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BY E-MAIL (2014_interim_guidance@uspto.gov)

ATTN:

RE: NYIPLA Comments in response to “Request for Comments on 2014 Interim Guidance on Patent Subject Matter Eligibility” (Federal Register notice, December 16, 2014, Vol. 79, No. 241)

Introduction

The New York Intellectual Property Law Association (“NYIPLA”) is a professional association comprised of over 1,500 lawyers interested in Intellectual Property law who live or work within the jurisdiction of the United States Court of Appeals for the Second Circuit, and members of the judiciary throughout the United States as *ex officio* Honorary Members. The Association’s mission is to promote the development and administration of intellectual property interests and educate the public and members of the bar on Intellectual Property issues. Its members work both in private practice and government, and in law firms as well as corporations. The NYIPLA provides these comments on behalf of its members professionally and individually and not on behalf of their employers.

The NYIPLA applauds the USPTO for the work it has done providing guidance to its examiners and patent practitioners on how to determine subject matter eligibility since recent Supreme Court and Federal Circuit decisions in the area such as *Alice Corp.*¹, *Bliskr*², *Mayo*³, and *Myriad*⁴, as well as others. As evidenced by the recent dramatic increase of rejections under 35 USC § 101 by examiners, the withdrawal of notices of allowance in many patent applications, and the recent uptick in court decisions invalidating patents for lack of subject matter eligibility, subject matter eligibility has become a critical aspect of the U.S. patent system. The NYIPLA welcomes and appreciates efforts by the USPTO to improve guidance on subject matter eligibility to both examiners and patent practitioners.

In the Federal Register of December 16, 2014, the USPTO requested comments on its 2014 Interim Guidance on Patent Subject Matter Eligibility (“Interim Guidance”) which was effective immediately upon its publication on December 16, 2014. The NYIPLA is pleased to provide these comments to improve the guidance the PTO offers its examiners and patent practitioners when determining subject matter eligibility.

¹ Alice Corp. Pty. Ltd. v. CLS Bank International, et al., 134 S.Ct. 2347 (2014)

² Bliski v. Kappos, 561 U.S. 593 (2010)

³ Mayo Collaborative Services v. Prometheus Laboratories, Inc., 132 S.Ct. 1269 (2012)

⁴ Association for Molecular Pathology v. Myriad Genetics, Inc., 133 S.Ct. 2107 (2013)

Background

It is appreciated that the USPTO is not faced with an easy task given the manner in which the law on subject matter eligibility, and particularly, the judicially created exceptions to subject matter eligibility, has evolved and developed. By its nature the USPTO is trying to develop guidelines and codify an area of law that was not created by the legislative branch, but by the judiciary. Where, as here, the legislative branch broadly defined eligible subject matter under 35 U.S.C. § 101, it is critical that any effort by the judiciary branch to place limits on subject matter eligibility be carefully circumscribed. Such judicially created exceptions to patent eligibility must be narrowly construed and applied only in the clearest of cases, or else the exception will swallow the rule. See, *Alice*, 134 S. Ct. at 2354; *Mayo*, S. Ct. at 1293-94; and *Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980). The USPTO as an agency first deciding the applicability of the judicially created exceptions must also narrowly define the judicial exceptions.

MPEP 2106 covers Patent Subject Matter Eligibility and addresses the recent court decisions, including *Alice* (and *Mayo*) which sets forth the test for determining whether the claim is directed to one of the judicial exceptions. The courts have generally referred to the judicial exceptions as laws of nature, natural phenomena and abstract ideas. Other variations such as natural products or naturally occurring materials have also been referred to as judicial exceptions. For ease of reference this submission will refer collectively to laws of nature, natural products, and natural phenomena together as Laws of Nature.

