

5 Things To Know About USPTO's New Eligibility Guidance

By **Michelle Holoubek and Lestin Kenton** (January 8, 2019, 4:26 PM EST)

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. Responding to these difficulties and calls for action from many, on Jan. 7, 2019, the U.S. Patent and Trademark Office issued new guidance on patent eligibility, seeking to improve the overall clarity, consistency and predictability of patent-eligibility analysis performed by the office.

In general, the 2019 revised patent subject matter eligibility guidance revamps the procedures for determining patent eligibility in the following key ways:

- The first step of the Alice/Mayo test has been revised. The guidance provides three groupings of subject matter that are considered abstract ideas: mathematical concepts, certain methods of organizing human activity, and mental processes. Only concepts that fall into those groupings will be considered “abstract ideas.”
- A claim that recites an abstract idea is not “directed to” the abstract idea if the idea is integrated into a practical application.
- A claim that recites an abstract idea, but is not integrated into a practical application, is “directed to” the abstract idea under Step 2A and must then be evaluated under Step 2B (inventive concept) to determine the subject matter eligibility of the claim.



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What Practitioners Should 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. Since Alice, computer-implemented innovation has faced many eligibility challenges. The new guidance paves a smoother path toward patenting computer-implemented innovation. Specifically, under Prong 1 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. Those categories are:

- Mathematical concepts — mathematical relationships, mathematical formulas or equations, mathematical calculations;
- Certain methods of organizing human activity — fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions); and
- Mental processes — concepts performed in the human mind (including an observation, evaluation, judgment, opinion).[1]

To determine whether a claim recites an abstract idea in Prong 1, examiners are now to: (1) identify the specific limitation(s) in the claim under examination (individually or in combination) that the examiner believes recites an abstract idea; and (2) determine whether the identified limitation(s) falls within the subject matter groupings of abstract ideas. 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 an abstract idea and proceeds to Prong 2, they must evaluate whether the claim integrates the abstract idea into a practical application.

As outlined in the guidance, examiners should evaluate integration into a practical application by:

- Identifying whether there are any additional elements recited in the claim beyond the judicial exception(s); and
- Evaluating 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 (even Federal Circuit judges have called out for help), 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. The guidance’s examples for when abstract concepts have or have not been integrated into a practical application take a page out of the USPTO’s previous “significantly more” analysis, which itself drew from the language of *Bilski*, *Mayo* and *Alice*. [4]

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;
- 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[5]

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.[6]

Nonetheless, fewer claims should reach this prong of the test, given the new restrictions on the eligibility test in Prong 1. And, if a claim fails the eligibility test under this “practical application” prong, the claim still has a chance under Prong 2B.

3. Not all computer-implemented inventions are patent-eligible, because some mathematical concepts implemented using generic computer components are still ineligible — although concepts that cannot be “practically performed” in the human mind will now be considered eligible.

Although the path toward patent eligibility should be smoother for computer-implemented innovation, not all computer-implemented inventions are patent-eligible. For example, mathematical concepts are one of the categories of abstract ideas identified by the new guidance and when such concepts are merely implemented using generic computer components — without improving the functioning of the computer itself — such claims will still be deemed patent-ineligible. 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. As one of the categories of abstract ideas is mental processes, establishing that a computer-implemented claim cannot be performed by the human mind can be helpful in getting past the patent-eligibility hurdle. This is good news for patent applicants, as it may reduce examiners’ reliance on Electric Power Group when rejecting some data processing/analytics claims.

4. 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.[7]

Thus, during Step 2A, examiners are to give weight to all additional elements, whether or not they are conventional, when evaluating whether a judicial exception has been integrated into a practical application.

And more importantly, elements found in Prong 1 to be part of the abstract idea, or elements found in Step 2A to be insignificant (or not contribute to the integration of the abstract idea into a practical application) are considered anew in determining whether the claim is “well-understood, conventional, and routine.” The office gives a helpful example of a data gathering step that may be considered as “insignificant extra-solution activity” under Step 2A, yet contribute the unconventionality (and thus, the overall inventive concept) of the claim.

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.

5. The new §101 guidance is not the only game in town — the new §112 guidelines related to computer-implemented inventions must also be considered.

The USPTO also issued new guidance on the handling of computer-implemented inventions under §112. Under this guidance, the office clarifies that, for computer-implemented claims under §112(f), a patent specification must disclose an algorithm for performing the entirety of the claimed function or the claim will be deemed indefinite. The §112 guidance makes clear that algorithms can be “in any understandable terms including as a mathematical formula, in prose, or as a flow chart, or in any other manner that provides sufficient structure.” Moreover, the §112 guidance warns that the corresponding structure cannot be a general purpose computer, and arguing that a general purpose computer can be programmed to perform the claimed function is not sufficient.

Thus, in addition to the new §101 guidance, stakeholders of computer-implemented innovation should be aware of the new §112 guidance in order to avoid any §112 pitfalls as well.

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 §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 §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 — 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.[8] 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.

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[1] 2019 Revised Patent Subject Matter Eligibility Guidance, pp. 9-11

[2] *Id.*, p. 17

[3] *Id.*, p. 19

[4] 79 Fed. Reg. 74624 (Dec. 16, 2014)

[5] 2019 Revised Patent Subject Matter Eligibility Guidance, pp. 19-20

[6] *Id.*, p. 21

[7] *Id.*, p. 19

[8] *Id.*, p.7