

October 28, 2015

The Honorable Michelle K. Lee
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
United States Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Via email: 2014_interim_guidance@uspto.gov

**RE: Request for Comments on July 2015 Update on Subject Matter Eligibility,
80 Fed. Reg. 45429 (July 30, 2015)**

Dear Under Secretary Lee:

The American Intellectual Property Law Association is pleased to present its views in response to the request for public comment on the *July 2015 Update on Subject Matter Eligibility*, 80 Fed. Reg. 45429 (July 30, 2015), hereinafter the “July 2015 Update.”

The American Intellectual Property Law Association (AIPLA) is a national bar association of approximately 14,000 members who are primarily lawyers engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

The U.S Patent and Trademark Office (USPTO) previously developed examiner guidance on patent eligible subject matter as a response to the Supreme Court’s decision in the *Mayo*, *Myriad* and *Alice* cases.¹ In March of 2014, the USPTO published examiner guidance that addressed claims “reciting or involving” laws of nature, natural principles, natural phenomena, and/or natural products, focusing on the effects of the *Mayo* and *Myriad* decisions.² That was followed by additional guidance in June 25, 2014, which discussed claims involving or reciting abstract ideas, and focused

¹ *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. ___, 132 S. Ct. 1289 (2012); *Association for Molecular Pathology v. Myriad Genetics*, 569 U.S. ___, 133 S. Ct. 2107 (2013); *Alice Corp. v. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. ___, 134 S. Ct. 2347, 2354 (2014).

² “2014 Procedure For Subject Matter Eligibility Analysis Of Claims Reciting Or Involving Laws Of Nature/Natural Principles, Natural Phenomena, And/Or Natural Products,” available at http://www.uspto.gov/patents/law/exam/myriad-mayo_guidance.pdf.

on the Supreme Court's *Alice* decision.³ On July 31, 2014, AIPLA filed separate comment letters on the March 2014 guidance and the June 2014 guidance. On December 16, 2014, the USPTO published the *2014 Interim Guidance on Patent Subject Matter Eligibility*, which provided additional examiner guidance, as well as nature-based product examples and abstract idea examples.⁴ On March 16, 2015, AIPLA filed comments on the 2014 Interim Guidance. AIPLA applauds the USPTO for its continued efforts to develop and refine its guidance to examiners on the difficult-to-apply jurisprudence of subject matter eligibility, and for giving the public the opportunity to assist it in doing so. Continued refinement of the guidance will be necessary as the case law develops, and AIPLA encourages the USPTO to continue to engage the public.

The July 2015 Update responds to comments solicited by the *2014 Interim Guidance on Subject Matter Eligibility* ("2014 IEG") published on December 16, 2014 (79 Fed. Reg. 74618)⁵ by grouping the public comments into six "major themes:"⁶

- (1) requests for additional examples, particularly for claims directed to abstract ideas and laws of nature;
- (2) further explanation of the markedly different characteristics (MDC) analysis;
- (3) further information regarding how examiners identify abstract ideas;
- (4) requirements of a *prima facie* case and the role of evidence with respect to eligibility rejections;
- (5) information regarding application of the 2014 IEG in the corps; and
- (6) explanation of the role of preemption in the eligibility analysis, including a discussion of the streamlined analysis.⁷

Additionally, the USPTO developed new examples based on case law and the "major themes," which are presented in Appendix 1 of the July 2015 Update.⁸

While AIPLA stands by its March 2015 comments, in the spirit of developing the best guidance possible we offer the following comments on the "major themes" and the examples presented in Appendix 1 of the July 2015 Update.

I. Additional Examples

The additional examples, numbered 21-27 in Appendix 1, of claims directed to abstract ideas⁹ should prove helpful, but the examples could use further refinement.

³ "Preliminary Examination Instructions in View of the Supreme Court Decision in *Alice Corporation Pty. Ltd. v. CLS Bank International, et al.*," available at http://www.uspto.gov/sites/default/files/patents/announce/alice_pec_25jun2014.pdf. Request for Comments and Extension of Comment Period on Examination Instruction and Guidance Pertaining to Patent-Eligible Subject Matter, 79 Fed. Reg. 36786 (June 30, 2014).

