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Section 101 Eligibility Comments

TO: U.S. Patent Office
FROM: Thomas Isaacson, Esq.
DATED: 09 February 2015
RE: Section 101 Eligibility Guidelines

Dear U.S. Patent Office:

I present some comments below on the Interim Guidance with respect to patent eligibility under the Alice decision. The complicated and unpredictable analysis after the Alice decision is causing major and dramatic rifts in patent law and needs to be corrected. The comments below were mostly presented in at the Eligibility summit at the U.S. Patent Office on January 21, 2015. Some additional material has been added as well. These comments are focused on the “fundamental economic practice” aspect of abstract ideas and are provided in the basic form used in the presentation at the Eligibility Summit.

I. Judicial Exceptions to Patent Eligibility – Abstract Ideas: Fundamental Economic Practices

The Interim December Guidelines are a good start. However, the problem is, after Alice, that USPTO Technology Center 3600 (covering electronic commerce, finance, banking, health care, insurance, couponing, pricing, and business administration) dropped its allowance and issuance rate from about 47 % to 3.6%. The Alice analysis in practice, and as was warned by the Supreme Court, is “swallowing up all of patent law.” Alice, Slip Op., page 6. Inventors, investment and innovation are being affected by conclusory, unfounded and incomplete eligibility rejections. PROPOSAL: The following material identifies some problems with the current analysis and offers 6 solutions to revise the December 2014 Guidelines and Patent Office practices to correct and avoid future Alice eligibility problems.



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II. PROBLEM (1): The “Fundamental Economic Practice” prong (and other prongs) of the abstract idea judicial exception is applied loosely and broadly to reject more claims than are justified.

Examiners are:

A. Broadly characterizing the claims as “directed to” a concept but using non-claim language and multiple different phrasing for the abstract idea thus causing confusion and the 101 analysis because it is different from the scope of the claim.

B. Not mentioning narrow, inventive claim limitations in the rejection that could limit or eliminate pre-emption of the abstract idea, the primary worry of the Court.

C. Not citing support for where in the industry the abstract idea (fundamental economic practice) is actually practiced. Office Actions take effectively Judicial Notice that a claim is directed to a fundamental economic practice without any supporting citations.

D. Applying a standard of proof applied appears to be too high – Clear and Convincing or higher (No doubt).

III. Other Problems with the current Eligibility Practice

The looseness of the analysis in the rejections is causing these problems:

A. No predictable outcomes.

B. Impossible to Counter.

C. Potential Introduction of Prosecution History Estoppel by talking about the “invention” using non-claim language.

D. The rejections are arbitrary.

E. Any claim can be rejected if you don’t mention the claim limitations.

F. Examination rigor in general appears to be diminishing – effecting 102/103 analysis as well.

G. Inventions related to economic practices do not have as their purpose improving the functioning of the computer from a hardware standpoint.

H. Don’t force abstract ideas into the functioning of the computer category; other categories can be applied to meet part 2 of the guidelines.

The following sections offer 6 solutions to these major problems.



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IV. Solution (1): Follow the Guidelines

The first solution is to teach/require Examiners to follow Section 1 of the Guidelines, which references a claim being directed to a judicial exception when “an abstract idea is recited (i.e., set forth or described) in the claim.” (Emphasis in original). The Examiners must use claim language (i.e., what is recited in the claim), to characterize what the claims are “directed to.” Pages 23-24 of the Guidelines reference this concept but it is currently not applied by the Examiners. Using non-claim language results in an eligibility analysis will cover different concepts from the “invention.” **The “name of the game is the claim” must remain.**

V. Solution (2): Place the Burden on the Examiner to articulate a Prima Facie case

The second solution is to place (or remind the Examiner’s of) the *prima facie* requirement similar to Section 102/103 rejections on the Examiner. The Guidelines on Pages 23-24 suggest this requirement. Revise Guidelines to include: “Rejections made under Section 101 cannot be sustained with merely conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion that the claim is patent ineligible. Such rational underpinning must not ignore specific claim limitations when determining whether the claim is broad enough to tie up the use of the underlying judicial exception. The fact that one or more claim limitations is found to be novel and non-obvious is strong evidence that the claim as a whole will not likely risk pre-empting the judicial exception.”

VI. Solution (3): Cite the proper law: “long prevalent in our system of commerce”

The third solution is to revise the Guidelines to follow the pattern in Alice to require the fundamental economic practice also to be “long prevalent in our system of commerce.” This is a fact question with a (prior art-like) documentary component. In Alice, Slip Op., page 9, the Court cited a textbook published in 1896 and two other articles that explained the use of longstanding intermediate settlement concepts in commerce. Do not allow Examiners to effectively take Official Notice that a concept is a fundamental economic practice without evidence of longstanding use in commerce and the type of rigor required of 102/103 rejections that must address specific limitations as claimed (i.e., applying Solution (1) above).



