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April 10, 2012

The Honorable David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA, 22314 *Via email: TPCBMP_Rules@uspto.gov*

RE: Comments on Notice of Proposed Rulemaking: "Changes to Implement Transitional Program for Covered Business Method Patents" 77 Fed. Reg. 7080 (February 10, 2012)

Dear Under Secretary Kappos:

Hewlett-Packard Company ("HP") thanks the U.S. Patent and Trademark Office ("USPTO") for the opportunity to provide comments in response to the proposed Changes to Implement Transitional Program for Covered Business Method Patents published in the Federal Register on February 10, 2012 (the "Notice"). Our comments below are primarily focused on increasing certainty for participants in the Transitional Program for Covered Business Method Patents, and insuring the legislative intent is clearly followed in the proposed rules.

Section 18 of the Leahy-Smith America Invents Act ("AIA") establishes a Transitional Program for Covered Business Method Patents. Section 18(d)(1) specifies that a covered business method patent is "a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." Section 42.301(a) of the proposed rules adopts this definition by stating:

> *Covered business method patent* means a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

"Covered business method patents" thus are limited to only those patents that claim a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service. Furthermore, even if a patent does claim a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, the patent is exempt if it is for a "technological invention."

While the USPTO proposes a definition for the "technological inventions" exception pursuant to Section 18(d)(2), HP is concerned that there is no proposed guidance with respect to the scope of covered business method patents. In particular, there is no proposed definition of the term "financial product or service." As a result, colorful interpretations of the term may lead to unintended patents being included in Section 18 proceedings, a point that was acknowledged by Senator Kyl who stated that "it often will be unclear on the face of the patent whether it relates to a financial product or service."[1] This potential result appears to contradict the stated intent of Section 18, which was to address "concerns originally raised in the 110th Congress about financial institutions' inability to take advantage of the authority to clear checks electronically pursuant to the Check Clearing for the 21st Century Act, at chapter 50 of title 12 of the U.S. Code, without infringing the so-called Ballard patents, patents number 5,910,988 and 6,032,137."[2]

In view of the above, HP suggests amending the proposed rule to include guidance to assist with determining whether claimed subject matter is directed to a "financial product or service." In particular, HP suggests amending the proposed rule to include two factors to consider on a case-by-case basis. The first factor is whether the claimed subject matter is directed to an agreement between two parties stipulating the movement of money or other consideration now or in the future. This factor is consistent with Senator Schumer's statement that "[a]t its most basic, a <u>financial product is an agreement between two parties stipulating movements of money or other consideration now or in the future</u>."[3] The second factor is whether the claimed subject matter is particular to the characteristic of financial institutions. This factor is consistent with Senator Kyl's statement that the USPTO may "look at how the patent has been asserted" and "[w]ith this and other information, the Office should be able to determine whether the patent reads on <u>products or services that are particular to characteristic of financial institutions</u>."[4]

In summary, HP proposes the following amendment to Section 42.301(a):

> *Covered business method patent* means a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions. In determining whether the claimed subject matter is directed to a financial product or service, the following factors should be considered on a case-by-case basis:
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> 1. whether the claimed subject matter is directed to an agreement between two parties stipulating the movement of money or other consideration now or in the future; and
>
> 2. whether the claimed subject matter is particular to the characteristic of financial institutions.

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[1] 157 Cong. Rec. S1379 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).
[2] *Id.*
[3] 157 Cong. Rec. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer) (emphasis supplied).
[4] 157 Cong. Rec. S1379 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl) (emphasis supplied).

HP thanks the USPTO for providing the public the opportunity to comment on the proposed rules to implement the Transitional Program for Covered Business Method Patents. We would be pleased to answer any questions these comments may raise, and look forward to participation in the continuing development of the rules for implementation of the AIA.

Respectfully submitted,

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