May 21, 2018

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

PTAB Reform – Urgent Request for Correction of the USPTO's Interpretation of the "Technological Invention" Exception to CBM Review

Dear Director Iancu:

As two individual inventors dealing with the USPTO since 2001, we are very much pleased with your leadership at the USPTO, with your vision to bring stability and confidence back to the country's innovation ecosystem, and with your goal of achieving strong, reliable, and predictable intellectual property rights.

We have been following events since you became the Director of the USPTO and also listened to your Committee Hearings. One very important area to our innovation ecosystem is the interpretation of the "***technological inventions***" exception to CBM review.[1]

With this letter, we would like to request your attention to the fact that the USPTO's current interpretation of the "technological invention" exception to CBM review is incorrect. In recent years, this incorrect interpretation has swallowed many high-quality technological patents as CBM proceedings invalidated these patents and cost their owners millions of dollars. We believe that an immediate and urgent correction of the definition of the "technological invention" exception by the USPTO is required to resuscitate our patent system and reduce costs and risks for innovators.

The USPTO's interpretation of the "technological invention" exception to CBM jurisdiction incorporates a patentability test, contrary to the plain and unambiguous language of the statute. The plain "technological invention" language

[1] Leahy-Smith America Invents Act ("AIA"), Pub. L. No. 112-29, 215 Stat. 284, § 18(d) (2011); 37 C.F.R. § 42.301.

refers to a class of inventions that are industrial or scientific in nature. But rather than provide regulations "for determining whether" a patent is for an invention that is industrial or scientific in nature, the USPTO provided a circular definition that imports the ultimate patentability questions into a jurisdictional test. By defining "technological invention" as one in which "the claimed subject matter as a whole recites a technological feature that is *novel* and *unobvious* over the prior art," the USPTO has created a de facto patentability test, which requires that the Board decide the ultimate issue at the institution stage. This is not the purpose of the AIA. As stated in the AIA, the "technological invention" exception is meant to circumscribe the USPTO's jurisdiction in CBM proceedings to a particular class of patents. It provides a safe harbor for general utility patents that might otherwise be susceptible to a CBM challenge. However, by making patentability consideration the threshold for exercising jurisdiction, the USPTO has all but eliminated this jurisdictional limitation. AIA § 18(d)(1).

The current interpretation of the "technological invention" clause by the USPTO is undermining confidence in the patent system overall. We submit that the USPTO should remove the patentability questions from the jurisdictional test and clarify that the "technological invention" clause refers to a class of inventions that are industrial or scientific in nature. This proposed reform by the USPTO would introduce a fair interpretation of the AIA and increase the reliability and predictability of the patent system.

Sincerely,

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