



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
Mail Stop Patent Board
P.O. Box 1450
Alexandria, VA 22313-1450

Attention: Raul Tamayo and Michael Cygan

Via email: 2014_interim_guidance@uspto.gov

Re: Comments on July 2015 Update on Subject Matter Eligibility

Dear Under Secretary Lee:

In response to the July 30, 2015 Federal Register notice, BSA | The Software Alliance appreciates the opportunity to submit the following comments regarding the Patent and Trademark Office's 2015 Update on Subject Matter Eligibility.

BSA¹ is the leading global advocate for the software industry, having operations in more than 60 countries. It is an association of nearly 100 world-class companies that invest billions of dollars in research and development every year. This investment fuels an ecosystem of innovation and manufacturing that benefits individuals and organizations at all levels of the economy. A consistent and

¹ BSA's members include: Adobe, Altium, ANSYS, Apple, Autodesk, Bentley Systems, CA Technologies, CNC/Mastercam, DataStax, Dell, IBM, Intuit, Microsoft, Minitab, Oracle, salesforce.com, Siemens PLM Software, Symantec, Tekla, The MathWorks, and Trend Micro.

predictable intellectual property framework provides the foundation for this investment. It is not surprising that the US patent system's robust protection of software-related innovations has been, and continues to be, a key factor in encouraging investment by BSA members along with virtually every other innovative company.

Our companies collectively hold more than a hundred thousand US patents and are engaged in massive, ongoing research and development efforts. A vast majority of the patents owned by BSA member companies are directly related to computer-implemented innovation. For this reason, BSA members continue to closely monitor how lower courts and the PTO interpret and apply the Supreme Court's *Alice Corporation Pty. Ltd. v. CLS Bank International (Alice)* decision. In just the last few months, BSA has seen the effects of this lack of clarity in the inconsistent application of the *Alice* decision to patent examination of software innovation at the PTO, with dramatic differences between examiners' interpretation of *Alice* and the PTO Subject Matter Eligibility guidelines. The uncertainty that results from this inconsistent Examination creates apprehension in the software field, which, in turn, discourages investment in important technologies. At the same time, our members recognize that Section 101 can be an effective tool in weeding out truly abstract patents and patent applications that can be asserted in an abusive manner. Therefore, it is a high priority for BSA members that the PTO provide the most accurate and up-to-date guidance to examiners and train examiners to apply the guidelines consistently.

Based on the prompt and continuing efforts by the PTO, it is clear that the PTO also understands the importance of providing examiners with patent-eligibility

guidance that results in consistent and predictable outcomes. BSA appreciates that the PTO has continually sought and taken into consideration stakeholder comments and feedback. Each revision continues to move the Guidelines forward. BSA remains committed to working with the PTO to further improve the Guidelines.

The Office has done a commendable job summarizing the most relevant Supreme Court and Federal Circuit cases in the most recent Updated Guidance. We believe that most patent applications, including applications related to software, will clearly not fall within the judicially-created exceptions to patent eligibility. To that end, it is clear that the streamlined eligibility analysis outlined in the Guidance will be a useful tool for examiners, practitioners, and inventors.

Notwithstanding the foregoing, BSA believes that there remain areas in which the Guidance could be improved. As BSA has discussed in past submissions, it is imperative that both the Guidance and the training given to examiners emphasize and require that examiners provide clear and precise reasons for rejecting an application under Sec. 101². Furthermore, BSA believes that the current Guidance could be improved by clarifying what is meant by “certain methods of organizing human activity.”

The following suggestions are an effort to assist the PTO in developing patent-eligibility guidance that helps serve our shared interest in a predictable and consistent patent system that incentivizes and rewards innovators.

² The Patent Office has recognized this need as well, specifically requiring examiners to “clearly articulat[e] the reason(s) why the claimed invention is not eligible...”. 80 Fed. Reg. 45429 (July 30, 2015) (37 CFR Part 1) and 2015, July 30) *July 2015 Update: Subject Matter Eligibility* at 6; see also MPEP § 706 (“The goal of examination is to clearly articulate any rejection early in the prosecution process so that the applicant has the opportunity to provide evidence of patentability and otherwise reply completely at the earliest opportunity.”)

