TO: SENATOR CHRIS COONS, RANKING MEMBER, SENATE SUBCOMMITTEE ON INTELLECTUAL PROPERTY (IP).

FROM: EMMANUEL COFFY, ATTORNEY, MEMBER NEW JERSEY STATE AND FEDERAL BARS, FEDERAL PATENT BAR.

ALBERT DECADY, ATTORNEY, MEMBER MARYLAND BAR.

RE: PROPOSAL REGARDING AMENDMENT TO 35 USC 101.

Honorable Senator Coons,

We followed with great interest the hearings of the Senate IP (Intellectual Property) Subcommittee regarding proposed changes to 35 USC Section 101. We have also reviewed the proposed amendment to same. We believe that the proposed amendment fixes most of the problems battled by the courts, the USPTO and the patent community in general in the past years. However, the proposed amendment does not address two categories of claims that should be patent eligible under 35 USC Section 101, which the courts have deemed patent ineligible. These categories are: (1) the so-called signal claims and (2) software claims.

As articulated by Ralph Gerstein, Esq. in his recommendation that Emmanuel Coffy testify before the committee as co-author of an article entitled: The Need for Signal Claim, which is also co-authored by Albert Decady and drafted May 2009, “Courts have shifted periodically between broad and narrow views of what types of things are patentable. In Diamond v. Chakrabarty, 447 U.S. 303 (1980), the Court took a broad view and held that a patent was available for a genetically engineered bacterium that was useful in cleaning up oil spills. The Court recognized that technology changes over time and that the patent law can encompass new technologies that the original drafters of the patent laws never envisioned. Unfortunately, decisions after Diamond started to narrow the concept of patentability. One of these decisions was In Re Nuijten, 500 F.3d 1346 (Fed. Cir. 2007), rehearing denied 515 F.3d 1361 (Fed. Cir. 2008), cert. denied, 129 S. Ct. 70 (2008). Nuijten was directed to signal claims. The Court held that signals with embedded digital watermarks encoded in accordance with a specific process were not patentable. The Federal Circuit found that a transitory signal was not directed to statutory subject matter despite the fact that the signal had a physical form and had tangible causes and effects. According to the Federal Circuit, energy embodying the claimed signal was fleeting and was devoid of any semblance of permanence during transmission. Moreover, the signal could only be perceived by equipment capable of detecting and interpreting the signal. The Court said that the signal did not fit into any of the four categories of 35 U.S.C. Sec. 101; it was neither a process, manufacture, machine nor composition of matter. It did not qualify as a “machine.” A machine is a concrete thing, consisting of parts, or of certain devices or combination of devices, which perform some function and produce a desired effect or result. It did not qualify as a “manufacture,” which would be the production of articles for use from raw or

prepared materials by giving to these materials new forms, qualities, properties, or combinations.

Nuijten has been criticized as having too narrow a view on patentability, and as impeding the development of new technology. See e.g., Albert DeCady and Emmanuel Coffy, The Need for Signal Claims. Today, many processes, methods and software programs are sold and transmitted via signals. The article gives an example: consumers are often given the choice of buying or updating software, such as Turbo-Tax, by receiving either "hard copies" of the software or digital DVS or CD ROMs, or by downloading the software on the Internet. When a consumer request to download particular software, the system converts the software to signals in order to transmit the application (method, process or software) from the source (server) to the destination (end user's computer). The article suggests that a signal is inherently a natural phenomenon, but that a signal with a specific content is an article of manufacture, and should be eligible for patent protection. Signal claims would encourage innovation in the age of molecular nanotechnology, thus promoting science and the useful arts. It does not make sense that some of the older forms of transmission of computer software, such as diskettes, laser discs or DVDs are patentable, while transmission of the same process, method or program, delivered as an embedded signal, is not patentable. The authors suggested that the Courts re-examine their view of patents and liberalize the concept of patentability along the lines of Diamond v. Chakrabarty. To a large extent, the proposed statute represents a codification of some of the principles expressed by Messrs. DeCady, Coffy and other knowledgeable commentators.

The proposed statute is a good one, because it would broaden the concept of patentability beyond the previously strict definitions of process, manufacture, machine or composition of matter. It expands the definition of the term "useful" to cover "any invention or discovery that provides specific and practical utility in any field of technology through human intervention." It also states, "whoever invents or discovers any useful process, machine, manufacture or composition of matter, or any useful improvement thereof may obtain a patent therefor, subject to the conditions and requirements of this title." Also helpful is the provision that the patent law would be construed broadly in favor of patentability." The article is attached for your perusal. Mr. Coffy's curriculum vitae is available on the firm's site at https://coffylaw.com.

As indicated above, we believe that the proposed amendment fixes most of the problems battled by the courts, the USPTO and the patent community in general in the past years. However, the proposed amendment does not address two categories of claims that should be patent eligible under 35 USC Section 101, which the courts have deemed patent ineligible. These categories are: (1) the so-called signal claims and (2) software claims.

We propose two further clarifications (highlighted below) under the "other legislative provisions" to make clear that these types of claim should also be construed as patent eligible under 35 USC 101.

We respectfully request that this proposal be entered into the records of the House and the Senate. We thank the committee members for their time and attention. We remain available to answer any of your questions and Mr. Coffy is available to testify should the committee determine there is a need to clarify our proposal further.

Respectfully Submitted,

Emmanuel Coffy, Esquire

Albert Decady, Esquire

Proposed changes:
Section 100:

(k) The term "useful" means any invention or discovery that provides specific and practical utility in any field of technology through human intervention.

Section 101:

(a) Whoever invents or discovers any useful process, machine, manufacture, or composition of matter, or any useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

(b) Eligibility under this section shall be determined only while considering the claimed invention as a whole, without discounting or disregarding any claim limitation.

In addition, the proposal is accompanied by "other legislative provisions" to the effect that:

• The provisions of section 101 shall be construed in favor of eligibility.

- A useful process claiming computer codes/instructions that is modulated on a carrier wave or on a signal claim is also statutory;

- A method can be claimed as a software program.

No implicit or other judicially created exceptions to subject matter eligibility, including "abstract ideas," "laws of nature," or "natural phenomena," shall be used to determine patent eligibility under section 101, and all cases establishing or interpreting those exceptions to eligibility are hereby abrogated.

• The eligibility of a claimed invention under section 101 shall be determined without regard to: the manner in which the claimed invention was made; whether individual limitations of a claim are well known, conventional or routine; the state of the art at the time of the invention; or any other considerations relating to sections 102, 103, or 112 of this title.