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Sent: Thursday, February 10, 2011 4:50 PM
To: Bilski_Guidance
Subject: ABA-IPL Comments on Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*

Please see the attached comments from the ABA Section of Intellectual Property Law to Under Secretary David Kappos on Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*.

Thank you.

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**Via Electronic Mail
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February 10, 2011

The Honorable David Kappos
Under Secretary of Commerce for Intellectual Property
and Director of the United States Patent and Trademark Office
Mail Stop Comments – Patents
P.O. Box 1450
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Re: Comments on *Interim Guidance for Determining Subject Matter
Eligibility for Process Claims in View of Bilski v. Kappos*, 75 Fed.
Reg. 43922 (July 27, 2010)

Dear Under Secretary Kappos:

On behalf of the American Bar Association Section of Intellectual Property Law (the “Section”), I am writing to provide our comments in response to the request the United States Patent and Trademark Office (the “Office”) published in the Federal Register on July 27, 2010 (PTO-P-2010-0067). In particular, the Section submits the following comments on the *Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of Bilski v. Kappos*, 75 Fed. Reg. 43922 (the “Guidelines”). These comments have not been approved by the American Bar Association’s House of Delegates or Board of Governors and should not be considered to be views of the American Bar Association.

The Section is generally supportive of several aspects of the Guidelines. In particular, the Section favors: (1) the Guidelines’ emphasis on the principles of compact prosecution by way of the requirement that Office personnel state all non-cumulative reasons and bases for rejecting claims in the first Office action; (2) the Guidelines’ factor-based approach to determining subject matter eligibility of method claims in view of the abstract idea exception; and (3) the Guidelines’ instruction that the examiner should evaluate the claim as a whole when making a determination of compliance with the subject matter eligibility prong of 35 U.S.C. § 101 (“Section 101”).

The Section nevertheless believes certain revisions to the Guidelines would be beneficial. Specifically, the Section recommends that the Office revise the Guidelines to provide that a claimed process that results in a transformation of data by computer or other electronic means should not be deemed automatically ineligible for patent protection under Section 101 solely on the grounds that it does not transform a particular article into a different state or thing. The Section further recommends that the Office revise the Guidelines to provide that, although it is not the sole test for determining eligibility for patent protection under

Section 101, a useful claimed process is patent-eligible under Section 101 if: (1) it is tied to a particular machine or apparatus; or (2) it transforms a particular article into a different state or thing.

I. Compact Prosecution

The Section supports the Guidelines' emphasis on compact prosecution. By requiring that the examiner fully review all aspects of the application and the subject matter of each and every claim, it is ensured that the application will receive the appropriate and warranted initial examination. Such a policy also obviates an undue focus on only one of the statutory requirements (Section 101) for patentability to the exclusion of the other equally important statutory requirements (35 U.S.C. §§ 102, 103, and 112).

Proposed flow charts were included in the Section's letter of July 27, 2006 (re: Interim Guidelines for Examination of Patent Applications for Patent Subject Matter Eligibility). These flow charts provided a suggested process flow that should be applied to all applications, and, in accordance with the Guidelines, note that all statutory requirements should be checked regardless of whether a claim fails to meet a particular requirement. This is the essence of compact prosecution, which the Section fully supports.

II. Factor-Based Approach

The Section further supports the factor-based approach set forth in the Guidelines, which, in accordance with the U.S. Supreme Court's decision in *Bilski v. Kappos*, 130 S. Ct. 3218 (2010), eliminates any rigid test beyond the bounds of Section 101 and the well-held exceptions: laws of nature, physical phenomena, and abstract ideas. In particular, the U.S. Supreme Court has decided that the machine-or-transformation test, while certainly informative for making a decision regarding the patent-eligibility of a claim, is not the exclusive test for application to such claims. Instead, the *Bilski* decision allows for the proposed factor-based approach for making a determination of whether certain claimed subject matter meets one of the above-listed exclusions (with particular focus on the "abstract idea" exception with regard to method- or process-type claims).

The Section believes that this factor-based approach in the Guidelines leads to beneficial flexibility. In particular, and with respect to obviousness, in *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007), the U.S. Supreme Court rejected the inflexible application of the teaching, suggestion, or motivation standard for proving an invention obvious. Instead, *KSR* builds on the multi-factor inquiry of *Graham v. John Deere Co.*, 383 U.S. 1 (1966). Since patentability under Section 101 governs every possible form of invention, it is recognized that Congress did not write Section 101 to tie patentability to any particular physical form, and courts should not impose such a restriction. Therefore, the decision in *Bilski* and the suggested factor-based approach of the Guidelines is in full conformance with these goals.

