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VIA E-MAIL (.pdf attachment) - 2014 interim guidance@uspto.gov

Hon. Michelle K. Lee
Undersecretary of Commerce for Intellectual Property
& Director of the United States Patent & Trademark Office
600 Dulany Street
Alexandria, VA 22303
Attn: Raul Tamayo, USPTO/Office of Patent Legal Administration

Re: Comments on July 2015 Update on Subject Matter Eligibility [Section 101], 80 FR 45429 (July 30, 2015); Agency/Docket #PTO-P-2015-0034¹

Dear Director Lee:

I have spoken in the last several months to a number of experienced examiners who are tasked with making (or declining to make) Section 101 rejections. One common remark is that, despite the Section 101 training and the July 2015 Guidance Update, PTO material still gives examiners the opening to make rejections *any time they want to do so*, because they can always find some language in the explanation, categories, and long lists of examples to apply or analogize to virtually any claim an applicant wishes to patent. -

A number of comments made before, by patent practitioners (including me), by industry players, or in recent published discussions of *Alice*-type rejections, have focused on the lack of constraint on examiners in making *Alice*-type rejections, particularly in computer and business-method arts, and the lack of consistency and predictability in this area, with the concomitant concern that Section 101 can be easily applied to prevent patents from issuing in wide swaths of technology. I continue to share those concerns. -

The results are that patent allowance rates have plummeted, as several recent published articles have shown statistically, both at the Board level and in the examining corps. *E.g.*, <http://www.ipwatchdog.com/2015/09/27/ptab-wonderland-statistics-alice-ptab-interpretation/id=61902/> I have heard several high-ranking PTO officials say that the high rejection rate might be temporary. They reason that it is understandable that there would

¹ These comments represent my personal views and do not necessarily reflect the views of any client that my law firm represents or any organization with which I am affiliated. -

be many rejections of patents challenged at the Board through CBM procedures that contain claims written pre-*Alice*, plus the “bad patents” would likely be challenged first. Likewise, there could be many examiner rejections of applications first written pre-*Alice*.

But the rejection rate shows no sign of slacking, so that explanation doesn’t really fly. A reason for low allowance, I submit, is that the Office’s training materials provide little discipline or explanation of circumstances in which an examiner should *not* make a 101 rejection. Coupled with supervisor focus on not “missing” a proper *Alice*-type rejection, the cautious examiner can be expected to make rejections wholesale, and “stick” to rejections more often than not.

It is poor patent policy to have broad areas of technology deemed patent-ineligible entirely, or ineligible without the high cost of attorney time to argue, and likely appeal, amorphous *Alice*-type rejections. This is particularly so as to technology that is central to the United States economy. Invention is central to U.S. economic might, and as our economy moves away from the “old line” manufacturing strength of the past, the U.S. has become especially strong in fields dependent on software technology and business methods. Strengths of the current U.S. economy include social media, the Internet, and the service economy, especially financial services. We are also strong in biotech. Yet those are precisely the fields most heavily damaged by Section 101 *Alice*-type rejections.

I understand that the PTO must respond to court decisions, and I am well aware that recent court opinions have emphasized Section 101 defenses. I am the lawyer who won the *DDR* case, *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014), but unfortunately nearly a year later I remain the *only* lawyer who has succeeded in convincing an appellate court to reject a Section 101 defense post-*Alice*.

Despite that string of court decisions, the PTO doesn’t need to “go overboard” in allowing its examiners to make rejections beyond what the courts require. Allowing excessive *Alice*-type rejections amounts to a “give away” to the public domain of U.S. technology that could be protected, and that is particularly damaging because it is happening preferentially in the very fields of U.S. economic strength.

The July 2015 Update responds to the above-described problem of overbreadth mostly (1) by trying to add a few examples, including examples of cases that should not be rejected, and (2) by speaking of the significance of the Office’s examiner training initiatives. Although both efforts are appreciated, they are not enough!

First, although examples can be helpful, I practice mostly in the Internet and computer arts, and the examples are of limited use in those fields. There are still only a few examples in the computer fields, and in general they express fairly obvious points, such as the point that improvements to the computer itself remain eligible. There are no examples of “business

method” patents deemed eligible. The few “software” examples do not demonstrate the array of different, possible reasons for passing the Section 101 screen. The examples do not address practical questions that arise in practice. (See discussion below) Although I have faced a strong array of Section 101 rejections, I have *never* found it helpful to refer to any of the existing specific examples released so far by the Office, even though I am aware that examples could be helpful in convincing skeptical examiners.

Second, examiner training is no answer if the training materials are ambiguous enough to allow examiners to “make up” Section 101 rejections any time they want to do so, *i.e.*, if the guidance on which the examiners are trained lacks significant constraints or restrictions.

For the above reasons, OPLA – as the PTO’s policy branch – should take the lead in “reining in” the overbroad application of *Alice* observed in the examining corps. In general, the Office needs to take seriously the following prongs:

- a. Examiners need to be told what NOT TO DO – *i.e.*, what are some of the improper forms of analysis – as well as what TO DO to make the decision.
- b. Instructions to examiners need to avoid open-ended kind of language (e.g., phrases beginning with “for example ...” or “such as ...”) or categories that examiners can interpret more broadly than intended.

