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USPTO Calls For Clearer Alice Rejections, Aiding Applicants

By **Ryan Davis**

Law360, New York (May 5, 2016, 10:49 PM ET) -- The U.S. Patent and Trademark Office instructed patent examiners Thursday to provide more detailed explanations when they reject applications as patent-ineligible under U.S. Supreme Court decisions like Alice, a move attorneys say is welcome news for applicants frustrated by what they have seen as boilerplate rejections.

(Credit: AP)

The office said in a memo to examiners, following up on guidance it issued in July on applying Alice, that decisions rejecting an application as patent-ineligible for claiming only an abstract idea, natural product or law of nature should be accompanied by detailed reasoning, including citations to court decisions that found a similar patent invalid.

"When making the rejection, the office action must provide an explanation as to why each claim is unpatentable, which must be sufficiently clear and specific to provide applicant sufficient notice of the reasons for ineligibility and enable the applicant to effectively respond," the office said.

The memo appears to be a direct response to concerns raised by many patent applicants and industry groups that, in the wake of recent Supreme Court rulings on patent eligibility, many examiners have issued cursory rejections of applications that say little more than that the claimed invention is ineligible, making it difficult to respond and try to change the examiner's mind.

"This memo is definitely a bit of a crackdown on the examining corps by saying that there does need to be a more detailed explanation," said Sunjeev Sikand of RatnerPrestia PC.

Having more information about why an application is being rejected as ineligible helps applicants understand how to best respond to get the claims allowed, said Michelle Holoubek of Sterne Kessler Goldstein & Fox PLLC, adding that the memo could lead to fewer rejections.

"Overall, the new guidance seems to tell examiners to lighten up and loosen the stringent approach of viewing patent applications as ineligible unless proven otherwise, which is how some examiners have been treating applications since Alice," she said.

Robert Bahr, USPTO deputy commissioner for patent examination policy, said in a blog post Thursday that the new guidance "should lead to greater consistency throughout the patent examining corps in evaluating whether the claimed subject matter is eligible for patenting, more thorough office actions that will assist applicants in determining how to respond to subject matter eligibility rejections, and greater assurance that applicant responses are thoughtfully considered."

Specifically, the memo advises examiners to identify the patent-ineligible subject matter by referring to what is recited in the claim and why it is considered to be ineligible, as well as why any additional elements in the claim do not amount to "significantly more" than the ineligible subject matter, as the Supreme Court requires. The office also published new examples based on hypothetical scenarios in the life sciences area that examiners can look to in considering applications.

"Citing to an appropriate court decision that supports the identification of the subject matter recited in the claim language as an abstract idea is a best practice that will advance prosecution," the memo said. "Examiners should be familiar with any cited decision relied upon in making or maintaining a rejection to ensure that the rejection is reasonably tied to the facts of the case and to avoid relying upon language taken out of context."

Some examiners have not included that level of detail in their rejections since the Supreme Court held in recent decisions that abstract ideas implemented using a computer and products of nature, like human genes, are not patent-eligible under Section 101 of the Patent Act, attorneys say.

The memo makes clear to examiners that it is not enough to point to language in the claims and say that it is an abstract idea and reject the application — they must give an explanation of why the claim is not patent-eligible, according to Robert Sachs of Fenwick & West LLP.

"It's telling examiners that they can't just write boilerplate rejections," Sachs said. "I've seen examiners quote the whole claim and say, 'That's the abstract idea.' Really? That’s not kosher."

It is important that the memo instructs examiners not to go beyond recent decisions by the Supreme Court and Federal Circuit invalidating patents on subject-matter eligibility grounds since there is only a limited body of case law, and new applications necessarily are different from what has come before, Sikand said.

"Examiners have been fairly aggressive in identifying claims as reciting abstract ideas, and this seems to rein that in somewhat," he said.

In public comments submitted to the USPTO about how examiners are handling patent-eligibility issues, several intellectual property groups complained that examiners have been summarizing claims at a high level of generality and reading out specific limitations included in the claims.

"This memo says examiners have to identify an abstract idea as it is recited in the claims," Holoubek said. "That seems to be the USPTO's way of telling examiners, 'You have to look at the language of the claims, and you can't genericize them so much that the innovation claimed is lost.'"

The guidelines will give applicants more power in responding to rejections, since a clearer explanation of what the examiner objects to can potentially provide a road map for how to get the claim allowed, including by submitting expert testimony, Holoubek added.

That is a much better situation to be in than "submitting evidence and not knowing specifically what would make a difference to the examiner," she said.

Thursday's memo also includes guidance for examiners on how to evaluate an applicant's response to a rejection, such as ones that add more elements or present arguments about why the rejection was in error. As with initial rejections, the memo urges increased diligence on the part of examiners in evaluating such arguments.

"When evaluating a response, examiners must carefully consider all of applicant's arguments and evidence rebutting the subject matter eligibility rejection," it said. "If applicant's claim amendment(s) and/or argument(s) persuasively establish that the claim is not [ineligible] the rejection should be withdrawn."

The memo says that if the original rejection did not identify a court decision involving similar subject matter, examiners should do so at the response stage but that they can still maintain a rejection if the applicant's response is not persuasive.

Sikand expects examiners to continue issuing initial rejections in largely the same way following the memo, but "where the rubber hits the road is evaluating the applicant's response." It is helpful for applicants to see that the office is advising examiners to reconsider their positions based on the response or better justify their rejection by citing case law, he said.

The focus on detailed evaluations of responses to rejections will be welcomed by applicants since many people have been concerned by cursory feedback given by examiners, Holoubek said.

"What was happening is that applicants submitted detailed responses, and the examiner came back and said, 'The applicant's arguments are not persuasive' and maintained the rejection," she said. "It was unclear whether the applicant's arguments were being considered deeply."

It remains to be seen whether the memo will change the number of applications that are rejected on subject-matter-eligibility grounds, which has reached very high levels in some divisions at the USPTO. A Federal Register notice announcing the memo said that it does not have the force and effect of law and that an examiner's failure to follow it is not, in itself, a proper basis for an appeal.

"I'm not optimistic that this will change the actual rate of rejection, but some examiners may be less motivated to issue simple 101 rejections," said Sachs, who has closely tracked the USPTO's rejections.

Whatever happens going forward, the memo's emphasis on clarity and following case law should be helpful to applicants, Sikand said.

"We're better off with this than without it. That's for sure," he said.

--Editing by Christine Chun and Catherine Sum.