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USPTO's New Guidance on Subject Matter Eligibility

Few areas of patent law are as unsettled as subject matter eligibility. To improve clarity, consistency, and predictability, the USPTO recently published new guidance on this topic. The February 2019 issue of Sterne Kessler's Global Patent Prosecution Newsletter discusses the USPTO's new guidance, as well as practice tips for practitioners.

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FIVE THINGS YOU NEED TO KNOW ABOUT THE USPTO'S NEW GUIDANCE ON PATENT ELIGIBILITY

By Michelle Holoubek and Lestin Kenton

On January 7, 2019, the U.S. Patent and Trademark Office (USPTO) issued new guidance on Patent Eligibility, seeking to improve the overall clarity, consistency, and predictability of patent eligibility analysis performed by the Office.

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PRACTICE TIPS: USPTO'S NEW GUIDANCE ON PATENT ELIGIBILITY

By Michelle Holoubek and Lestin Kenton

Patent stakeholders have recognized the difficulties in consistently predicting what subject matter is patent-eligible, given the inconsistent and varying manner in which the Alice/Mayo test has been applied over the years. With the U.S. Patent and Trademark Office's (USPTO's) new guidance on Patent Eligibility and the revamping of the procedures for determining eligibility, here is what patent practitioners can do now. [1]

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On January 7, 2019, the U.S. Patent and Trademark Office (USPTO) issued new guidance on Patent Eligibility, seeking to improve the overall clarity, consistency, and predictability of patent eligibility analysis performed by the Office.

The 5 things practitioners need to know about the new guidance:

1. **The new guidance eases the burden on patenting computer-implemented innovation.**

The new guidance eases the burden on patenting computer-implemented innovation. Specifically, under Step 2A (Prong One) of the *Alice* inquiry, Examiners must now determine whether the claimed subject matter falls into one of the enumerated categories provided by the new guidance: (1) Mathematical concepts; (2) Certain methods of organizing human activity; and (3) Mental processes.[1]

Thus, under the new guidance, claims that do not recite matter that falls within one of these groupings should pass the eligibility test, and the analysis should end, except in very rare circumstances.[2]

But an even more compelling change for computer-implemented innovation is how the Office will analyze claims even when the identified limitation(s) falls within the abstract idea groupings. When an Examiner identifies a recitation of an abstract idea and proceeds to Prong Two of the *Alice* inquiry, it must evaluate whether the claim integrates the abstract idea into a practical application in the following manner:

- identify whether there are any additional elements recited in the claim beyond the judicial exception(s); and
- evaluate those additional elements individually and in combination to determine whether they integrate the exception into a practical application.[3]

This "practical application" analysis should prove promising for computer-implemented innovations.

2. **There is still some ambiguity in the Guidance though, because the determination of a "practical application" is similar to the oft-maligned "significantly more" test from the post-*Alice* Interim Guidance.**

Given that the Guidance must navigate the morass that is Federal Circuit precedence on eligibility, it is no surprise that there must be some ambiguity in the Guidance if patents examined pursuant to the Guidance are going to survive judicial scrutiny.

According to the Guidance, claims integrate the abstract idea into a practical application when:

- an additional element reflects an improvement in the functioning of a computer, or an improvement to other technology or technical field;
- an additional element implements the abstract idea with a particular machine or manufacture that is integral to the claim; and
- when an additional element applies or uses the abstract idea in some other meaningful way beyond generally linking the use of the abstract idea to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception.[4]

Claims do not integrate an abstract idea into a practical application if:

- the additional elements merely recite the words "apply it" (or an equivalent) with the judicial exception, or merely includes instructions to implement an abstract idea on a computer, or merely uses a computer as a tool to perform an abstract idea;
- the additional elements only add insignificant extra-solution activity to the judicial exception; and
- the additional elements do no more than generally link the use of a judicial exception to a particular technological environment or field of use.[5]

Nonetheless, fewer claims should reach the second prong of the step 2A analysis, given the new restrictions on Prong One of the Step 2A analysis. And, if a claim fails the eligibility test under the "practical application" Prong (Prong Two), the claim still has a chance under the Step 2B analysis.