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Revise the Guidelines to follow note that in Alice, “long” prevalent meant that the concept was discussed in a textbook from 1896. “Fundamental” and “Prevalent” was established by reference to the textbook and other scholarly articles that shows teachings and use within the “system of commerce.” The “long prevalent in our system of commerce” concept thus is more restrictive than the general prior art definitions under Section 102.

VII. Solution (4): Seriously Consider Applicant’s evidence

The Examiner must seriously consider Applicant’s arguments and presentation. I have responded to rejections with detailed arguments talking about specific claim limitations, actual real world market conditions, and specific companies now practicing the invention that were not prior to filing the application. The rebuttal arguments were ignored. Often, the Applicant knows the industry and can have more time and resources to present how an invention fits into the economic marketplace and how claim limitations prevent pre-emption of a judicial exception.

Revise the Guidelines to use language similar to MPEP 2141.01 IV:

A. “Once the applicant has presented rebuttal evidence of eligibility, Office personnel should reconsider any initial eligibility determination in view of the entire record. Questions to consider prior to maintaining the viability of an Alice-type eligibility rejection:

(1). Has the characterization of what the invention is “directed to” appropriately used claim language or does it need to be revised? Have you used different phrasing or is the characterization consistent throughout the Office Action?

(2) Has a discussion of specific claim limitations by the Applicant provided a preponderance of evidence that particular limitations will reasonably prevent the judicial exception from being tied up?

(3) Has the Applicant fairly demonstrated that the limitations in the claim and the claims as whole do not recite a fundamental economic practice that is long prevalent in our system of commerce?

(4) Have claim amendments solved the pre-emption problem? Are they narrow enough to reasonably eliminate preemption of the abstract idea?



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B. In the next Office Action, if the eligibility rejection is maintained, the Office Personnel should clearly communicate the Office’s findings and conclusions, articulating how the conclusion are supported by the findings, with reference to the specific features recited in the claims. For example, explain how even with specific claim limitations considered, the claim is so broad that it still covers the abstract concept of a fundamental economic practice long prevalent in our system of commerce, citing the supporting evidence found by the Office Personnel.”

VIII. Solution (5): Remember: The bar of eligibility should be a low one.

The hurdle of Section 101 patent eligibility is and should be a low one. The Guidelines should reflect this overall principle. Section 101 is broad and most evaluated claims should often be cleared for subject matter eligibility via the Streamlined Eligibility Analysis of Section I.B.3 (subject to a more appropriate standard of review as set forth next). This can be accomplished when actual claim limitations and the claims viewed “as a whole” are fully considered and through the appropriate standard of review.

IX. Solution (6): Apply the proper standard of proof

The hurdle of Section 101 patent eligibility is a low one. The Guidelines on page 24 should be revised to remove “clearly” from the Streamlined Eligibility Analysis. Further, “if there is doubt” should be removed. The proper standard of proof for patentability, including Section 101, is “the preponderance of the evidence.” The problem with the current approach under the streamlined analysis is that it would be best characterized as a “clear and convincing” standard or even higher – requiring no doubt. This is higher than the criminal standard of proof (beyond a reasonable doubt).

The Guidelines should establish via language (such as in MPEP 716.01(d)) the following standard: “The ultimate determination of eligibility must be based on consideration of the entire record, by a preponderance of evidence, with due consideration to the persuasiveness of any arguments and any secondary evidence. For example, the Applicant can demonstrate (through market evidence, prior art, or a lack of evidence on the record) that at least one recited limitation presents a narrowing of the claim as a whole that reasonably prevents the



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Applicant from tying up the judicial exception. If the preponderance of the evidence is such that preemption is not likely, then the claims are patent eligible.”

Further, the Guidelines should establish via language such as in MPEP 2142 the standard: “The legal standard of ‘a preponderance of evidence’ requires the evidence to be more convincing than the evidence which is offered in opposition to it. With regard to rejections under 35 U.S.C. 101, the examiner must provide evidence which as a whole shows that the legal determination sought to be proved (i.e., the claim is directed to a judicial exception AND there are no additional limitations that result in the claim as a whole not tying up the judicial exception such that others cannot practice it) is more probable than not.”

The preponderance of the evidence standard should apply to the Streamlined Eligibility Analysis and to step 2B which determines whether the claims as a whole recite significantly more than the exception itself. There is no justification for a much higher standard of proof in either section of the Guidelines.

Minor Changes to the Guidelines, when applied faithfully by the Office Personnel, will swing the pendulum back to where it should be when evaluating the eligibility of software patents and particularly applications in Art Unit 3600.

Respectfully submitted,

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