, and because the Revised Guidance arguably does deviate from Federal Circuit case law, as discussed *supra* at 3. Indeed, without further revision to the Revised Guidance, I predict that such a confrontation with an administrative patent judge is inevitable.

As alluded to above, the Revised Guidance contains apparently novel instructions to administrative patent judges on substantive patent law. These instructions include:

- All USPTO personnel [which includes administrative patent judges] are, as a matter of internal agency management, expected to follow the guidance.” (84 Fed. Reg. 50, 51)
- “[T]his 2019 Revised Patent Subject Matter Eligibility Guidance explains that the examiner or administrative patent judge will proceed in accordance with existing USPTO guidance as modified in April 2018.” (*Id.* at 51)
- “Similarly, in the rare circumstance in which a panel of administrative patent judges (or panel majority) believes that a claim reciting a tentative abstract idea should be treated as reciting an abstract idea, the matter should be brought to the attention of the PTAB leadership by a written request for clearance.” (*Id.* at 57, n. 42)

The instructions quoted above thereby rekindle a longstanding controversy over the independence of Board judges, because these instructions direct Board judges on how to decide questions of patentable subject matter. The controversy over the judicial independence of Board judges dates back at least to 1927, as discussed in *Alappat*. 33 F.3d at 1535.

To illustrate the potential for controversy, the PTAB routinely reminds patent applicants that Office guidance does not bind it. *See, e.g.*, the blog post “Do examiners really need to follow the Berkheimer memo?”<sup>5</sup> This blog post highlights a number of illustrative decisions from the PTAB reminding applicants that Office guidance is essentially unenforceable. These decisions repeat the same language:

[W]e note that an examiner's failure to follow the Director's guidance is appealable only to the extent that the examiner has failed to follow the statutes or case law. To the extent the Director's guidance goes beyond the case law and is more restrictive on the Examiner than the case law, the failure of the Examiner to follow those added restrictions is a matter for petition to the Director.

*Ex parte Hammock*, Appeal No. 2016-007736, slip op. at 9 (PTAB Apr. 3, 2018). Because PTAB judges have a tradition of informing appellants that Office guidance on patentable subject matter is not binding on the PTAB, at least some of these judges (from among more than 200) may not welcome the new encroachment, however slight, on their judicial independence that is posed by the instructions in the Revised Guidance. Moreover, the standard statement here that “the failure of the Examiner to follow those added restrictions is a matter for petition to the Director” is

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<sup>5</sup> <http://allthingspros.blogspot.com/2018/05/do-examiners-really-need-to-follow.html>

arguably incorrect because, as quoted above, Office guidance itself consistently states that the guidance cannot be enforced through appeal “or petition.” 84 Fed. Reg. 50, 51.

As a second example of the potential for controversy, PTAB leadership has already suggested that it views itself as lacking the power to give instructions to junior PTAB judges on how to decide questions of substantive patent law. This follows naturally from the fact that PTAB leadership has repeatedly resorted to the controversial practice of “panel stacking” to effectively overturn the votes of certain judges, rather than simply instructing these judges on how to decide their appeals.<sup>6</sup> The issue of panel stacking has also recently reemerged, with renewed relevance, in the age of AIA trials at the PTAB. *See, e.g.*, Transcript of Oral Argument at 64, *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, 584 U.S. \_\_ (2018) (No. 16–712).

For example, PTAB judges have already demonstrated a willingness to dissent from the Director’s policy preferences by forcing PTAB leadership to repeatedly expand a panel, in the same appeal, without changing their votes. *Target Corp.*, No. IPR2014-00508 (Paper 18, Sept. 25, 2014). Instead, these judges issued a dissent even after two incremental instances of rehearing and panel expansion. *Id.* (Paper 31, Feb. 12, 2015). This example is merely illustrative and other PTAB judges have similarly dissented from the Director’s policy preferences in other appeals. As another illustrative example, all three Board members in the original *Alappat* Board opinion dissented from the decision on rehearing, even after Board leadership expanded the panel on rehearing to overturn their votes. *Alappat*, 33 F.3d at 1531. The fact that PTAB leadership has resorted to panel stacking, rather than issuing direct instructions to judges, is also consistent with the Supreme Court’s observation that the Office head is “bound by Board determinations.” *Brenner v. Manson*, 383 U.S. 519, 523 n. 6 (1966).<sup>7</sup> This apparent concession on the part of PTAB leadership makes the current instructions to administrative patent judges in the Revised Guidance all the more surprising and even perplexing.