3. **The "well-understood, conventional, and routine" analysis will now be considered for all claim elements – even those previously deemed "insignificant"**

A key change in the guidance is that the Examiner's analysis during Step 2A specifically excludes consideration of whether the additional elements represent well-understood, routine, and conventional activity. Instead, this analysis is done in Step 2B.[6]

As a result of this approach, novelty of the alleged "abstract idea" and any other extra-solution activity can now contribute to the unconventionality of the claim as a whole such that the claim survives a patent-eligibility challenge—representing a stark contrast from how the USPTO previously treated claims in such situations.

4. **Not all computer-implemented inventions are patent-eligible.**

Although the path towards patent-eligibility should be smoother for computer-implemented innovation, not all computer-implemented inventions are patent-eligible (e.g., mathematical concepts that are merely implemented using generic computer components—without improving the functioning of the computer itself). The footnotes of the Guidance are dense, but are worth the read to see how the USPTO is walking the fine line of case law for this issue.

On the other hand, computer-implemented innovation that cannot be "practically performed" in the human mind can be patent-eligible. This is good news for patent applicants, as it may reduce Examiners' reliance on *Electric Power Group* when rejecting some data processing/ analytics claims.

5. **The new §101 guidance is not the only game in town—the new §112 guidelines related to CII's must also be considered.**

The USPTO also issued new guidance on the handling of computer-implemented inventions (CII's) under 35 U.S.C. §112. Thus, in addition to the new 35 U.S.C. §101 guidance, stakeholders of computer-implemented innovation should be aware of the new §112 guidance in order to avoid any §112 pitfalls as well.

* A previous version of this article first appeared in Law360.

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[1] 2019 Revised Patent Subject Matter Eligibility Guidance, pp. 9-11.
[2] *Id.*, p. 17.
[3] *Id.*, p. 19.
[4] *Id.*, pp. 19-20.
[5] *Id.*, p. 21.
[6] Id., p. 19.

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What can patent practitioners do now?

1. Make sure Examiners are adhering to the new guidance

The USPTO's new guidelines attempt to provide consistency in examination procedures regarding patent-eligible subject matter. It is important to make sure Examiners are appropriately following the new 35 U.S.C.§101 guidance. If an abstract idea has been identified by the Examiner, confirm that the Examiner is identifying an appropriate abstract idea category. Moreover, even when an abstract idea is found, ensure that the Examiner is properly giving weight to all claim limitations when determining whether the abstract idea is integrated into a practical application.

2. Be mindful of the new guidance when drafting applications

Perhaps the best way to get in front of and avoid a patent-eligibility challenge is during the application drafting stage. Practitioners should be aware of the new guidance in order to draft claims and tailor a specification that avoids the pitfalls of a §101 challenge. During claim drafting and prior to filing of an application, an analysis of the claims from the perspective of the new guidelines—both under 35 U.S.C. §§101 and 112—can prove to be an effective exercise.

3. Consider whether updates to pending briefs at the USPTO would be useful

Many ex parte applicants—as well as patent owners whose claims have been challenged at the USPTO Patent Trial and Appeal Board (PTAB)—may want to consider requesting supplemental briefing to show how their claims are compliant with the new guidance. As with all USPTO guidance that does not rise to the level of official rule-making, an Examiner's lack of adherence to the guidance is not a sufficient ground for appeal.[2] But the rationale provided in the guidance should be indicative of how §101 challenges are to be analyzed across the Office, and so patent owners should consider whether an update to the PTAB to address the new guidance would be beneficial to their case.

* A previous version of this article first appeared in Law360.

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[1] 2019 Revised Patent Subject Matter Eligibility Guidance.
[2] *Id.*, p.7.

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