⁴ *2014 Interim Guidance on Patent Subject Matter Eligibility*, 79 Fed. Reg. 74619 (December 16, 2014).

⁵ *July 2015 Update on Subject Matter Eligibility*, 80 Fed. Reg. 45429 (July 30, 2015).

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *July 2015 Update Appendix 1: Examples*, available at <http://www.uspto.gov/sites/default/files/documents/ieg-july-2015-app1.pdf>.

The July 2015 Update correctly states that “examiners are to consider all additional elements both individually and in combination to determine whether the claim as a whole amounts to significantly more than an exception,” and that “this instruction is vital to ensuring the eligibility of many claims, because even if an element does not amount to significantly more on its own (e.g., because it is merely a generic computer component performing generic computer functions), it can still amount to significantly more when considered in combination with the other elements of the claim.”¹⁰

However, some of the examples lack sufficient explanation and guidance as to when a claim element in combination with other claim elements amounts to significantly more than the judicial exception. Many of the examples also fail to specifically identify which claim elements are part of the abstract idea and which are not.

Some specific comments are presented below regarding each of the examples.

A. Example 21. Transmission of Stock Quote Data

This example relates to the *Google v. SimpleAir* covered business method review proceeding.¹¹ Though we do not dispute the conclusion for purposes of litigation—“*looking at the ordered combination of the elements, the invention as a whole amounts to significantly more than simply organizing and comparing data*”—we are concerned that the analysis summarizes claim 1 in three different ways, and that the analysis is incomplete. First, the analysis states that “[t]he claim recites the steps of receiving, filtering, formatting and transmitting stock quote information.” Then, the analysis states that “[i]n other words, the claim recites comparing and formatting information for transmission.” Finally, the analysis states that “[t]his is simply the organization and comparison of data.” It is not clear which of these three rationales is being used. This limits the usefulness of the example.

Although Example 21 is based on a covered business method review proceeding, and thus appears to have been intended as an example relating to a business method, we note that the patent at issue was not examined by TC3600 or classified in 705. Additional examples of business method claims of the type typically assigned to this TC, or in the class, would be helpful in illustrating the analysis for such claims.

Finally, we recommend that the USPTO emphasize to examiners that references in claims to business and/or financial terminology, environments, or applications does not preclude claims from reciting eligible subject matter.

B. Example 22. Graphical User Interface for Meal Planning

This example relates to the *DietGoal v. Bravo* district court case.¹² This was one of the first patents invalidated on patent ineligible subject matter grounds after *Alice*.¹³ The USPTO should indicate to

¹⁰ *July 2015 Update: Subject Matter Eligibility*, page 2, available at <http://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf>.

¹¹ *Google Inc. v. SimpleAir, Inc.*, CBM 2014-00170 (Jan. 22, 2015).

¹² *DietGoal Innovations LLC v. Bravo Media LLC*, 33 F. Supp. 3d 271, (S.D.N.Y. July 8, 2014).

its examiners that this patent falls on one extreme of the eligibility spectrum. Furthermore, this example relies, in part, on the pre-*Alice*, non-precedential *SmartGene* decision.¹⁴

C. Example 23. GUI for Relocating Obscured Textual Information

Four claims relating to graphical user interfaces (GUIs) are presented in example 23. The examples include a broad claim 1 that does not implicate an abstract idea, and is, therefore, eligible under Step 2A. Yet, narrower claim 4, which includes all of the recitations of claim 1 and additional limitations, is indicated as being directed to an abstract idea because it recites “calculating a scaling factor.” While the USPTO subsequently determines that claim 4 adds significantly more, the analyses of claim 4 and Example 25 (discussing *Diehr*¹⁵) may lead examiners to believe that the mere recitation of “calculating” forecloses a claim from passing muster under Step 2A.

