Comments on Interim Guidelines for Subject Matter Patentability

Attn: AB98comments

Sir:

Attached find my comments on the interim Guidelines, AB98. These are being submitted after the comment deadline date of July 31, 2006, per an exchange of voicemails with Mr. Raymond Chen, who indicated that these comments would still be considered.

I. **Congress Intended For Subject Matter Patentability To Receive A Very Wide Scope**

When enacting the 1952 Patent Act, Congress intended the scope of 35 USC 101 to "include anything under the sun that is made by man," See the Legislative History reproduced at S.Rep. No. 1979, 82d Cong., 2d Sess., 5 (1952), reprinted in 1952 U.S.C.C.A.N. 2394, 2399; H.R.Rep. No. 1923, 82d Cong., 2d Sess., 6 (1952).

This legislative history was also considered by the Supreme Court in *Diamond v Chakrabarty*, 447 US 303, 101 S. Ct 2204 (1980). The *Chakrabarty* Court dealt directly with this provision [35 USC 101], responding to the arguments concerning patentability of Dr. Chakrabarty's new bacterium that was engineered to consume oil spills. The Court explained that the patent system is directed to the inventive works of mankind, and is not otherwise limited: "In choosing such expansive terms as 'manufacture' and 'composition of matter,' modified by the comprehensive 'any,' Congress plainly contemplated that the patent laws would be given wide scope." 447 U.S. at 308, 100 S.Ct. 2204, 65 L.Ed.2d 144, 206 USPQ at 197.(This section is quoting from *Pioneer Hi-Bred Intern., Inc. v. J.E.M. Ag Supply, Inc.*, 200 F.3d 1374, Fed Cir 2000)

The legislative history made quite clear why Congress intended for statutory subject matter to be expansive: so that all the inventive works of mankind could be adequately covered. Congress properly recognized that it is virtually impossible to predict with any certainty where innovation will eventually lead and that they intended for all results of innovation to be proper subjects of patentability. At the time of the 1952 Patent act, for example, it is certainly doubtful that Congress contemplated engineered bacteria. However, the *Chakrabarty* Court had no trouble expanding Congress' intent to this kind of subject matter.

The legislative history and Supreme Court interpretation of the 1952 Patent act makes it clear that Congress intends for patentability subject matter to have a very broad scope. So, what does a broad scope mean for section 101?

Congress also intended the "utility" requirement of section 101 to have a broad

scope. An invention is "useful" under section 101 if it is capable of providing some identifiable benefit. See *Brenner v. Manson*, 383 U.S. 519, 534, 86 S.Ct. 1033, 16 L.Ed.2d 69 (1966); *Brooktree Corp. v. Advanced Micro Devices*, Inc., 977 F.2d 1555, 1571 (Fed.Cir.1992) ("To violate § 101 the claimed device must be totally incapable of achieving a useful result"); *Fuller v. Berger*, 120 F. 274, 275 (7th Cir.1903) (test for utility is whether invention "is incapable of serving any beneficial end"). To summarize, the courts have interpreted the utility requirement of 35 USC 101 to require only a scintilla of utility – any utility, no matter how slight.

It is totally inconsistent, therefore, for the subject matter patentability requirement of section 101 to receive the much narrower interpretation which is suggested by the Guidelines. The Supreme Court has made it clear that anything is patentable unless it is a law of nature, natural phenomena or abstract idea. A claim that preempts a mathematical algorithm is not patentable, since this would in effect be patenting something that was not made by man, but rather was discovered by man. But beyond these rules, subject matter patentability should have a very broad scope, to effect Congress's clear intent.

I have postulated a new test for patentability which is more consistent with Congress' intent: "interaction with the physical world". This test has been postulated in at least one pending Board of Appeals case. This case is consistent with *State Street Bank and Trust v Signature Financial Group Inc.*, 149 F.3d 1368 (Fed Cir 1998), see section 2, herein. This test is also consistent with Supreme Court law and the intent of Congress. Anything would be patentable so long as it 1) did not preempt a mathematical algorithm and 2) was capable of interaction with the physical world.

2. **The Tests For Concrete Useful And Tangible Result, And Transformation Of Something To A Different State Or Thing Are Safe Havens, Not Exclusive Tests, And The Cases Never Intended For These To Be Exclusive Tests**

These tests are apparently taken from the two Federal Circuit cases: *State Street Bank and Trust v Signature Financial Group Inc.*, 149 F.3d 1368 (Fed Cir 1998) and *AT&T Corp. v Excel Communications Inc.*, 172 F 3d 1352 (Fed Cir 1999). However, with all due respect, it is believed that the patent office's proposed Guidelines have improperly interpreted the holdings of these cases. These were intended to be non exclusive tests for subject matter patentability. They were not intended to be the ONLY allowable tests for subject matter patentability.

State Street Bank related to a data processing system forming an investment configuration. The State Street Bank decision began by explaining that Congress's intent was not to place any restrictions on the subject matter for which a patent can be obtained, *State Street* at 1373. The court analyzed the exceptions: laws of nature, natural phenomena and abstract ideas. State Street characterized a mathematical algorithm as a form of abstract idea. *Id*. In doing so, *State Street* explained that an unpatentable mathematical algorithm is "disembodied concepts

or truths". They explained that the mathematical algorithm becomes patentable when the data is transformed (*Id*) or when the data corresponds to a “useful, concrete or tangible thing". *Id*. And in fact, the holding was exactly that -- that transformation of data by a machine constitutes a practical application of a mathematical algorithm. *State Street* never said and never intended that this test be considered as the ONLY way to signal the practical application of a mathematical algorithm.

State Street, therefore held that something was not merely a mathematical algorithm if it produced a useful concrete and tangible result, *State Street* at 1374, 1375 (stating that a machine that is programmed with software that produces a useful concrete and tangible result is statutory subject matter even if the useful result is expressed in numbers).

Nowhere did *State Street* ever say that this was an exclusive test. In fact, the holding clearly acknowledged Congress’s intent for subject matter patentability to have a very broad interpretation. The court also overruled the so-called business method exception, stating that if patent claims are too broad, they should be the basis of a rejection under section 102, 103 and 112, *State Street* at 1377.

Clearly *State Street* provides no basis for “concrete useful and tangible”/”transformation of data” to be the exclusive tests for subject matter patentability. In fact, *State Street*'s closest thing to a test its statement that "unpatentable mathematical algorithms are identifiable by showing that they are merely abstract ideas constituting disembodied concepts or truths that are not useful". *State Street* at 1373.

The *AT&T* case similarly does not purport to proclaim exclusive tests. *AT&T* again emphasizes that Congress intended for section 101 to be construed broadly, (*AT&T* at 1355), that a mathematical formula alone is unpatentable (*AT&T* at 1356) and that section 101 needs to be "responsive to the needs of the modern world" *Id*. In fact, *AT&T* read the *State Street* holding as allowing claiming of a mathematical algorithm if the claimed invention as a whole "is applied in a useful manner" *AT&T* at 1357.

AT&T held that transformation of something to a different state or thing was another test for subject matter patentability, since it proved that the claim was useful.

The court also rejected the concept of physical elements and the so-called Freeman-Walter-Abele test, see generally *AT&T* at 1359.

The Federal Circuit has clearly held that neither of these tests (the concrete useful tangible, and the transformation) should be exclusive tests for subject matter patentability. However, this is precisely what is suggested by the interim Guidelines. This is incorrect under the law, and with all due respect, the interim

Guidelines should make it clear that useful, concrete and tangible results; and/or transformation of subject matter, are exemplary, not exclusive, tests for compliance with 35 USC 101.

_/Scott C Harris/___
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