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MEMORANDUM

DATE: May 13, 2013

TO: Patent Examining Corps

FROM: Andrew H. Hirshfeld

Deputy Commissioner

For Patent Examination Policy

SUBJECT: Federal Circuit Decision in *CLS Bank et al. v. Alice Corp.*

On May 10, 2013, the Federal Circuit issued the highly anticipated decision in *CLS Bank* involving subject matter eligibility of computer-implemented inventions under 35 U.S.C. § 101. The purpose of this memorandum is to notify the Patent Examining Corps that, at present, there is **no change** in examination procedure for evaluating subject matter eligibility. Current procedure detailed in MPEP 2106 should continue to be followed.

CLS Bank Decision

The patents in suit relate to a computerized trading platform used for conducting financial transactions in which a third party settles obligations between a first and a second party so as to eliminate “counterparty” or “settlement” risk. The district court found all of the claims invalid because they were directed to an ineligible abstract idea under 35 U.S.C. § 101. The Federal Circuit heard the case *en banc* and affirmed the district court in a divided decision.

Along with the decision, the Federal Circuit also issued six separate opinions by various members of the court concurring, dissenting, and offering reflections on the decision. Despite the Court’s sharp divide voiced in the six separate opinions, several important themes emerged, such as:

- There was agreement that the test for eligibility is not a rigid, bright line test and must be made by evaluating a claim as a whole, on a case-by-case basis, using a flexible approach.
- Many of the judges explicitly noted that the test for eligibility is a separate and distinct inquiry from other patentability concerns, particularly novelty and obviousness.
- It was generally agreed that when evaluating the claim as a whole the claim must be analyzed to determine whether the additional limitations add significantly more, or in other words add meaningful limits, to the abstract idea or law of nature.

Given the multiple divergent opinions, the USPTO is continuing to study the decision in *CLS Bank* and will consider whether further detailed guidance is needed on patent subject matter eligibility under 35 U.S.C. § 101.