



American Intellectual Property Law Association

March 7, 2022

The Honorable Drew Hirschfeld
Performing the functions and duties of the Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314
Via Federal eRulemaking Portal at <https://www.regulations.gov>

RE: Comments on Deferred Subject Matter Eligibility Response Pilot Program, 87 Fed. Reg. 776 (January 6, 2022)

Dear Commissioner Hirschfeld:

The American Intellectual Property Law Association (AIPLA) is pleased to have the opportunity to present comments on the recent notice of the Deferred Subject Matter Eligibility Response Pilot Program, 87 Fed. Reg. 776 (January 6, 2022) (“Notice”).

AIPLA is a national bar association of approximately 8,500 members that include professionals engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

Subject matter eligibility (SME) under Section 101 of the Patent Act has long been a matter of concern for AIPLA. We have addressed the issues for decades in amicus briefs to the courts, explored legislative solutions to the intractable problems that current law presents to new technology, and worked with the U.S. Patent and Trademark Office in developing eligibility guidelines for use during prosecution.¹

¹ *Testimony of Barbara A. Fiacco, on behalf of AIPLA before Senate Judiciary Committee, June 5, 2019* https://www.aipla.org/docs/default-source/advocacy/legislative/aipla-testimony-sjc-fiacco-testimony-060519.pdf?sfvrsn=700128fc_0. Joint AIPLA/IPO Legislative Proposal on Section 101. May 2018 https://www.aipla.org/docs/default-source/uploadedfiles/documents/congress/documents/aipla-ipo-joint-proposal.pdf?sfvrsn=a4067549_0. AIPLA Letter to USPTO on Patent Subject Matter Eligibility Study, October 15, 2021 https://www.aipla.org/docs/default-source/news/aipla-comment-uspto-on-section-101-jurisprudence-final-101521.pdf?sfvrsn=68e37cc0_0. AIPLA Comments on 2019 Revised Patent Subject Matter Eligibility Guidance, March 8, 2019 https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-on-section-101-guidance-2019march08.pdf?sfvrsn=151cf880_0. AIPLA Comments on Determining

AIPLA welcomes the Office's current effort to develop a pilot program that is intended to prioritize resolution of patentability issues under *inter alia* Sections 102, 103, and 112 of the Patent Act by permitting applicants to defer responding to a subject matter eligibility (SME) rejection until a later stage of prosecution. The foundation of this restructured process resonates with our longstanding view that the risk of conflating subject matter eligibility with patentability may be avoided by initially analyzing the patentability provisions that are supported by objective evidence. This approach has the advantage that the response(s) to non-SME issues may preclude or resolve SME questions, focusing prosecution on objective, rather than subjective, issues.²

We understand that this pilot program has its origins in a letter from Senators Thom Tillis and Tom Cotton ("Tillis-Cotton letter"), which suggested that the pilot require:

selected examiners—and applicants who voluntarily elect to participate—to engage in a full examination of the grounds of patentability and then, once that process is complete, a full examination of the grounds of eligibility.³

The procedures under the proposed Deferred Subject Matter Eligibility Response (DSMER) allow both the Office and patent applicants to determine whether deferring responses to SME rejections is beneficial relative to standard patent examination practice and procedure. As described in the Notice, the DSMER Pilot Program defers an applicant's opportunity to respond to a Section 101 rejection only if it is made in combination with other rejections.

Under this program, an applicant must still file a reply to every Office action mailed regarding a participating application, but is permitted to defer responding to SME rejections until the earlier of final disposition of the application, or the withdrawal or obviation of all other outstanding rejections. The DSMER Pilot Program thus deviates from traditional compact prosecution, because participating applicants may defer engaging with examiners on SME issues until after non-SME issues have been addressed.⁴

The Tillis-Cotton letter appears to request a program that defers "full prosecution" of patent eligibility until all patentability conditions under Sections 102, 103, and 112 are satisfied. Specifically, the letter appears to request a program that does not even evaluate claims under Section 101 until *after* they have been examined under Sections 102, 103, and 112.