D. Example 24. Updating Alarm Limits

Example 24 is based on *Parker v. Flook*.¹⁶ The USPTO’s analysis correctly concludes under existing law that the claim is ineligible. The analysis of step 2A identifies an abstract idea as a mathematical formula recited in the claim which is a “mathematical relationship” - one of the examples of abstract ideas that the U.S. Supreme Court has held to be a judicial exception. Examiners are instructed to “also identify the additional elements in the claim and explain why they do not amount to significantly more, in this case, because they merely add data gathering and a field of use.” This example is helpful to both examiners and Applicants as it shows how narrowly defined the term “abstract idea” should be. What is identified by an examiner should not go beyond the examples of abstract ideas in Supreme Court and Federal Circuit decisions, because otherwise, in the words of the *Mayo v. Prometheus* decision, “too broad an interpretation of this exclusionary principle could eviscerate patent law.”¹⁷

E. Example 25. Rubber Manufacturing

Example 25 is based on *Diamond v. Diehr*.¹⁸ While the USPTO’s analysis correctly concludes that the claim is eligible, we believe that the explication contains misstatements that could lead examiners to incorrectly apply the analysis to existing claims. For example, the analysis states that “the claim limitations of performing repetitive calculations and comparisons between the calculated time and the elapsed time could be performed by a human using mental steps or basic critical thinking, which are types of activities that have also been found by the courts to represent abstract ideas.” The reference to mental steps or basic critical thinking confuses the issue. Only the dissenting opinion in *Diehr* court considers the mental steps doctrine. We recommend revising this example to remove references to mental steps.

¹³ *Alice Corporation Pty. Ltd. v. CLS Bank International, et al*, 573 U.S. ___, 134 S. Ct. 2347 (2014).

¹⁴ *SmartGene, Inc. v. Advanced Biological Labs., SA*, No. 2013-1186 (Fed. Cir. Jan. 24, 2014) (non-precedential).

¹⁵ *Diamond v. Diehr*, 450 U.S. 175 (1981).

¹⁶ *Parker v. Flook*, 437 U.S. 584 (1978).

¹⁷ *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. ___, 132 S.Ct. 1289 (2012).

¹⁸ *Diamond v. Diehr*, 450 U.S. 175 (1981).

F. Examples 26 & 27. Internal Combustion Engine and System Software - BIOS

The USPTO correctly determined that hypothetical Example 26, which recites mechanical parts and a control system that “calculate[s] a position of the exhaust gas recirculation valve,” is eligible for the streamlined eligibility analysis. The USPTO also correctly states that “computers and computer operations are not automatically subjected to an eligibility analysis” and that hypothetical example 27 should result in a streamlined eligibility analysis.

II. Markedly Different Characteristics

The USPTO provided an analytical framework for nature-based products in the 2014 Interim Guidance. Under that framework, to determine whether a claim that includes a nature-based product limitation that recited a “product of nature” exception, Applicants need to use the markedly different characteristics (MDC) analysis. The 2014 Interim Guidance provides some examples. The July 2015 update did not provide further examples but did confirm that the MDC analysis should take place in Step 2A of the subject matter eligibility analysis. Step 2A requires the comparison of nature-based product in the claim to its naturally occurring counterpart to identify markedly different characteristics based on structure, function and/or other properties.

The MDC analysis should be further clarified as to what it means when a nature-based product has better function or other properties. Can an improvement over the function that occurs in nature qualify? If so, then by how much? When the nature-based product is produced by combining multiple components, the MDC test is supposed to be applied to the resultant nature-based component, rather than its component parts. Examiners frequently analyze claims under the MDC analysis by separating the components and then rejecting the claimed subject matter based on their opinion that there is no markedly different characteristic when the function or other properties are not new. For example, an improved enzyme that has mutations engineered in it that confer greater activity can be rejected under Step 2A because enzyme mutations are known to happen in nature, so the structural changes are not taken into account. The additional activity that occurs with genetic engineering is discounted because the enzyme, as it occurs in nature, has the same activity anyway, albeit at a lower level. Thus, it would be helpful to get clarification on how much additional function is required to pass this step. Additionally, if mutations happen in nature anyway, examiners should not be allowed to reject wholesale claims on this basis without proving that these exact mutations had occurred in nature.

If the invention does not pass Step 2A’s test of having characteristics that are markedly different , then the analysis moves to Step 2B to determine if any of the other elements add something “significantly more.” However, examiners have interpreted that “significantly more” inquiry as requiring an additional invention within the claim to pass this hurdle. One example might be a claim to a novel panel of biomarkers that has not been described before as associated with predicting the recurrence of breast cancer and whose biomarkers can be detected by a polymerase chain reaction (PCR). Such a claim is routinely rejected under Step 2B because the use of PCR is already known and, as such, would not meet the “significantly more” requirement. This type of analysis ignores the big picture of the invention which allows for a superior predictive power of using the novel panel (i.e., combination) of biomarkers.

