



## Intellectual Property ADVISORY ■

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### Implications of USPTO Interim Eligibility Examiner Guidance on Examination of Computer-Implemented Patent Applications

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#### **A. Overview**

On December 16, 2014, the United States Patent and Trademark Office (USPTO) released its 2014 Interim Guidance on Patent Subject Matter Eligibility (“Interim Eligibility Guidance”). The Interim Eligibility Guidance offers a comprehensive and unified framework for patent examiners to determine eligibility of patent claims under 35 U.S.C. § 101. This Interim Eligibility Guidance expands upon preliminary guidance that was issued days after the Supreme Court decision in *Alice Corporation PTY. LTD. v. CLS Bank International*, 573 U.S. \_\_\_\_ (2014), and also replaces the prior guidance for analyzing claims reciting laws of nature, natural phenomena or natural products. As it relates to computer-implemented inventions (and leaving aside the implications for claims that involve laws of nature, natural phenomena or natural products), the Interim Eligibility Guidance provides only limited additional instruction. However, this limited instruction illustrates some ways to avoid or overcome rejections under Section 101 in applications drawn to computer-implemented inventions.

#### **B. Background**

In *Mayo v. Prometheus*, 566 U.S. 10 (2012), the Supreme Court issued a unanimous opinion applying a two-step process to determine whether a set of claims is directed to laws of nature or natural phenomena. *Alice Corp.* extended the reach of this two-step process to determinations of eligibility based on “abstract ideas,” the primary basis for rejection of computer-implemented patent claims under Section 101.

In this two-step process, evaluation of subject matter eligibility first requires a determination of whether a claim is directed to a judicial exception (e.g., an abstract idea, natural phenomenon or law of nature). If the claim is directed to a judicial exception, it requires examination of the elements of the claim to determine whether they contain an “inventive concept” sufficient to “transform” the patent-ineligible judicial exception into a patent-eligible application.

The “Preliminary Examination Instructions in View of the Supreme Court Decision in *Alice Corporation Pty. Ltd. V. CLS Bank International, et al.*” (“Preliminary Eligibility Guidance”), released on June 25, 2014, broadly instructed patent examiners to apply the *Mayo* two-step process for all Section 101 determinations and provided the framework on which the Interim Eligibility Guidance is based.

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## C. USPTO Guidance

The Interim Eligibility Guidance sets forth a comprehensive and unified framework for patent examiners to determine subject matter eligibility of a claim. Examiners are to first determine whether the claim is drawn to a process, machine, manufacture or composition of matter (the statutory categories of invention recited in 35 U.S.C. § 101). If so, the patent examiner is instructed to proceed to the Two-Part Analysis for Judicial Exceptions (“Two-Part Test”) set forth by the Interim Eligibility Guidance. If not, then the claim is drawn to ineligible subject matter. This analysis has not been changed by *Mayo and Alice Corp.*

### Step 1

In Step 1 of the Two-Part Test, the patent examiner is instructed to determine whether the claim is “directed to a judicial exception.” If so, then the Interim Eligibility Guidance instructs the patent examiner to proceed to the second part of the analysis. If the examiner determines that the claim is not directed to a judicial exception, then the claim is drawn to eligible subject matter. The original Preliminary Eligibility Guidance failed to define the meaning of the phrase “directed to,”<sup>1</sup> resulting in a lack of uniformity as to whether and how the first part of the Two-Part Test would be applied to any given claim. The Interim Eligibility Guidance now provides a definition of this phrase, stating that a claim is “directed to” a judicial exception when that judicial exception is “recited (i.e., set forth or described) in the claim.”<sup>2</sup> The Interim Eligibility Guidance also makes explicit the requirement that a rejection must identify the judicial exception recited in the claim(s).<sup>3</sup> Moreover, the patent examiner must identify the exception by referring to where it is recited (i.e., set forth or described) in the claim and explain why it is considered an exception.<sup>4</sup> If a claim is directed to multiple judicial exceptions, the Interim Eligibility Guidance expressly authorizes patent examiners to identify only one of these judicial exceptions in a rejection.<sup>5</sup> Finally, the Interim Eligibility Guidance additionally provides an expanded list of subject matter that either the Supreme Court or Federal Circuit have found to constitute abstract ideas.<sup>6</sup>