The extensive discussion between Federal Circuit judges en banc in *Alappat* provides an example of how this controversy may unfold. The majority in *Alappat* upheld a form of panel stacking over a dissent authored by Judge Mayer (who still sits on the court with senior status) and joined by Judge Michel (who has since retired from the court). *Id.* at 1571.<sup>8</sup> Both of these judges later took on leadership of the Federal Circuit as Chief Judge in succession to each other. In the dissent that they signed in *Alappat*, these judges observed that: “[o]f primary importance are both the decisional independence of the individual members of the adjudicatory body, and assurance that the decisions of the body as a whole are free from undue influence.” *Id.* at 1574. In contrast, Judge Plager wrote a concurrence emphasizing the deference that, in his view, Board judges owe to the agency head as a politically appointed leader of a federal agency. *Id.* at 1577.

*Alappat* illustrates how a Board judge who refuses to comply with Office policymaking on the topic of patentable subject matter may be effectively overturned through panel stacking, although it is not clear that current PTAB leadership would be willing to go so far to enforce the Revised

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<sup>6</sup> I recognize that some take issue with the term “panel stacking” as having pejorative connotations despite being defensible on legal and policy grounds. I am simply using the term as convenient shorthand without intending to imply anything pejorative by that label.

<sup>7</sup> Although this statement in dicta from the Supreme Court in 1966 is worth considering in the context of the Revised Guidance, it is not clear to me whether intervening statutory changes might alter how applicable the statement remains to Board judges in their modern form.

<sup>8</sup> *But see* the caveat *infra* at page 8 and n. 10.

Guidance. Recently, PTAB leadership has reserved the practice of panel stacking for topics such as joinder in AIA trials, over which there has been panel dependency yet still comparatively less *political* disagreement than for the topic of patentable subject matter. Nevertheless, the specter of PTAB leadership using panel stacking to reach predetermined outcomes on the more politically-charged question of patentable subject matter is hardly academic—it was discussed at length by the Federal Circuit en banc in *Alappat*. Indeed, you have recently defended a more aggressive use of panel stacking in the pursuit of the laudable goals of increased uniformity and predictability,<sup>9</sup> which are the same public policy goals cited in the Revised Guidance. 84 Fed. Reg. 50. This further raises the question of whether you would consider using, like Commissioner Lehman in *Alappat*, the controversial practice of panel stacking to enforce internal Office policymaking on substantive patent law, including enforcing compliance with the Revised Guidance.

To help answer this question, there are powerful legal and public policy arguments for avoiding the practice of panel stacking. Consistent with the *Alappat* dissent by Judges Mayer and Michel outlining problems with panel stacking, at least one long-respected law professor, John Golden at The University of Texas at Austin, argues that the Federal Circuit has not actually blessed the practice of panel stacking in its modern form, nor is it constitutional under his analysis, because it violates the Due Process clause.<sup>10</sup> Similarly, another law professor has outlined significant harms caused by panel stacking:

The particular details of panel-stacking have done injury to due process, and the result-oriented posture of injecting political judgments into patent validity has likewise done injury to the property interests that inhere in patent rights. Meanwhile, both panel-stacking and the evading of judicial review have undermined the agency’s ability to make credible commitments.<sup>11</sup>

In sum, you may wish to consider backtracking from the Revised Guidance to avoid additional controversy over its enforcement mechanism. Although it may be tempting in a short timeframe to use one of the potential enforcement mechanisms outlined above—whether instructions to employees, effective threat of dismissal, panel stacking, or any other analogous mechanism—I hope that the discussion above illustrates how using one of these mechanisms may cost more to your administration, in terms of unintended controversy and blowback, than any other benefits that might be obtained. Moreover, if you decline to use any of these enforcement mechanisms, then the Revised Guidance would become truly unenforceable and therefore of dubious value, if any value at all.

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<sup>9</sup> This is one example of your public statements on this issue: <https://www.lw.com/mediaCoverage/skilled-in-the-art-introducing-iancu>

<sup>10</sup> The law professor, John Golden, has given a presentation on this research-in-progress without yet publishing it. See <https://ibl.law.uiowa.edu/article/ibl-and-iowa-law-review-host-administering-patent-law-symposium> (“Professor Golden argued that such ‘panel stacking’ is constitutionally suspect, and that other mechanisms of supervision (such as rulemaking) may more effectively comport with the Constitution.”).