Examiners Must Provide a Clear Rationale for Sec. 101 Rejections

As we have stated in previous submissions, the Guidelines and examiner training should emphasize that examiners are required to provide a well-reasoned full explanation behind any Section 101 rejection. In other words, the Guidelines should specify that examiners have the burden to provide a *prima facie* case of unpatentability and that this burden cannot be met through mere conclusory statements.

BSA appreciates that the PTO acknowledges our concerns in the Updated Guidelines. However, we believe that the PTO could go further in emphasizing and requiring examiners to clearly articulate their reasons for a subject matter eligibility rejection. Unfortunately, the Updated Guidelines are not clear enough on this point. This is evidenced by the many types of “boiler plate” rejections BSA members have received over the past few months.

In order to address this issue, the Guidelines should explicitly require an adequate explanation, which must include a cogent articulation of the abstract idea to which the claims are allegedly directed. Unfortunately, BSA members have been receiving characterizations of the abstract idea akin to a field of the invention rather than tied to the specific invention embodied in the claims. Similarly, the rejection should also include the underlying reasoning in support of a conclusion that individual elements (or the ordered combination of elements) of a claim fail to provide an inventive concept. Moreover, as with articulation of the “abstract idea,” these explanations need to be tailored to the specific claims at hand. A “boilerplate” rejection that does not address the substance of the claims at hand does not provide the applicant with any guidance as to how to address the examiner’s concerns.

Indeed, consistent with other types of rejections, examiners should be instructed to use specific evidence when entering a rejection under Section 101 in order to avoid the confusion that stems from conclusory, unsubstantiated subject-matter eligibility rejections. For example, to support a valid Section 103 rejection the MPEP 2142 states: “The key to supporting any rejection under 35 U.S.C. 103 is the clear articulation of the reason(s) why the claimed invention would have been obvious. The Supreme Court in *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 538, 418, 82 USPQ2d 1385, 1396 (2007) noted that the analysis supporting a rejection under 35 U.S.C. 103 should be made explicit. The Federal Circuit has stated that ‘rejections on obviousness cannot be sustained with mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness.’” The same should be true with respect to Section 101. As stated above in footnote 2, the PTO recognizes this requirement, yet it must be paid more than lip service in the Guidelines and MPEP – examiners must be trained as such and Patent Quality Assurance must note the lack of clear articulation in cases reviewed, both formally and informally.

Examiners Must Provide Examples of Patentable Subject Matter Claims when Claiming “Certain Methods of Organizing Human Activity”

The Guidance should also provide additional examples of claims that are likely to be misconstrued as “certain methods of organizing human activity.” It is a misreading of the law to conclude that all inventions that have the effect of improving the organization of human activities are not patentable subject matter. In the *Alice* opinion, the Supreme Court states that “*certain*” methods of organizing human

activities *may* be an abstract idea. However that does not mean that *all* such methods are inherently suspect or that they presumptively fall within the exclusion.

While we think that the PTO Guidance recognizes this distinction (*e.g.*, by stating that only certain methods of organizing human activities encompass abstract ideas, in particular, those that are directed to fundamental economic practices), we remain concerned that some examiners may not appreciate this subtle distinction or the limiting effect the word “certain” is intended to have. As a result, some examiners may improperly look to extend the scope of abstract ideas to any software invention which has an end effect of improving organization of human activities, which is not what the guideline is intending to accomplish. Thus, we believe that providing additional examples, especially examples of activities that would not be considered abstract, will be very helpful. For example, a process by which Global Positioning Satellites use data to redirect traffic patterns, a system that automatically reorders a task list of a user based on context, or a new type of board game would be considered “methods of organizing human activity.” However, there is no question that these activities are eligible subject matter.

Conclusion

BSA appreciates the opportunity to comment on the Updated Guidance. As stated above, these Guidelines are very important to BSA members because predictable and consistent patent protection for software inventions is a significant incentive for our companies to invest in developing the new technologies. We also appreciate the PTO’s commitment to patent quality and believe that the proper, thoughtful application of Section 101 will continue to be a useful tool to identify and

eliminate those truly abstract claims that do not warrant protection. We look forward to continuing to work with the Office to further improve and update these Guidelines.

Any questions or further communications should be directed to Emery Simon (Emerys@bsa.org).

Sincerely,

Emery Simon