### Step 2

In Step 2, which is only reached if the claim is determined to be directed to a judicial exception at Step 1, the Interim Eligibility Guidance instructs the examiner to determine whether an element, or combination of elements, in the claim is sufficient to ensure that the claim amounts to “significantly more” than the judicial exception. If it is determined that the claim adds significantly more than the judicial exception, then the claim is drawn to eligible subject matter. If not, then the claim is drawn to ineligible subject matter. Another critique of the Preliminary Eligibility Guidance was

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<sup>1</sup> Specifically, the Preliminary Eligibility Guidance did not specify how to distinguish between a claim that is “directed to” a judicial exception, and a claim that merely “involves” the judicial exception, but which is not specifically directed to the judicial exception.

<sup>2</sup> Interim Eligibility Guidance, page 11.

<sup>3</sup> *Id.*, at 12.

<sup>4</sup> *Id.*, at 23.

<sup>5</sup> *Id.*, at 24.

<sup>6</sup> *Id.*, at 13-15.

its failure to explain the analysis necessary to make this determination. Under the new Interim Eligibility Guidance, a claim that is directed to a judicial exception must include additional features to ensure that the claim describes a process or product that applies the exception in a meaningful way such that it is more than a drafting effort designed to monopolize the exception.<sup>7</sup> The Interim Eligibility Guidance additionally provides an expanded list of concepts that either the Supreme Court or Federal Circuit have found to constitute significantly more than judicial exceptions, as well as types of limitations that may not amount to significantly more than judicial exceptions themselves.<sup>8</sup>

## D. Notable Changes from the Preliminary Guidelines

Although Interim Eligibility Guidance appears, on its face, to reiterate much of the language used in the Preliminary Eligibility Guidance, there are a few areas that may provoke different analyses in the future.

### 1. Identification of what a claim is “directed to”

The definition of “directed to” set forth in the Interim Eligibility Guidance<sup>9</sup> is not required by the *Mayo or Alice Corp.* decisions and is also not required by any of the subsequent Federal Circuit decisions. Accordingly, the fact that the Interim Eligibility Guidance uses such a broad definition of the phrase “directed to” appears to indicate a choice that most eligibility decisions should be made in Step 2 of the Two-Step Test, rather than in Step 1. Nevertheless, the definition has some positive implications regarding the Step 1 analysis.

For instance, using the language “set forth or described” places emphasis on the actual language of the claims. It may thus be possible to argue against very broad assertions of the “gist” of an applicant’s claim, which will not meet this “set forth or described” standard, especially if other claim language suggests inapplicability of the purported “gist.”

Moreover, the Interim Eligibility Guidance further states that “claims...may recite a judicial exception, but are directed to inventions that clearly do not seek to tie up the judicial exception,”<sup>10</sup> which suggests that the simple recitation of a judicial exception may not, in fact, end the inquiry regarding what a claim is “directed to.” As there appears to be a mixed message in this area of the Interim Eligibility Guidance, patent applicants should continue to exercise all arguments regarding why their respective claims are not “directed to” abstract ideas (or any other judicial exceptions). Convincing a decision-maker that claims are not “directed to” a judicial exception is dispositive of the Section 101 issue. Moreover, if a Section 101 rejection is presented and later retracted during examination, the presumption of validity should be useful inoculation against similar attacks during post-grant examination of litigation.

### 2. Invocation of “Streamlined Eligibility Analysis”<sup>11</sup>

The Interim Eligibility Guidance includes a new “Streamlined Eligibility Analysis” step that appears to provide a quicker vehicle for determining that subject matter is eligible. As the Interim Eligibility Guidance states:

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<sup>7</sup> *Id.*, at 20-21.

<sup>8</sup> *Id.*, at 21-23.

<sup>9</sup> “when a law of nature, a natural phenomenon, or an abstract idea is recited (i.e., set forth or described) in the claim”

<sup>10</sup> Interim Eligibility Guidance, page 11.

<sup>11</sup> A further discussion of methods by which an applicant may avail themselves of the Streamlined Eligibility Analysis is provided below under the “Practical Implications” subheading.