The scope and meaning of what is “well-known, routine, and conventional” should be further clarified. The USPTO’s current view, based on various examinations and statements by SPE’s is that if a product or a step has been used for any reason, even if the use is a single, obscure one-time use, it is “well-known, routine, and conventional.” Take for example, a process claim, where A, B, C, D, and E are used to obtain a particular result that no one has obtained before, or obtained in another way (not using A, B, C, D, and E). According to the USPTO, if someone somewhere used A, B, C, D, and E for a completely unrelated process to obtain a completely unrelated result, one cannot argue that the use of A, B, C, D, and E in combination is unconventional and therefore confers the requisite “significantly more” feature.

To simplify even more, assume a claimed method involves using a screw, crank, nut, and bolt in conjunction with a particular thing (e.g., a product of nature) to obtain a diagnosis (arguably a law of nature). If someone used the screw, crank, nut, and bolt for something completely unrelated to the given diagnosis, the USPTO’s position appears to be (based on current rejections practitioners are receiving) that use of the combination of the screw, crank, nut, and bolt is well-known, conventional, and routine and does not amount to “significantly more” to confer eligibility. We understand the USPTO is working on guidance on what is “well-known, routine, and conventional;” however, it would provide greater clarity to Applicants if examiners are instructed that “well-known, routine, and conventional” should be specific to the asserted/claimed application. In other words, the question of whether something is well-known, routine, and conventional should be: is it well-known, routine, and conventional as applied to the claimed invention?

While it may be too early for the USPTO to provide guidance on method claims in the diagnostic space because of the status of the *Ariosa v. Sequenom*¹⁹ case *en banc*, it merits noting that there are stark differences between the fact pattern in *Ariosa* and the fact patterns in *Mayo*. In contrast to looking at metabolite levels when a drug is administered like in *Mayo*, the inventors in *Ariosa* were using a biological sample that had been previously discarded (i.e. maternal serum). They took something that was considered trash and were able to use it to detect cell free fetal DNA in the maternal serum, thus revolutionizing the way that pre-natal testing was done.

III. Identifying Abstract Ideas in Step 2A

As noted in Section III of the July 2015 Update, “the 2014 IEG instructs examiners to refer to the body of case law precedent in order to identify abstract ideas by way of comparison to concepts already found to be abstract.” However, the July 2015 Update weakens this admonition by mischaracterizing many judicially-recognized abstract ideas, and distilling the mischaracterized judicially-recognized abstract ideas into four broad categories (“Fundamental Economic Practices,” “Certain Methods of Organizing Human Activity,” “An Idea ‘Of Itself,’” and “Mathematical Relationships/Formulas”). The result is to encourage examiners to evaluate a claim as falling within one of these broad categories, and to thereby conclude that the claim is analogous to a judicially-recognized abstract idea. Such practice confuses the relevant inquiry. Just as the Board gives no weight to “mere labels,” mere categories without explanation of what qualifies a concept as falling into those categories is not helpful in advancing prosecution.

¹⁹ *Ariosa Diagnostics, Inc v. Sequenom, Inc.* (Fed. Cir. 2015) (*en banc* petition 2015).

The 2014 Interim Guidance should be enhanced to specify that, because the courts have declined to define “abstract ideas,” an examiner must identify a specific judicially recognized abstract idea that closely corresponds to the claimed subject matter and indicate why the judicially recognized abstract idea closely corresponds to the claimed subject matter. This enhanced instruction would address tendencies to simply characterize a claimed concept as an abstract idea because it arguably falls into one of the four broad categories. This instruction also would focus the inquiry on the similarities between a claimed concept and an already-identified abstract idea.

The difficulties and legal insufficiencies of each broad category are demonstrated by the July 2015 Update’s description of each category.

