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**Comments of EFF, Prof. Jason Schultz, and Prof. Mark Webbink in Response to
Request for Information on Improving Regulation and Regulatory Review**

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The Electronic Frontier Foundation (EFF), Professor Jason Schultz, Co-Director of the Samuelson Law, Technology, & Public Policy Clinic at the University of California at Berkeley Law School, and Professor Mark Webbink, Executive Director of the Center for Patent Innovations at New York Law School, submit this response to the Patent and Trademark Office (PTO) Request for Information regarding its review of its existing significant regulations in response to Executive Order 13563. We welcome the opportunity to provide information on this topic.

EFF is a member-supported nonprofit civil liberties organization that has worked for more than twenty years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 14,000 dues-paying members have a strong interest in helping the courts and policy-makers in striking the appropriate balance between intellectual property and the public interest. As part of its mission, the EFF has often served as amicus in key patent cases, including *Bilski v. Kappos*, 130 S. Ct. 3218 (2010); *Quanta Computer, Inc. v. LG Electronics Corp.*, 128 S. Ct. 2109 (2008); *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); and *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2005).

Professor Schultz has represented numerous pro bono clients in patent disputes and reexamination proceedings, ranging from individuals to small businesses to educational institutions, to non-profits. He has also served as amicus counsel for EFF as well as various other non-profits, venture

capitalists, and foundations in patent cases such as *Bilski*, *Quanta*, *KSR*, and *eBay*. He also testified before the Federal Trade Commission as part of the material relied upon in the Commission's 2011 Report: *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition*.

Professor Webbink directs the Peer To Patent program operated in conjunction with the PTO and has been instrumental in extending Peer To Patent to Australia, Japan, and the United Kingdom. He has also worked to improve the public role in the identification, capture and dissemination of prior art information for and to patent offices. He has written and spoken extensively on patent reform and has testified before both the joint FTC-DOJ panel on Competition and Intellectual Property Law and the House Judiciary Subcommittee on Intellectual Property.

Specifically, EFF, on behalf of its members and constituents, Prof. Schultz, on behalf of his clients, and Prof. Webbink on behalf of his constituents—especially those who are often underrepresented at the PTO—provide this information in response to the PTO's Question No. 5, which asks: How can the Office best encourage public participation in its rule making process? How can the Office best provide a forum for the open exchange of ideas among the Office, the intellectual property community, and the public in general?

As a preliminary matter, we recognize that the PTO has primarily focused its attention historically on interactions with patent applicants and

patentees. After all, without applications and issues, there would not be any patents. In addition, the PTO has occasionally handled interactions between applicants, such as interference proceedings. However, public participation, especially third-party public participation, has historically been scarce, raising serious concerns about the potential harm to the larger public interest where the public's voices, needs, and concerns do not receive adequate consideration and weight in PTO decision-making processes. The grant of a patent is a public grant. Implicit in that is a public interest in the process, which, all too often, is ignored in favor of the interests of those who benefit from the public grant. Yet for every grant, there are often hundreds, thousands—and in the case of patents affecting the mobile or online worlds—literally millions of Americans who rely on the PTO to represent their interests in patent determinations and policy decisions.

Lack of third-party participation at the PTO is a problem throughout the patent process, both pre-grant as well as post-grant. This lack of participation has a particularly negative impact on patent quality as well as innovation. Federal Trade Commission, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy* (“FTC Report”) Chap. 3, at 54 (2003) (“The lack of effective mechanisms for third-party challenges to patents compounds the harm to innovation caused by questionable patents, according to some.”); *see also, id.* at Chap. 5 at 18 (“As former Director Dickson explained, reexamination and opposition are means for ‘competitors

to interact' with the patent process 'much more effectively' to 'improve ... the quality of patents that issue.'"); Christopher Wong, *Community Service: Adapting Peer Review to the Patenting Process*, I/S: A Journal of Law and Policy for the Information Society, Vol. 4:1 at 45 (2008) ("Without access to the relevant pool of knowledge [that often comes from third parties], and with disclosure by patent applicants unreliable, patent examiners cannot correctly determine whether or not they should grant a patent.").