For purposes of efficiency in examination, a streamlined eligibility analysis can be used for a claim that may or may not recite a judicial exception but, when viewed as a whole, clearly does not seek to tie up any judicial exception such that others cannot practice it. Such claims do not need to proceed through the full analysis herein as their eligibility will be self-evident.<sup>12</sup>

Although the Streamlined Eligibility Analysis is nominally listed in a section that describes analysis under Step 2, the Streamlined Eligibility Analysis provides an avenue for finding eligibility regardless of whether the claim recites a judicial exception. Claims that are analyzed using the Streamlined Eligibility Analysis “do not need to proceed through the full analysis herein as their eligibility will be self-evident.”<sup>13</sup> The Interim Eligibility Guidance permits this analysis where the examiner determines that the claim does not seek to “tie up” the judicial exception such that others cannot practice it. Such arguments, if persuasive, could end the eligibility inquiry favorably without needing to proceed through the entire Two-Part Test.

### 3. The importance of “as a whole” analysis

The Interim Eligibility Guidance further bolsters the instruction to patent examiners to evaluate claims “as a whole,” especially in conjunction with Step 2 of the analysis. In particular, the Interim Eligibility Guidance now explicitly states that “[i]t is important to consider the claim as whole. Individual elements viewed on their own may not appear to add significantly more to the claim, but when combined may amount to significantly more than the exception.”<sup>14</sup> Based on the original Preliminary Eligibility Guidance, patent examiners have often dismissed claim features as not comprising “significantly more” than a judicial exception by stating that the claim features require “no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry.” However, the Interim Eligibility Guidance lends additional support to arguments that patent examiners must evaluate the *combination* of such claim features before reaching any conclusion.

### 4. Features that constitute “significantly more” than a judicial exception

A notable addition to the Interim Eligibility Guidance is the addition of new classes of features that can satisfy Step 2 of the Two-Part Test.

First, the machine-or-transformation test has resurfaced. The machine-or-transformation test, which is described in the Federal Circuit *In re Bilski* decision,<sup>15</sup> was the prevailing test for subject matter eligibility prior to the *Alice Corp.* decision. Although the Supreme Court has acknowledged that the machine-or-transformation test is a “useful and important clue” in the Section 101 analysis,<sup>16</sup> the Preliminary Eligibility Guidance did not account for this fact. However, the Interim Eligibility Guidance now provides that one limitation that may be enough to qualify as “significantly more” is “applying the judicial exception with, or by use of, a particular machine,” with reference to the machine prong of the machine-or-transformation test.<sup>17</sup>

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<sup>12</sup> *Id.*, at 24.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*, at 21.

<sup>15</sup> 545 F.3d 943, (Fed. Cir. 2008).

<sup>16</sup> *Bilski v. Kappos*, 130 S. Ct. 3218, 3227 (2010).

<sup>17</sup> Interim Eligibility Guidance, page 21, citing *Bilski*.

Second, the Interim Eligibility Guidance further states that “[a]dding a specific limitation other than what is well-understood, routine and conventional in the field, or adding unconventional steps that confine the claim to a particular useful application.”<sup>18</sup>

The addition of these classes suggests that the USPTO was concerned that the original Preliminary Eligibility Guidance failed to take into account important evidence of eligibility under Step 2 mentioned by recent case law.

## E. Practical Implications

The additional language in the Interim Eligibility Guidance suggests some strategic considerations that patent applicants should evaluate when dealing with Section 101 issues.

### 1. The battle will focus on Step 2 of the Two-Part Test

The Interim Eligibility Guidance casts a wide net for finding judicial exceptions in claims. In particular, the Interim Eligibility Guidance stresses that a claim that sets forth or describes *any* judicial exception meets the requirements of Step 1 of the test. This broad filter for determining that a claim is directed to a judicial exception biases the analysis in favor of Step 2 determinations. Although arguments regarding Step 1 of the Two-Part Test should not be abandoned, patent applicants should always consider arguments regarding Step 2 of the Two-Part Test. To the extent a Section 101 rejection can be overcome in Step 2, the Interim Eligibility Guidance provides new avenues to establish that the claims apply the judicial exception in a meaningful way.