In June 2014 the PTO issued Preliminary Examination Instructions (“Preliminary Instructions”) which superseded MPEP sections 2106(II)(A) and 2106(II)(B). The self-reported purpose of the Preliminary Instructions was to provide preliminary instructions “relating to subject matter eligibility of claims involving abstract ideas, particularly computer implemented abstract ideas, under 35 U.S.C. 101.” The December 16, 2014 Federal Register notice states that the Interim Guidance supplements the June 25, 2014 Preliminary Examination Instructions in view of the Supreme Court decision in *Alice Corp.* (“Preliminary Instructions”) and supersedes the March 4, 2014 Procedure for Subject Matter Eligibility Analysis of Claims Reciting or Involving Laws of Nature/Natural Principles, Natural Phenomena, and/or Natural Products. Thus, MPEP 2106 in its current state includes: 2106(I): The Four Categories of Statutory Subject Matter; 2106(II): Judicial Exceptions to the Four Categories, with the Preliminary Instructions substituted for subsections 2106(II)(A) and 2106(II)(B); 2106(III): Establish On the Record a *Prima Facie* Case; and 2106.01, replaced by the Interim Guidance.

Discussion

The NYIPLA has four major points or suggestions to make in this submission. The first point suggests a restructure of MPEP 2106 to provide for a more organized, comprehensive approach to the treatment of subject matter eligibility. The other points address a concern among the NYIPLA membership that rejections under 35 U.S.C. § 101 are not being uniformly, accurately and consistently applied. The NYIPLA has several suggestions to improve MPEP 2106, and the consistency of 35 U.S.C. § 101 rejections by examiners.

1. Organizational Structure of MPEP 2106

A first suggestion and comment is to better organize and structure MPEP 2106. As explored in the background above, through no fault of the USPTO, but more of an artifact of how case law has evolved in the area of subject matter eligibility, MPEP 2106 has

been patched together as the case law on subject matter eligibility developed. MPEP 2106 should be restructured by reorganizing and integrating the Preliminary Instructions, remaining sections of MPEP 2106 and the new Interim Guidance together as a whole to comprehensively cover and explain subject matter eligibility. The Interim Guidance supersedes section 2106.01, previously entitled Subject Matter Eligibility Analysis of Process Claims Involving Laws of Nature. While the Interim Guidance provides some discussion of nature-based products, the Interim Guidance appears primarily intended to cover subject matter eligibility testing for all of the judicial exceptions – abstract ideas and Laws of Nature. In addition, some remaining portions of MPEP 2106 appear outdated. For example, one of the sections retained in MPEP 2106 still cites to the pre-*Alice* 2011 Federal Circuit decision in *Ultramercial v. Hulu*, 657 F. 3d 1323,1329 (Fed Cir. 2011) that was later vacated as a result of the *Alice Corp.* decision.

The NYIPLA suggests that MPEP § 2106 be restructured and formatted to present a more organized and comprehensive approach to subject matter eligibility. A preferred structure for MPEP § 2106 would be to set forth the test as it relates to all judicial exceptions, including the two step test and analysis as set forth in the Interim Guidance, and then have separate sections to deal with the generally two different types of judicial exceptions, namely abstract ideas and Laws of Nature⁵. In this manner, examiners and practitioners who are from different technology groups and are likely to see and apply the test only in a particular technology will have specific examples and instructions informing them how to apply the exception they are most likely to experience. Most examiners and practitioners are likely to deal with either natural products or abstract ideas, but rarely both, and those that might have the need to consider both judicial exceptions can consult the specific guidelines that are applicable to the claimed subject matter.

2. Consistent and Accurate Application of the *Alice* Test

The next series of points is directed to the concern that examiners are not properly and consistently applying 35 U.S.C. § 101 rejections, that the instructions are too loose in permitting the examiner to subjectively reject claims under § 101 without support or making a *prima facie* case, and that the hurdle for rebutting a judicial exception at the USPTO is being set too high.