<sup>11</sup> Vishnubhakat, Saurabh, *Disguised Patent Policymaking*, at 32 (August 27, 2018). Available at SSRN: <https://ssrn.com/abstract=3242146> or <http://dx.doi.org/10.2139/ssrn.3242146>



**IV. Reason 3 for considering backtracking from the Revised Guidance: Regardless of any statutory limitations on the Office’s rulemaking powers, the Director remains a political appointee to a position with frequent turnover and, therefore, efforts to influence the law of patentable subject matter may thereby subject this area of the law to instability and frequent oscillation**

In addition to the potential for controversy outlined above, efforts by the Office to reduce inconsistencies in the law of patentable subject matter may achieve a kind of improved consistency that is only fleeting. The reason why this consistency may be fleeting is simple: the position of the Director is politically appointed, and the person appointed to this position will almost surely change with the next Presidential administration.

It is important to appreciate the shortness of the tenure of Office Directors in the larger context of patent law and its public policy, which should be made with a much longer view to the future. Although the PTAB does not publish statistics on the tenures of its judges, your tenure will likely be shorter than that of most of these judges, many of whom are career employees of the Office. Similarly, the pendency of ex parte appeals at the PTAB is long enough that in many cases the Director will have changed between the date of filing the notice of appeal and the date of the final written decision. Indeed, your tenure will expire long before the vast majority of patents that issue with your signature.

As one illustrative example, although the Supreme Court might have reversed the Federal Circuit in *Tafas*,<sup>12</sup> and thereby upheld the controversial continuation rule, by the time for filing a petition for certiorari the Office head had turned over to Director Kappos, who took a dimmer view of the controversial continuation rule and, therefore, simply repealed the rules package rather than pursuing review by the Supreme Court. In other words, the tenure of Director Dudas was so short that he did not have time to defend his controversial rules package all the way to the Supreme Court.

In addition to *Tafas*, a recent Supreme Court decision further illustrates the dilemma. *Cuozzo Speed Technologies, LLC v. Lee*, 136 S.Ct. 2131 (2016). In that decision, the Court upheld the power of the Director to decide the standard for claim construction in inter partes review trials. After the Court issued its decision, the general election resulted in a new Presidential administration and you became Director. Observing that the Supreme Court confirmed your authority to decide the standard for claim construction, you simply exercised your authority to change it. 83 Fed. Reg. 51340. Nevertheless, nothing prevents your successor as Director from reversing the standard for claim construction back again, thereby resulting in inconsistency and oscillation in an area of the law (i.e., patent claim construction) that benefits most from stability. Critical readers may allege

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<sup>12</sup> Contrast the Federal Circuit in *Tafas*, 559 F.3d at 1353 (“[w]e must reject the USPTO’s argument that the substantive/procedural distinction is immaterial in this case”), with the later conclusion of the Supreme Court that “[t]he Patent Office’s rulemaking authority is not limited to procedural regulations.” *Cuozzo Speed Technologies, LLC v. Lee*, 136 S.Ct. 2131, 2135 (2016). The Supreme Court in *Cuozzo* was, however, interpreting a different statutory grant of authority (i.e., 35 U.S.C. 316) that did not exist at the time of *Tafas*, and which has language that may be relevantly different than the statutory grant of authority at issue in *Tafas* (i.e., 35 U.S.C. 2). The latter statute would be the one, if any, implicated by the Revised Guidance here, at least in part because the former statute is specific to inter partes review, and inter partes review is barred by 35 U.S.C. 311(b) from considering questions of 35 U.S.C. 101.

that the patent laws of the United States should not change every four to eight years with the political winds and, instead, these questions of patent law should be entrusted with Article III judges with life tenure and salary guarantees—in accordance with the statutory plan.