Whether a Claim Element is Well-Understood, Routine, Conventional for Purposes of Subject Matter Eligibility, August 13, 2018 https://www.aipla.org/docs/default-source/advocacy/documents/aipla-comments-on-berkheimer-memo-2018aug13.pdf?sfvrsn=a374476c_0, AIPLA Comments in Response to the Request for Comments on the "July 2015 Update on Subject Matter Eligibility," October 28, 2015 https://www.aipla.org/docs/default-source/advocacy/documents/2015/aipla-comments-to-uspto-on-101-exam-guideupdate-10-28-2015.pdf?sfvrsn=693c03c6_4

² We note that this procedural adjustment to the patent examination process cannot resolve the broader problems of patent eligibility, which require a change in the law by Congress. Whatever benefits may arise from this pilot program, we urge the Office to continue to support efforts that might help resolve the subject matter eligibility issues.

³ March 22, 2022 letter to Commissioner Hirschfeld, page 2, next to last paragraph. See <https://www.uspto.gov/sites/default/files/documents/sens-sequencedexam-20210322.pdf>.

⁴ 87 Fed. Reg. at 777, second column, third paragraph.

AIPLA supports the Office's decision to identify all substantive issues with an application in the first office action (FAOM). AIPLA believes it is important to continue to identify all issues in the FAOM. This permits both applicants and Examiners to make the best possible decisions as early as possible in prosecution. Thus, as proposed by the Office, a rejection for subject matter ineligibility would initially be issued with all other rejections, and only the applicant's response to the eligibility rejection is deferred. AIPLA supports this approach.

AIPLA understands the concerns raised in the Tillis-Cotton letter that, by allowing an eligibility determination to be made initially, concurrent with other patentability determinations, "patent examiners may be issuing Section 101 rejections without the benefit of addressing prior art, clarity and enablement issues that may well inform the examiner that the claim is eligible under Section 101." AIPLA believes that resolution of these other patentability grounds, and in particular Section 102 and 103, may provide substantial guidance to the examiner that either limits or potentially resolves subject matter patentability concerns. As a practical matter, determining that an invention is novel and non-obvious may resolve subject matter eligibility concerns based on the subject matter allegedly being conventional or well-known.

The Notice fails to clearly state that the next office action on any remaining SME rejection will *not* be made final under 37 CFR 1.113. AIPLA believes that an applicant, not having responded to the deferred SME rejection, should *not* receive a final rejection if and when the deferred SME rejection is reasserted. Procedurally, the applicant has not yet addressed the merits of the SME rejection.

The Notice is not clear that applicant would not be subject to the strict standards of 37 CFR 1.116 with respect to their first and only SME response after a final office action. Thus, absent further modification, applicants choosing to participate in the program may face severe restrictions on their ability to respond effectively. Because of this, AIPLA believes that many applicants may choose not to participate in the program.

To increase the likelihood of applicants participating in the program, AIPLA suggests that the Office modify the proposal to expressly provide that, if all other non-SME issues are resolved by a participating applicant's response to a first office action, then the next office action containing only an SME rejection will not be made final under 37 CFR 1.113. While AIPLA appreciates that this may delay final resolution of the application or appeal, due process concerns are more important.

AIPLA also suggests that, even if another rejection on the merits remains pending, the SME rejection should not be made "final" until after all other merits rejections have been made final. Once any remaining non-SME merits rejections are final, Applicant should be given an opportunity to respond to the deferred non-final SME rejection(s) as a matter of right.

AIPLA also proposes that filing a Request for Continued Examination (RCE) should not waive deferment of the SME rejection. This will provide an opportunity to continue to work through any other non-SME issues while deferring the SME issue.

The Notice also indicates that participation in the program will be by invitation only, as opposed to the suggestion in the Tillis-Cotton letter that applicants may "voluntarily elect to participate." We agree that, if they wish to, applicants should be able to participate. AIPLA is concerned that giving examiners the discretion to invite applicants (even after other objective criteria are met) could undermine the validity of the data set. AIPLA believes that applicants should be allowed

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to request participation in the program without an invitation from the Office. The Office has other alternatives to limit the pilot programs' burden on the Office, such as setting an upper limit on the number of applications allowed to defer during a given fiscal year. Alternatively, the Office could allow applicants in certain designated art units historically issuing substantial numbers of SME rejections to participate in the program without an invitation. This would enhance participation by affected applicants and improve evaluation of the benefits of the program by both the Office and applicants.

We appreciate the opportunity to provide these comments and would be happy to further discuss our views on these issues with the Office. If you have any questions or would like us to clarify any of these points, please let us know.

Sincerely,

A handwritten signature in blue ink that reads "Patrick J. Coyne". The signature is written in a cursive style with a large, stylized initial 'P'.

Patrick J. Coyne

President

American Intellectual Property Law Association