A. Application of Step 2A

A major concern of patent practitioners is that rejections under 35 U.S.C. § 101 for judicial exemptions be done fairly, accurately and consistently. In this regard, the examiners need explicit instructions on how to properly set forth a *prima facie* rejection under 35 U.S.C. § 101. There is a concern that the Preliminary Instructions and the Interim Guidance do not go far enough in instructing examiners on the manner of setting forth a proper rejection under step 2A of the *Alice* test. The guidelines to the examiner should specify that for all rejections under § 101, including abstract ideas and Laws of Nature, the examiner must identify the judicial exception, must identify where it is recited (i.e., set forth or described) in the claim including specifying the elements and language from the claim that recites the judicial exception, and must explain why it is an exception.

To avoid inconsistent application, and ensure that the examiner is setting forth a *prima facie* case of an abstract idea or Law of Nature, two suggestions are encouraged. First, MPEP 2016 and the Interim Guidance need to emphasize, as does the *Alice and Bilski* cases, that the abstract idea or Law of Nature needs to be fundamental and long prevalent. Both the *Alice* and *Bilski* cases emphasize that the abstract idea being claimed was a fundamental practice, long prevalent in our system of commerce. Second,

⁵ Laws of Nature can be further broken down to cover laws of nature, natural products, and/or natural phenomena.

to avoid inconsistency, the examiner should provide evidentiary support for the PTO's position that the purported abstract idea is fundamental and long prevalent by citing to a supporting reference or source.

Both the *Alice* and *Bilski* cases cited evidentiary support for the purported abstract idea. Otherwise, applications will be subject to the whims of the examiner as to what are and are not abstract ideas. Moreover, requiring the examiner to cite a supporting reference comports with PTO practice. For example, MPEP 2144 provides, "when an examiner relies on scientific theory, evidentiary support for the existence and meaning of that theory must be provided." "Official notice unsupported by documentary evidence should only be taken by an examiner where the facts asserted to be well known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well known." The PTAB has also recognized that the examiner should cite to evidentiary support for the PTO's position⁶. Without requiring the examiner to support the rejection by citing a reference, rejections will be subjectively based upon the individual examiner's experience and disposition, instead of objectively based criteria. There have been instances where the examiner has taken the language of the preamble or otherwise paraphrased the claim and called it an abstract idea without any evidentiary support. As stated by one patent practitioner, there needs to be evidence, not conjecture, in order to address a rejection in an objective manner.

A further concern of the NYIPLA is the manner in which the Interim Guidance defines and explains the phrase "directed to" in Step 2A of the subject matter eligibility test. The Interim Guidance states, "a claim is directed to a judicial exemption when a law of nature, a natural phenomenon, or an abstract idea is recited (i.e., set forth or described) in the claim." Defining "directed to" as meaning merely reciting, setting forth, describing or including is inconsistent with *Alice*. While an examiner should review the claim to determine whether a Law of Nature or abstract idea is recited, the mere presence, inclusion or recitation of a Law of Nature or abstract idea is significantly different than determining that a claim is directed or "drawn" to that Law of Nature or abstract idea. The Interim Guidance repeatedly changes the emphasis in Step 2A from whether a claim is "directed" to a judicial exemption to whether a claim "recites" (i.e., describes or sets forth) a judicial exemption, which is improper in light of the case law. An invention is not rendered ineligible for patent protection simply because it involves an abstract idea. See *Alice Corp.*, 134 S. Ct. at 2354 (citing *Diamond v. Diehr*, 450 U.S. 175, 187 (1981)).

It is not enough in Step 2A for the examiner to merely determine whether a claim recites, describes, sets forth or merely includes an abstract idea. Defining "directed to" as including the mere recitation of a judicial exemption is misplaced in the Interim Guidance and should be removed. In this regard the Interim Guidance refers to a streamlined analysis, that although vaguely described, some NYIPLA members have suggested should form a precursor to step 2A. A clarified streamlined analysis should be considered as a precursor to step 2A as a way to differentiate between merely reciting a judicial exemption and a claim that is directed to an abstract idea.