A. Fundamental Economic Practices

Alice clearly indicates that a “fundamental economic practice,” and all of *Alice*’s other rationales are ultimately grounded in “long prevalent,”²⁰ “longstanding,”²¹ and other similar considerations. Conversely, the July 2015 Update states abstract ideas need not be prevalent and longstanding to be fundamental, noting that even novel abstract ideas are ineligible: “examiners should keep in mind that judicial exceptions need not be old or long-prevalent, and that even newly discovered judicial exceptions are still exceptions.” However, this analysis is incomplete. Ideas are *fundamental* in the Supreme Court’s jurisprudence precisely because they are long standing and prevalent, not because they attain some special status as “fundamental” to the nature of reality. The Guidelines should be revised to interpret the meaning of “fundamental” in a manner consistent with the Supreme Court’s approach.

B. Certain Methods of Organizing Human Activity

The July 2015 Update indicates that some “human activities” are covered, some are not, and includes a list of examples – but provides no reasoning to explain why some human activities are covered and other activities are not. This is confusing for Applicants and examiners and essentially provides examiners with unlimited discretion. In *Alice*, on the other hand, the Court, when confronted with the argument that the claimed method was not directed to a “preexisting fundamental truth,” agreed with the argument, but replied that, like the “fundamental economic practice long prevalent in our system of commerce” at issue in *Bilski*, intermediated settlement was “longstanding” and thus abstract.²² Although the Court has not foreclosed other types of human activities as being abstract, the only human activities that it has identified are those that are longstanding or long prevalent, and fundamental.

C. An Idea “Of Itself”

None of the cases cited in the explication in the July 2015 Update support the USPTO’s explanation of what is meant by “idea of itself.” Although that phrase might refer to an idea standing alone, with

²⁰ *Alice Corp.*, 134 S. Ct. at 2356.

²¹ *Id.* at 2355.

²² *Id.* at 2356.

nothing to explain to how the idea is applied to a useful end,²³ the examples presented do not shed any light on what is meant by “instantiated concept, plan or scheme” or mental processes. Trying to explain a standard that the courts have not found the need to explain, much less to rely on, is unnecessary and premature. The attempt to explain that “ideas” can fall into categories confuses the issue. It also highlights the fact that such explanation is not necessary. Unless and until there is case law involving this category, examiners should rely on other categories, and not on this one.

D. Mathematical Algorithms

This category reflects a lack of clear guidance and analysis by the USPTO. The USPTO merely lists cases that have held claims invalid as mathematical algorithms, without explanation.

IV. Requirements of a *Prima Facie* Case

As stated in this section of the July 2015 Update, the “concept of the *prima facie* case is a procedural tool of patent examination, which allocates the burdens going forward between the examiner and applicant. In particular, the initial burden is on the examiner to explain why a claim or claims are unpatentable clearly and specifically, so that applicant has sufficient notice and is able to effectively respond.” The July 2015 Update further states, “a reasoned rationale that identifies the judicial exception recited in the claim and why it is considered an exception, and that identifies the additional elements in the claim (if any) and explains why they do not amount to significantly more than the exception. This rationale may rely, where appropriate, on the knowledge generally available to those in the art, on the case law precedent, on applicant’s own disclosure, or on evidence.” (Emphasis added). The USPTO indicates that the rationale may not necessarily be based on evidence. In fact, the July 2015 Update states that “[t]he courts consider the determination of whether a claim is eligible (which involves identifying whether an exception such as an abstract idea is being claimed) to be a question of law. Accordingly, courts do not rely on evidence that a claimed concept is a judicial exception, and in most cases resolve the ultimate legal conclusion on eligibility without making any factual findings.” (Emphasis added).

The USPTO’s position that reliance on evidence is not required to establish a *prima facie* case is contrary to the substantial evidence standard set forth by the Federal Circuit.²⁴ In explaining the substantial evidence standard, the Federal Circuit has held that an “assessment of basic knowledge and common sense not based on any evidence in the record” fails to meet this standard.²⁵ The Federal Circuit also has held that “it is important to require the PTO to adequately explain the shortcomings it perceives so that the applicant is properly notified and able to respond.”²⁶ Furthermore, the USPTO’s contention that evidence is not required seems to contradict the PTAB’s own decision in *Ex parte Poisson*, Appeal 2012-011084 (P.T.A.B., Feb. 27, 2015), which held that absent supporting evidence, the examiner’s mere opinion is an inadequate finding of fact that the

²³ The phrase appears to have originated in *Rubber-Tip Pencil Co. v. Howard*, 87 US 498, 507 (1874) where the court explained: “An idea of itself is not patentable, but a new device by which it may be made practically useful is. The idea of this patentee was a good one, but his device to give it effect, though useful, was not new.”

