

May 20, 2025

The Honorable Chuck Grassley  
Chairman, U.S. Senate Committee on the Judiciary  
224 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Dick Durbin  
Ranking Member, U.S. Senate Committee on the Judiciary  
224 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Grassley and Ranking Member Durbin:

I am writing to you in support of the nomination of John Squires to be the Director of U.S. Patent and Trademark Office.

By way of background, I am a tenured and chaired law professor at the University of Virginia. I teach and write about patent law and policy. I have co-authored one of the leading casebooks on patent law (see Robert Patrick Merges and John Fitzgerald Duffy, *Patent Law and Policy* (8<sup>th</sup> ed. 2021)); written prominent scholarship in the area; litigated some significant cases on important patent doctrines (see, e.g., *KSR v. Teleflex*, 550 U.S. 398 (2007)); and even had some of my scholarship covered in mainstream news outlets (see, e.g., Adam Liptak, *In One Flaw, Questions on Validity of 46 Judges*, N.Y. Times, May 6, 2008, <https://www.nytimes.com/2008/05/06/washington/06bar.html>). My academic profile is available here: <https://www.law.virginia.edu/faculty/profile/jfd2z/2141954>. Of course, the views expressed in this letter are my own and not necessarily those of my university or any other person or entity.

I've known John Squires since we met at an academic conference in the mid-2000's. John was at the time a lawyer at Goldman Sachs specializing in intellectual property generally and patent law more specifically. I was immediately impressed by John in part because he was taking the time to attend an academic conference. Most lawyers are busy individuals and do not make time to participate in academic and theoretical debates that can seem quite removed from the everyday world of the next billable hour or the next filing date. John was not like that, and we quickly found a joint interest in what was then one of the most important and controversial issues of the day: the type of inventions that our laws allow to be patented.

Among patent lawyers, that issue is known as the scope of "patentable subject matter" or "patent eligibility," and one of the most debated points at the time concerned whether innovations in business fields were categorically excluded from being eligible for patents. Both John and I thought that such a

categorical exclusion would be both bad law and bad policy. It was bad law because the texts of our patent laws impose no such limitation. It was bad policy because our patent system should remain open to a broad variety of innovations without preconceived notions about what fields of human endeavor might give rise to the next great innovation.

Soon after we met, a major piece of litigation began working its way through the courts. That case—which was captioned *In re Bilski* at the Federal Circuit and *Bilski v. Kappos* at the Supreme Court—was obviously destined to be a major precedent on the patentability of business methods. On its own motion, the Federal Circuit ordered en banc consideration of the issues presented in the case, and very quickly a large number of amicus entities and groups began to form to present views for and against the patentability of business methods.

At that time, John reached out to retain me as a lawyer to present arguments on behalf of Regulatory DataCorp, Inc., which was the licensee of then-pending patent applications filed by Goldman Sachs that, among other things, covered computer technology designed to detect suspicious financial transactions, including terrorist-financing schemes. (I was then, as I am now, a full-time, tenured law professor, but both then and now, I also consult as a lawyer in various cases that I think present important issues of patent law and policy.) During our joint efforts on this amicus brief, I got to know John quite well, and I was especially impressed by his good judgment.

Unlike many of the amicus briefs that went all one way or all the other, the amicus brief we co-authored took a balanced approach. On the one hand, the brief strongly supported the patentability of business methods and opposed the overly restrictive “machine-or-transformation” test of patentable eligibility that had been used by the government to deny Bilski’s patent application. As our brief argued, a categorical ban on business methods departed from the broad text of the patent statute, and a restrictive “machine-or-transformation” test had no basis either in the language of the statute or in the historical practices of the U.S. patent system. Those arguments supported the patenting of business methods generally. But the brief was not one-sided. It also noted that the alleged invention in the patent application at issue was “a straightforward application of hedging principles that everyone knows.” RDC Br. at 26, in *In re Bilski*, No. 2007-1130 (Fed. Cir. filed April 7, 2008). Thus, the alleged invention was unpatentable as obvious (which would be fatal to any patent application in any field) and quite possibly also as non-novel (again, fatal to any patent application in any field).

Though dozens of briefs were filed for the en banc hearing, the Federal Circuit allowed only two amici to present oral arguments to the full court. Our brief was selected on the pro-business method side, and a brief filed by Bill Lee (a very prominent partner at the law firm then known as Wilmer Cutler Pickering Hale and Dorr LLP and now known as simply WilmerHale) was selected to present the anti-business method patent side. See <https://www.cafc.uscourts.gov/opinions-orders/07-1130.pdf> (listing only two attorneys for amici as having “argued” in the case).

At the Federal Circuit, the court ruled against our position by a vote of 10-2. Nine of the judges held that “the machine-or-transformation test” was “the proper test to apply.” *In re Bilski*, 545 F.3d 943, 960 (Fed. Cir. 2008). One judge, Judge Mayer, would have gone even further; he argued that “[a]ffording

patent protection to business methods lacks constitutional and statutory support.” *Bilski*, 545 F.3d at 998 (Mayer, J., dissenting). Only two judges (Newman and Rader, JJ.) took positions that were consistent with our position. The result at the Federal Circuit was a disappointment, but the Supreme Court granted certiorari to review the result and reasoning of the lower court.

At the Supreme Court level, our amicus group expanded to include well-known companies such as the financial firm American Express and the software firm SAP America. Once again, our amicus brief presented a balanced approach—supporting a broad approach to patentable subject matter that would include business method patents, but also opposing the grant of a patent on the quite obvious applications of well-known hedging techniques described in *Bilski*’s patent application.