B. Application of Step 2B of the Alice Test

After identifying the abstract idea, setting forth where in the claim the purported abstract idea is recited and explaining how the claim is directed to the abstract idea, the examiner in Step 2B needs to perform a preemption analysis to determine whether the claim has additional elements or limitations beyond the abstract idea or Law of Nature that takes the claim outside the judicial exception. Preemption of an abstract idea (or Law of Nature) was a core concern of the Supreme Court in *Alice*. The *Alice* court stated that "in

⁶*PNC Bank, et al. v. Secure Access LLP*, CSM 2014-00100

applying the § 101 exception, we must distinguish between patents that claim the ‘building[s] block[s]’ of human ingenuity and those that integrate the building blocks into something more, ..., thereby ‘transform[ing] them into patent eligible invention.’” *Alice Corp.*, 134 S. Ct. at 2354.

Once an abstract idea is identified, a preemption analysis is performed to determine whether the remainder of the claim includes limitations that narrow or confine the claim so that, in practical terms, it is not directed to the abstract idea in and of itself. The relevant inquiry is whether a claim, as a whole, includes meaningful limitations restricting it to a concrete application, rather than merely an abstract idea or Law of Nature in and of itself. The guidelines need to stress that, when examining for judicial exceptions, the purpose of looking at whether or not the claim includes more is to determine whether or not that claim is monopolizing the abstract idea or Law of Nature. If a claim recites an abstract idea or Law of Nature, then the claim must include additional features to insure that the claim is more than a drafting effort designed to monopolize or preempt that abstract idea or Law of Nature. As per *Alice*, applications of an abstract concept to a new and useful end add “significantly more” and remain eligible for patent protection. See *Alice*, 134 S. Ct. at 2354.

Thus, when considering whether a claim adds limitations that take the claim beyond the abstract idea or Law of Nature, the instructions to the examiner need to make it clear that the examiner is only looking to determine whether the claim is monopolizing or preempting the abstract idea. The examiner is not determining under Step 2B, whether or not the “significantly more” is patentable. Other provisions of the patent statutes, e.g., 35 U.S.C. §§ 102, 103 and 112 still need to be considered and will insure novelty, non-obviousness, etc.

In some circumstances, it appears that examiners have overlooked novel and non-obvious additional steps in determining compliance with section 101. While the examiner should not be determining novelty, obviousness or compliance with § 112 in Step 2B of the subject matter eligibility test, an ordered combination that is novel and nonobvious is an “inventive step” that the examiner should consider under the “something more” analysis of Step 2B. That is the combination of steps may define a process which did not exist in the prior art (computerized or manually), and the examiner should consider whether those novel, non-obvious steps narrows the claim so as to avoid preemption of the stated abstract idea.

To ensure the examiner is properly applying Step 2B, the NYIPLA suggests that the examiner identify the elements, if any, beyond the abstract idea as identified by the examiner, and then explain why the additional elements, limitations or features do not add significantly more to take the claim outside the judicial exemption. When performing this analysis it is important to consider the claim as a whole, as individual elements alone may not appear to add significantly more to the claim, but when combined, may amount to significantly more than the abstract idea or Law of Nature itself.

3. Suggested use of a Form

To conclude, the NYIPLA suggests that the PTO use a form to focus the examiner on the proper application of the *Alice* test to provide more consistent examination for subject matter eligibility. The PTO should consider and use a form to set forth section 101 rejections that requires the Examiner to (1) identify the judicial exception, (2) describe where the claim recites the judicial exception, (3) explain the examiner’s position on why the claim sets forth the judicial exception (i.e., for an abstract idea, explain how the concept is fundamental and long prevalent), (4) cite to evidentiary support such as a reference or source for the position that a judicial exception is claimed, (5) identify (set

forth and describe) any elements or limitations beyond the judicial exception recited in the claim, and (6) explain why such additional elements alone or as a combination, do not add significantly more to take the claim beyond the judicial exception itself.

Conclusion

Thank you again for giving the NYIPLA the opportunity to provide feedback with respect to Subject Matter Eligibility. We look forward to providing additional feedback in the future to the USPTO on Subject Matter Eligibility and other matters.

Respectfully submitted,



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