²⁴ *In Re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

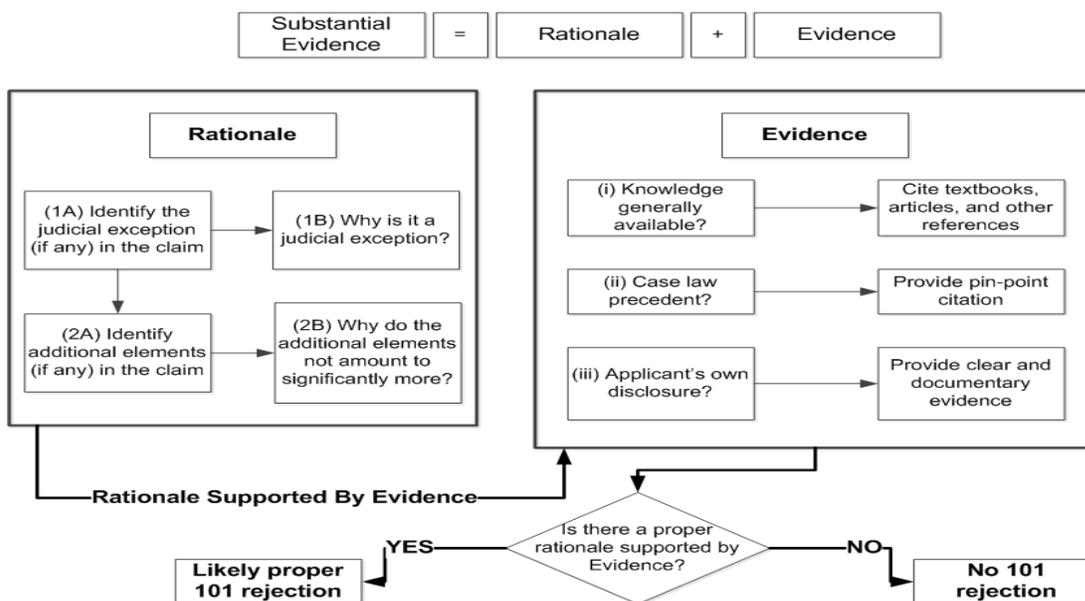
²⁵ *See In Re Zurko*, 258 F.3d 1379, 1385 (Fed. Cir. 2001).

²⁶ *See Hyatt v. Dudas*, 492 F.3d 1365, 1369 (Fed Cir. 2007).

claims are directed towards an abstract idea. Moreover, failure to require reliance on evidence effectively turns the standard for determining whether a *prima facie* case has been established from an objective standard into a subjective standard. This arguably violates the requirements of the Administrative Procedures Act, which prohibits agency decisions which are “arbitrary, capricious, [or] an abuse of discretion.”²⁷

In view of the afore-mentioned factors, we propose that the Guidelines be further updated to clarify that: the substantial evidence in rejections based on subject matter eligibility must include a reasoned rationale that (1A) identifies the judicial exception recited in the claim; (1B) explains what elements of the claim constitute the exception; (2A) identifies the additional elements in the claim (if any); and (2B) explains why the additional elements do not amount to *significantly more* than the exception. This rationale must rely on (i) the knowledge generally available to those in the art, (ii) the case law precedent, and/or (iii) applicant’s own disclosure. The examiner should provide the evidentiary basis for such reliance. For example, if the rationale relies on the knowledge generally available to those in the art, the examiner must cite textbooks, articles, and other references. Also, for example, if the rationale relies on case law precedent, the examiner should provide a pin-point citation to the relevant case law. As another example, if the rationale relies on an applicant’s own disclosure, the examiner should identify the relevant portion(s) of the applicant’s disclosure supporting the examiner’s conclusions.

A schematic diagram, such as the one provided below, may aid the examiner in making a proper rejection.