Further, the Section supports the comprehensive nature of the factor-based approach, with the caveat that all factors should be considered when addressing the patent-eligibility issue. Accordingly, no factor should be accorded more or less weight than any other factor. On this basis, the Section supports the factor-based approach set forth in the Guidelines.

III. Evaluate The Claim As A Whole

Still further, the Section supports the Guidelines' instruction that an examiner should evaluate the claim as a whole when making a determination of compliance with the subject matter eligibility prong of Section 101. By requiring that the claim be viewed as a whole, the examiner will refrain from dissecting the claim and erroneously finding that the claim is directed to an abstract idea simply because certain steps or features are abstract in nature.

IV. Transformation Of Data By Computer Or Other Electronic Means

The Section recommends that the Office revise the Guidelines to provide that a claimed process that results in a transformation of data by computer or other electronic means should not be deemed automatically ineligible for patent protection under Section 101 solely on the grounds that it does not transform a particular article into a different state or thing. The revision has been carefully formulated: (1) to encourage the examiner to keep an open mind with respect processes that recite a transformation of data, and (2) not to affirmatively endorse a position that all transformations of data are patent eligible. It is important to note the Section does not endorse a position that all transformations of data are patent eligible subject matter, but instead advocates for a revision to the Guidelines that would discourage examiners from finding all process claims that result in a transformation of data to be directed to an abstract idea.

The Guidelines outline several factors that an examiner should consider when evaluating whether a method claim is directed to an abstract idea. One of the factors the Guidelines indicate weighs towards eligibility is when the claimed method recites a transformation in which the article being transformed is an object or substance. However, this instruction does not take into account the transformation of data. *See State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1373 (1998) (“[T]he transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation...”); and *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 1358 (1999) (“The notion of ‘physical transformation’ can be misunderstood. In the first place, it is not an invariable requirement, but merely one example of how a mathematical algorithm may bring about a useful application.”).

In *AT&T*, the U.S. Court of Appeals for the Federal Circuit explained the decision in *Arrhythmia Research Technology v. Corazonix, Corp.*, 958 F.2d 1053 (Fed. Cir. 1992) as follows:

Arrhythmia's process claims included various mathematical formulae to analyze electrocardiograph signals to determine a specified heart activity. The *Arrhythmia* court reasoned that the method claims qualified as statutory subject matter by noting that the steps transformed physical, electrical signals from one form into another form – a number representing a signal related to the patient's heart activity, a non-abstract output. The finding that the claimed process “transformed” data from one “form” to another simply confirmed that Arrhythmia's method claims satisfied § 101 because the mathematical algorithm included within the process was applied to produce a number which

had specific meaning – a useful, concrete, tangible result – not a mathematical abstraction.

AT&T at 1359 (internal citations omitted). This clearly indicates that the transformation of a data signal into a representation of something else is a transformative process, albeit not a physical transformation of an object or substance.

The Section supports an instruction in the Guidelines that ensures that the examiner does not exclude from patent eligibility subject matter, that, when viewed as a whole, results in a transformation of data, as opposed to strictly a transformation of an object or substance. Of course, the Section realizes that such a data transformation must still be analyzed in accordance with the factors set forth in Section B(1)-(5) on page 43925 of the Guidelines. It is also recognized that these “transformation” factors are simply additional factors for consideration during the examination process of the examiner. However, the Section recommends that the examiner be instructed to apply these same factors to all transformations, whether transformations of an object, a substance, or data.

V. The Machine Or Transformation Test

The Section further recommends that the Office revise the Guidelines to provide that, although it is not the sole test for determining eligibility for patent protection under Section 101, a useful claimed process is patent-eligible under Section 101 if: (1) it is tied to a particular machine or apparatus; or (2) it transforms a particular article into a different state or thing. This notion is supported by the U.S. Supreme Court’s acknowledgement regarding the usefulness of the machine-or-transformation test. *Bilski v. Kappos*, 130 S. Ct. 3218, 3227 (2010). Thus, the U.S. Supreme Court recognizes the machine or transformation test as a valuable test, if not the only test.

In closing, the Section appreciates the Office asking for input on how Office personnel determine subject matter eligibility under 35 U.S.C. § 101.

If you have any questions or wish for us to provide further explanation with regard to any of our comments, please feel free to contact me. Either I or another member of the leadership of the Section will respond to your inquiry.

Very truly yours,



Marylee Jenkins
Section Chairperson
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