In addition to *Tafas* and *Cuozzo*, I can think of two other historical instances where good faith arguments for decision-making power to influence the law of patentable subject matter may have led to unintended consequences. In the first instance, IBM signed an amicus brief supporting the government in *Gottschalk v. Benson*, 409 U.S. 63 (1972). IBM sought to effectively shift the balance of decision-making power from Congress to the Supreme Court by asking the Court to read additional limitations into the plain and broad text of 35 U.S.C. 101. Forty-two years later, IBM likely regretted its decision when it signed another amicus brief in *Alice* asking the Court to again reverse the law of patentable subject matter in the opposite direction. 134 S.Ct. 2347 (2014). Similarly, in a pre-*Alice* age, certain academics argued for the Office to assert broader substantive rulemaking powers to curb “pro-patentee [sic]” tendencies of the Federal Circuit among other public policy goals.<sup>13</sup> Again, the stated intentions of these academics would potentially have been thwarted by the political appointment of a Director whom they perceived as being pro-patentee. All of the examples listed above counsel toward a more conservative, rather than a more expansive, view of the powers of the Director.

## V. Constructive Counterproposals and Conclusion

Lastly, I do not want to criticize the good faith efforts of the Office to improve consistency in this area of the law without constructively proposing a potentially helpful substitute. My modest suggestion is simple. Instead of risking allegations that the Revised Guidance oversteps the Office’s rulemaking authority, I would suggest that the Office redirect at least some of this energy to publicly and aggressively advocating for improvements to the law of patentable subject matter. In other words, the Office can follow Federal Circuit Judges Lourie and Newman by publicly recognizing that, in one sense, its hands are tied such that “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.” *Berkheimer v. HP INC.*, 890 F.3d 1369, 1374 (Fed. Cir. 2018) (J., Lourie, concurring). Without Congress, the Office cannot amend 35 U.S.C. 101, yet your position as Director gives you a powerful voice that can advocate loudly for reform.

As Director, you are better positioned than anyone to detect the harm, and sound the alarm, regarding recent developments in the law of patentable subject matter. Although you have already taken bold steps in this direction, I invite you to consider whether you can do even more. In the context of the federal courts, you can direct the Office Solicitor to file merit, intervenor, and amicus briefs arguing for the reforms that you may be barred by statute from enacting. You can hand pick, from among hundreds of post grant review and covered business method review trials, as well as thousands of patent applications under examination, the ideal case to demonstrate the deficiencies in the current state of the law.<sup>14</sup> You can shepherd this case through the federal courts up to the

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<sup>13</sup> Melissa F. Wasserman, *The Changing Guard of Patent Law: Chevron Deference for the PTO*, 54 *Wm. & Mary L. Rev.* 2013, 2016 (2013), <https://scholarship.law.wm.edu/wmlr/vol54/iss6/5>.

<sup>14</sup> Some of your predecessors as agency heads effectively did the same by handpicking and shepherding section 101 cases up to the Supreme Court to achieve more restrictive interpretations of patentable subject matter, rather than more permissive interpretations. *See, e.g., Gottschalk v. Benson*, 409 U.S. 63 (1972); *Bilski v. Kappos*, 561 U.S. 593 (2010).

Supreme Court. You can direct the Office Solicitor in oral arguments to tell the Federal Circuit that its law is forcing examiners to reject applications on meritorious inventions. I invite you to consider how the Supreme Court would react if you signed a brief declaring that the state of the law of section 101 is impeding innovation in America instead of promoting it—contrary to the constitutional mission of your Office. U.S. Const. Art I., § 8, cl. 8.

Similarly, in the context of federal statutes, the Office can lobby Congress for improvements to the law, including changes that federal judges cannot make. The Office could also coordinate with associations such as IPO and AIPLA to support their proposed amendments to 35 U.S.C. 101. By directing your arguments to “higher authorit[ies,]” such as Congress and the Supreme Court, these arguments are likely to be better received than if the Office attempted to seek the same public policy goals through its own limited statutory powers, including Office policymaking on substantive patent law, PTAB panel stacking, and analogous mechanisms. Directing arguments to these higher authorities may also result in the desired public policy being written into the United States Code and the United States Reports of the Supreme Court, where such policy is likely to last much longer and be more stable than in the Federal Register or the Code of Federal Regulations, thereby further promoting the goals of consistency and predictability in the adjudication of patent rights.<sup>15</sup>

Sincerely,

A handwritten signature in black ink, appearing to read 'Kipman T. Werking'. The signature is fluid and cursive, with the first letter 'K' being particularly large and prominent.

Kipman T. Werking  
USPTO Reg. No. 60,187

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<sup>15</sup> The Revised Guidance does not propose to insert a rule into the Code of Federal Regulations, and yet it nevertheless proposes a number of internal Office policymaking rules that are problematic for the reasons discussed at length above, regardless of whether they are formally encoded within the C.F.R.