The USPTO launched its “Enhanced Patent Quality Initiative” in February 2015. Executive Action 2 identifies “Clarity in Patent Claims” as an initiative. We believe that a more robust *prima facie* case illuminates the metes and bounds of the claims, and therefore enhances potentially downstream clarity in patent claims. Likewise, Executive Action 6 identifies “More Robust Technical Training

²⁷ 5 U.S. Code § 706.

and Expertise” as an initiative. Such an initiative should inform and train examiners to provide proper evidentiary bases for claim rejections, especially rejections under 35 U.S.C. § 101. In the end, an ad-hoc patent examination process could reduce the value of patent protection, especially in rapidly growing and innovative fields such as biotechnology and software-related technologies.

V. Application of the 2014 IEG in the Patent Examining Corps

While the USPTO appears to take the position that the post-*Alice* training is going well and that examiners understand and are empowered to make decisions regarding eligibility, feedback from AIPLA members suggests otherwise. Specifically, we have received indicating that examiners, while aware of the Guidelines may not have had training and are not applying them (both at the Supervisor and examiner level). We also understand that examiners:

- are very inconsistent in applying the guidelines;
- are being told as a matter of policy not to withdraw section 101 rejections; and
- are unclear as to the amount of detail and rationale required to support a section 101 rejection.

Additionally, some of our members are hearing directly from examiners that their SPE will not allow them to issue a Notice of Allowance for an application or that all Notices of Allowance must first be approved by a Quality Assurance Specialist or “a 101 group.” These comments appear to be more prevalent in the Business Methods Art units of TC3600.

We hope that the 2014 IEG and the July 2015 Update will receive wider recognition and adoption by the Examining Corps as time progresses. Accordingly, we suggest that the USPTO:

- 1) Help to ensure that examiners are fully trained on the 2014 IEG and July 2015 Update. Ideally, primary examiners that have full signatory authority should not need to secure approval from anyone else before issuing a Notice of Allowance or withdrawing a section 101 rejection that has been overcome.
- 2) Provide more specific instructions to examiners on how to implement the 2014 IEG. While the 2014 IEG provides a framework and some examples, many examiners appear to want explicit instructions and training regarding application of the 2014 IEG.
- 3) Work to harmonize application of the *Alice* test, not only within the Examining Corps but also at the Board.
- 4) Solicit feedback from examiners as to why they are not comfortable in withdrawing section 101 rejections; and
- 5) Continue to provide further examples and further case studies, and to provide examiners additional time to understand and digest the 2014 IEG.

VI. The Role of Preemption and the Streamlined Analysis

In Section VI, the USPTO addresses two topics of the 2014 IEG: (1) it discusses the relationship of preemption to the section 101 analysis, and (2) it provides a further explanation of the streamlined analysis.

A. The Role of Preemption

The 2015 July Update asserts that “since [the 2014 IEG eligibility analysis] already incorporates many aspects of preemption at a level that is consistent with the case law precedent,” it will be retained. Questions of preemption are indicated as “inherent” to the two-part framework because claims “that integrate the building blocks into something more ... pose no comparable risk of preemption, and therefore remain eligible.” Preemption is thereby relegated to a conclusion which is based on the results of an independent “something more” inquiry, rather than as part of the “something more” inquiry itself.

The 2015 July Update also indicates that preemption is not a “stand-alone test for eligibility.” While not advocating preemption as a “stand-alone test,” we disagree that the current analysis in the 2014 IEG properly incorporates all of the relevant aspects of preemption – “many aspects” is not enough, preemption must be directly considered in the analysis.

As acknowledged by the July 2015 Update, the Supreme Court has repeatedly emphasized that “the concern that drives [the §101] exclusionary principle [is] one of pre-emption.” As the Supreme Court explained in *Alice*, the driving concern is preventing preemption of fundamental “building blocks of human ingenuity.” Thus, while preemption may not be a stand-alone test for eligibility, the fact that preemption is the driving concern means that it has an important role to play in the analysis by helping to inform the examiner whether the claims are directed to something more than a judicial exception.

Although the July 2015 Update correctly acknowledges that preemption is the concern “driving the judicial exceptions,” it unfortunately makes statements that may in practice eliminate the issue of preemption from the evaluation of subject matter eligibility. In particular, the July 2015 Update states on page 8 “the courts do not use preemption as a stand-alone test for eligibility. ... [W]hile a preemptive claim may be ineligible, the absence of complete preemption does not guarantee that a claim is eligible.” It is likely that examiners will turn to these statements in order to reject as irrelevant an argument that claimed subject matter does not substantially preempt an underlying abstract idea.