### 2. Establishing “significantly more”

The Interim Eligibility Guidance establishes additional categories that examiners may employ to find that claims satisfy Step 2 of the Two-Part Test. The Interim Eligibility Guidance now provides that one limitation that may be enough to qualify as “significantly more” is “applying the judicial exception with, or by use of, a particular machine,” with reference to the machine prong of the machine-or-transformation test.<sup>19</sup> It is unlikely that the recitation of a processor performing a single step in a claim will satisfy this analysis (as was possible prior to *Alice Corp.*), but this addition to the Interim Eligibility Guidance suggests that incorporating meaningful machine elements in a claim may yet provide a mechanism to pass Step 2.<sup>20</sup> Applicants may be able to persuade an examiner to withdraw a Section 101 rejection by arguing that a computer-implemented invention provides a particular purpose or utility beyond mere application of the judicial exception with a computer.

The Interim Eligibility Guidance also establishes that claims that include specific limitations other than what is “well-understood, routine, and conventional in the field” may satisfy the requirements of Step 2. This statement suggests that the argument for withdrawing a Section 101 rejection may be predicated on the ability to overcome all Sections 102 and 103 rejections pending against a claim.

### 3. Analogizing to favorable cases

The Interim Eligibility Guidance provides a list of case summaries, including example inventions that pass or fail the

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<sup>18</sup> *Id.*, at 22, citing *Mayo*.

<sup>19</sup> *Id.*, footnote 36 on page 21.

<sup>20</sup> *Id.*, at 21-22.

subject matter eligibility analysis.<sup>21</sup> Although examiners are typically not persuaded by direct references to case law, inclusion of these case summaries in the Interim Eligibility Guidance implies that examiners should consider whether the claims under examination are similar to the claims of one of the cited cases. As such, analogizing to the favorable cases (and distinguishing from unfavorable cases) included in the Interim Eligibility Guidance may persuade an examiner that claims satisfy the Two Part Test.

#### 4. Invoking “streamlined eligibility analysis”

The streamlined eligibility analysis procedure described in the Interim Eligibility Guidance allows an examiner to short circuit the Two-Part Test completely in cases where the examiner is persuaded that the claims do not “seek to tie up any judicial exception such that others cannot practice it.”<sup>22</sup> This test appears to focus on the main policy concern highlighted by the Supreme Court in the *Alice* decision, the preemption of the fundamental building blocks of innovation. As such, if the examiner can be convinced that the claims are not wholly preemptive of a judicially created exception, then it may be possible to avoid full analysis of the Two-Part Test.

Since it will likely be difficult to convince an examiner to invoke the streamlined analysis in cases where a Section 101 rejection has already been issued based on the Two-Part Test, applicants should provide claims that prompt the examiner to invoke the streamlined analysis before the first office action. In particular, applicants should consider drafting narrow, less-preemptive claims in initial filings to make it more likely that examiners will invoke the streamlined analysis (and pursuing broader protection in continuation applications).

Applicants should also consider utilizing the USPTO’s First Action Interview Pilot Program to have an interview with the examiner prior to issuance of a first office action. Such an interview provides the applicant with the opportunity to convince the examiner of the lack of preemptive effect of the claims before the examiner goes on the record with a Two-Part Test analysis. During such an interview, applicants may consider discussing any claim elements that may implicate judicial exceptions and highlighting to the examiner how the claims do not “tie up” those judicial exceptions such that others cannot practice them.

Given the variance in prior application of the original Preliminary Eligibility Guidance across technology centers and art units, applicants should be aware of the particular manner in which eligibility determinations are made in the technological areas in which their applications most frequently are assigned. Interviews can provide insight into how the Interim Eligibility Guidance will be applied to their technologies.

## F. Conclusion

Many had hoped that these guidelines would provide a clear, objective and final test for identifying eligible subject matter. While the Interim Eligibility Guidance is a step in the right direction, it still leaves a fair amount of subjectivity in the evaluation of whether a given invention passes the Two-Step Test. It is worth noting that this guidance is still interim and open to public comment until March 16, 2015. Furthermore, we expect that subject matter eligibility standards will continue to evolve as the federal courts issue new decisions in the wake of *Alice Corp.*

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<sup>21</sup> *Id.*, at 41-57.

<sup>22</sup> *Id.*, at 24.

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