When patent quality suffers, the public realizes substantial social costs. Those costs are reflected in the price of goods covered, or allegedly covered, by improvidently granted patent claims. They are also reflected in the high costs associated with litigation and unnecessary licensing fees, which serve as an unjustified tax on consumers. As Justice Breyer stated recently during oral argument in *Microsoft Corp. v. i4i Ltd. P'ship*: "It's a bad thing not to give protection to an invention that deserves it; and it is just as bad a thing to give protection to an invention that doesn't deserve it. Both can seriously harm the economy."¹

In fact, when presented with an opportunity to participate in the patent process, third parties have shown the willingness and desire to assist the PTO if the barriers to such participation are relatively low. The Peer To Patent project² serves as a telling example. Started in June 2007, Peer To Patent provides the first "governmental 'social networking' Web site designed

¹ Transcript of Record at 13:22-14:1, *Microsoft Corp. v. i4i Ltd. P'ship*, Case No. 10-290 (April 18, 2011).

² Available at <http://www.peertopatent.org>.

to solicit public participation in the patent examination process.” Peer To Patent Second Anniversary Report at 4, *available at* http://dotank.nyls.edu/communitypatent/CPI_P2P_YearTwo_lo.pdf.

Specifically, the program allows an applicant to make its published patent application available on the Peer To Patent website for four months, during which time self-selecting third-party experts may “discuss the application, submit prior art, critique submissions made by other members, and vote on the relevance of the submissions to the patent application.” *Id.* At the end of this process, the ten best prior art references are sent to the patent examiner, along with the relevant annotations. *Id.* After its first two years, Peer To Patent attracted more than 74,000 visitors; of those visitors, more than 2,600 went on to become peer reviewers. *Id.* at 5. Also in its first two years, the project contributed relevant prior art in more than 25 percent of the applications it handled. *Id.*

Another example is the EFF’s Patent Busting Project.³ This project sought out help from thousands of EFF members as well as the general public in gathering examples of patents that were overbroad or improvidently granted and threatened fundamental democratic values or practices, including education, free speech, competition, and innovation. After ten key patents were identified, the project also sought leads or examples of prior art that could be submitted via reexamination to assist the PTO in addressing

³ Available at <https://w2.eff.org/patent/>.

the proper scope or status of the patents when there was a substantial question of patentability raised. EFF received (and continues to receive) numerous emails for each patent listed, showing a strong willingness and desire on the part of the public to participate in the patent process. As a result, several of EFF's reexamination requests have resulted in narrowing or invalidating key claims of the patents at issue.

Just as patent quality can be improved by third-party participation, we believe that the PTO regulatory and rule-making processes could also benefit from more input from public voices. Patents and the PTO have become increasingly visible to the public in the recent decade, with stories in major news publications by the dozens. More and more, members of the public are recognizing they have an interest in patent policy, even if they do not themselves file patent applications. See e.g.,

<http://chronicle.com/article/Blackboard-Sues-Rival-Over/6161> (discussing battle over university e-learning patent);

<https://w2.eff.org/patent/wanted/patent.php?p=test> (challenging a patent on distance learning); <https://www.eff.org/deeplinks/2009/11/eff-tackles-bogus-podcasting-patent-and-we-need-yo> (challenging a patent on podcasting);

http://www.imakenews.com/philanthropy/e_article000077504.cfm (noting the potential impact of patenting online fundraising techniques on the philanthropy world); http://www.usatoday.com/tech/news/2004-05-27-love-patent_x.htm (discussing e-Harmony patents on online dating). After the

Supreme Court's decision in *Bilski* to allow patents on any method that was sufficiently concrete, this interest is only likely to increase.

As the PTO continues to explore possible regulatory and rule-making procedures that will increase patent quality and promote greater innovation, we believe that the same desire exists amongst third parties to participate in the policy and regulatory processes as it does to participate in the patent process, especially for those whose work is deeply affected by patents, such as consumers, educators, activists, and open source innovators who do not generally patent their inventions but rely on technology every day.

Specifically, we propose that the PTO consider employing a much broader public participation process as it pursues policy and future rule-making actions. This could include not only public comment periods, but also public roundtables and hearings, such as the FTC conducted for both its 2003 report, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*⁴ and its 2011 report on patent notice. The FTC has conducted similar events to discuss online privacy, which have also been widely seen as successful in encouraging public input into the policy-making process.

We thank the Office for this opportunity to respond to the PTO's Request for Information and look forward to helping the PTO increase public participation in its rulemaking process.

⁴ Available at <http://www.ftc.gov/opa/2009/09/privacyrt.shtm>.