While it is true that, as noted by the 2015 July Update, the “absence of complete preemption” may not guarantee that a claim is eligible, such a position must be viewed narrowly and examiners should consider preemption an important factor in determining whether a claim includes “significantly more.” For example, limiting the abstract idea to being performed by a computer or in a particular technological environment is not enough, even though it may, consequently, not completely preempt the abstract idea. In contrast, different ways to apply an abstract idea, as shown by, for example, other art, tend to demonstrate that there is not only an “absence of complete preemption” but also that “significantly more” is present in the claims. The existence of these different techniques

demonstrates that the abstract idea is not simply being done by a computer or in a particular technological environment. We request that the USPTO further clarify and integrate preemption in the 101 analysis as explained above.

B. The Streamlined Analysis

We agree with the decision to retain the streamlined analysis. Nevertheless, we suggest that it would benefit from further clarification. Specifically, the July 2015 Update states that “the results of the streamlined analysis will always be the same as the full analysis, in that a claim that qualifies as eligible after Step 2A or Step 2B of the full analysis would also be eligible if the streamlined analysis were applied to that claim.” While true, such an explanation is not particularly helpful. While the full analysis and the streamlined analysis should reach the same conclusion, further explaining the streamlined analysis in terms of the full analysis merely suggests that the full analysis be done anyway as a matter of precaution. The streamlined analysis is a further opportunity to acknowledge and verify that the driving concern of preemption is being addressed. To properly perform this analysis the alleged judicial exception that the claim is “directed to” must be clearly identified, and only then can it be determined whether an abstract idea is “tied up.”

Additional examples of situations in which the streamlined analysis can be applied would be helpful to examiners, particularly with situations that are, at first glance, possibly ambiguous. The 2014 IEG is clear that the streamlined analysis should be applied when there is no “doubt as to whether the applicant is effectively seeking coverage for a judicial exception itself.” However, in some situations, there may be a superficial appearance of doubt, but such superficial doubt should not preclude the streamlined analysis from being applied.

For example, if the system software of Example 27 of Appendix 1 of the July 2015 Update was part of a computing device at an electronic exchange, it is no less appropriate for consideration under the streamlined analysis merely because it might recite such an environment in the claim. The mention of subject matter that may sometimes be associated with abstract ideas should not, by its mere presence, raise “doubt,” preventing application of the streamlined analysis. As another example, if the graphical user interface of claim 1 in Example 23 specifically displayed financial information rather than simply “textual information,” it still would not be directed to an abstract idea and would equally be eligible for consideration under the streamlined analysis.

CONCLUSION

In sum, we recommend:

- 1) Enhancing the claim examples with explanations as to when a claim element in combination with other claim elements amounts to significantly more than a judicial exception, including specific identification of which claim elements in each example are part of the abstract idea and which are not.
- 2) Clarifying the determination of whether a nature-based product exhibits better function or other properties; and

- 3) Requiring examiners to identify a specific judicially-recognized abstract idea that closely corresponds to the claimed subject matter and indicate why the judicially-recognized abstract idea closely corresponds to the claimed subject matter.
- 4) Requiring that *prima facie* rejections based on subject matter eligibility include a reasoned rationale, supported by evidence, that (a) specifies the judicial exception(s) recited by the claim; (b) identifies the elements in the claim that constitute the judicial exception(s); (c) explains how those limitations meet the specified judicial exception; and (d) identifies the additional elements in the claim (if any), and explains why the additional elements do not amount to significantly more than the exception.
- 5) Requiring examiners to consider preemption an important factor in determining whether a claim includes “significantly more.”
- 6) Clarifying the streamlined analysis and providing additional examples of situations in which the streamlined analysis can be applied.
- 7) Giving examiners additional training and authority to develop the necessary confidence to apply the guidance consistently.

We appreciate the opportunity to provide these comments to the USPTO concerning the July 2015 Update and look forward to further discussion on this and other matters of mutual interest. Please do not hesitate to contact us for further information or clarification.

Sincerely,

A handwritten signature in blue ink that reads "Denise W. DeFranco". The signature is written in a cursive, flowing style.

Denise W. DeFranco
President
American Intellectual Property Law Association