The ultimate result at the Supreme Court was much better than the result in the Federal Circuit. Indeed, the result was very much consistent with the principled and balanced approach set forth in our amicus brief. Among the Justices at the Court, the “machine-or-transformation” test got exactly zero votes. The five-Justice majority clearly held that “[a]dopting the machine-or-transformation test as the sole test for what constitutes a [patentable process] violates [standard] statutory interpretation principles.” *Bilski v. Kappos*, 561 U.S. 593, 603 (2010). The other four Justices agreed on this point, stating explicitly that the “machine-or-transformation” test was “not the *exclusive* test” of patentability. *Bilski*, 561 U.S. at 613 (Stevens, J., concurring in the judgment) (emphasis in original). On the issue of whether business methods are patentable, the majority ruled the language of the Patent Act “precludes the broad contention that [the statute] categorically excludes business methods” from patent protection. *Bilski*, 561 U.S. at 606. The majority explicitly recognized that, under the language of the Patent Act, patentable inventions “may include at least some methods of doing business.” *Id.* at 607.

The Supreme Court also held the alleged invention in the case to be unpatentable, and that too was consistent with the approach presented in our amicus brief. As the Court majority held, the patent application at issue was directed to “the basic concept of hedging,” which is “a fundamental economic practice long prevalent in our system of commerce and taught in any introductory finance class.” *Bilski*, 561 U.S. at 611 (internal quotations omitted).

The Court majority’s ruling was a huge win for those who want to keep the patent system open to a broad class of inventions in all fields of endeavor. That includes innovations that don’t necessarily meet the wooden and restrictive “machine-or-transformation” test (which was flatly inconsistent with the Supreme Court’s 19<sup>th</sup> century ruling sustaining the patentability of Morse code—a coding system not restricted to any particular machine and not requiring any transformation of a physical object). And it includes innovations without regard to whether they can be categorized as “business” or not. The result in the case was also, however, a victory for those who do not want poor quality patents that can get in the way of meritorious inventions and bring the patent system into disrepute.

In hindsight, the Supreme Court’s decision in *Bilski* to reject categorical restrictions on the scope of patentability seems clearly right. In an age of cryptocurrency, AI and the extensive use of technology in all aspects of business, it seems ever more apparent that the Court was right to keep the patent system open to all classes of innovation.

Personally, I look back on my joint work with John Squires as one of the absolute highlights of my career. Our work was very important, especially because the *Bilski* case seems to have been very, very close. Several commentators have noted that Justice Stevens's opinion, with its categorical ban on business method patents, "has the earmarks of a majority opinion" and that some Justice must have "flipped" his or her vote. Stern, A "Flipped" Vote and then a Damp Squib, 2011 Euro. Intell. Prop. Rev. 115, 117 (2011). Some commentators have speculated that Justice Kennedy flipped (see *id.*), while other commentators have thought that it was Justice Scalia who was on the fence (see, e.g., <https://timothyblee.com/2010/06/29/justice-scalias-indecision-a-victory-for-the-patent-bar/>). Justice Stevens's position would have been terrible for the patent system—it would validate the idea that the courts could simply confine patentable inventions to some preexisting view about what innovation should look like. The majority opinion is much more forward-looking; it's a huge triumph for U.S. innovation policy in the 21st century.

John Squires was absolutely essential in forming the amicus group advocating the position that ultimately prevailed in the case. Business method patents were, at the time, hugely controversial and perhaps not so popular in business circles. John had the foresight and judgment to stick with a broad conception of innovation. It was a crucial time for U.S. patent policy, and John helped the law narrowly avoid the colossal mistake that could have happened if even just one more Justice had joined the opinion by Justice Stevens.

In the many years since the *Bilski* litigation, I have remained in contact with John Squires, and my enthusiastic support for his nomination comes both from my experience working with him in filing our *Bilski* amicus briefs and from my subsequent years of contact with John. I think John has several qualities that make him a tremendously good candidate to be PTO Director. First of all, he has good judgment and courage. During the *Bilski* litigation, a stance in favor of business method patents was not necessarily popular among financial firms, in part because some of them were the targets of patent infringement litigations based on questionable patents. John Squires had the courage to speak up on the issue and the good judgment to see the right solution, which was the solution that the Supreme Court ultimately followed in *Bilski*: The patent system should be generally open to a broad set of innovations, but the patent system must also demand that patents do not cover trivial applications of long-known principles.

Beyond his good judgment, John also has an open mind. He's willing to listen—even to academics! I think that's an important quality because it shows curiosity and humility. Innovation takes many different paths, and a good PTO Director should be open to the possibility that prior ways of thinking about issues may be in need of revision.

Finally, I have come to know that John has the temperament to lead others. When we were working together on our amicus briefs, I suppose that John was my "boss," because lawyers generally have to follow their clients' instructions. Yet John was not bossy. Our work on the amicus briefs always felt like a great collaboration. In subsequent years, I've always been impressed with John's even-keeled

temperament and great sense of humor. He is someone who will inspire others to work hard because they will want to do a good job for him.

In sum, I think it would be hard to imagine a better candidate for the position of Director of the U.S. PTO. I hope the Senate confirms John in a bipartisan and (I dare to hope) unanimous vote.

Sincerely,

A handwritten signature in black ink, appearing to read "John F. Duffy". The signature is fluid and cursive, with a long, sweeping tail on the last letter.

John F. Duffy  
Samuel H. McCoy II Professor of Law  
Class of 1966 Research Professor of Law