The discussion in this paper contains specific explanations of why the guidelines, despite the updates, still remain insufficient and specific suggestions for how to get this problem under control, including specific ways of implementing those twin prongs. This discussion addresses the specific “judicial exception” for “abstract ideas,” and focuses on the computer and Internet fields mostly, which is where I see the problems most strongly.

Step 2A: Identifying abstract ideas

Suggestion #1: Instruct examiners on the process of identifying the idea, before moving to the step of determining whether the idea is abstract.

As many others have observed, the decision on Step 2A often depends on how the “idea” is defined. Yet, little to no instruction is given to examiners for how to define the idea. The Updated Guidance has not even told examiners that defining the idea is important, much less how to do such definition properly. Rather, the Updated Guidance essentially assumes that the examiner has defined the idea already or that the claim’s idea is pre-established.

Examiners should be given the following instructions:

The purpose of Step 2A is to allow the examiner to decide whether the idea expressed by a claim is or is not abstract. The first step is to identify the “idea” of the claim. This is intended to be an overall purpose of the claim. To do this, consider the following:

- a) - A review of the preamble of the claim, or the “output” of the claim, could be useful in deciding what the overall purpose is.
- b) - As indicated in the original December 2014 Guidance, the “idea” defined must be one to which the claim is “directed,” not an idea merely “contained in” the claim.
- c) - In deciding what the “idea” of the claim is, the examiner should not simply summarize all of the elements of the claimed invention into a brief sentence. To do so would create a circular analysis, because under such an analysis, *any* claim would be “abstract.”
- d) - For example, a claim directed to “Doing X by a process involving steps A, B, and C” should be reviewed as directed to idea X, not the idea of doing A, B, and C. (The examiners can be given examples of how to decide on the “idea” to which a claim is directed, and given counterexamples of claims improperly abstracted into an idea.)

Judicial support for this approach can be found in *California Inst. of Techn. v. Hughes Comm’ns Inc.*, No. 2:13-cv-07245-MRP-JEM, 2014 U.S. Dist. LEXIS 156763, 2014 WL 5661290, *24 (C.D. Cal. 2014), which contains a thorough and scholarly review of the Supreme Court jurisprudence and says: “The characterization of the claim is essential to the § 101 inquiry.... [T]he correct approach [is] asking what the claim was trying to achieve Courts should recite a claim’s purpose at a reasonably high level of generality. Step one is a sort of ‘quick look’ test, the object of which is to identify a risk of preemption and ineligibility. If a claim’s purpose is abstract, the court looks with more care at specific claim elements at step two. After determining the claim’s purpose, the court then asks whether this purpose is abstract.”

Suggestion #2: Instruct examiners on how to determine whether the idea is abstract.

The Guidance does not explain the overall purpose of Step 2A. Once the idea is defined, the examiner must decide whether or not the “idea” is “abstract.” All patent claims are directed to an “idea,” but not all claimed “ideas” are “abstract.” In determining whether an idea, properly identified, is abstract, the examiner should consider the following:

- a) - According to the dictionary, the word “abstract” means theoretical, conceptual, or academic; opposites of the word “abstract” include concrete or physical. (I recognize that the Supreme Court famously declined to “labor” to define the word “abstract,” but that does not mean that examiners should be given no guidance on the word’s meaning. The Supreme Court selected the word “abstract,” as opposed to some other English word, and the word has meaning.)
- b) - The courts have not defined abstract ideas with specificity, so the examiner should cite one or more cases most closely analogous to the idea to which the claim is

directed. (This part of the analysis is addressed by the July 2015 Update.) To do this, the examiner should explicitly cite the most-analogous case in the rejection.

- c) - The examiner should also consider whether the idea falls within one or more of the “judicial descriptors” of categories of abstract subject matter. (See part #3 below.)

Suggestion #3: The July 2015 Update contains four categories of “judicial descriptors.” The PTO should define at least three of those categories better, and do so both negatively and positively, to avoid overbroad application by examiners.

The July 2015 Update says that examiners must compare ideas to concepts already found abstract, suggesting a case-by-case analysis. But the PTO also sets forth categories, which is inconsistent with the concept of merely analogizing to the closest court case.

The PTO calls the categories “judicial descriptors.” Although categorizing abstract ideas could be helpful, the use of categories expands the risk of overbreadth, especially when the categories have little definition, include sub-categories, and lack negative examples.

If the PTO believes it would help to retain “judicial descriptors,” it should provide more clear explanations, including what they are NOT intended to cover as well as what they ARE intended to cover, and the PTO should provide certain examples of ideas that fall within and don’t fall within each category. These need not be complete “examples” of the sorts released so far (with a specific claim, a discussion, and analysis of each step).

Specific criticism of the wording of three of the “judicial descriptors” discussed in the July 2015 Update follows:

Suggestion #3(A). Reword the definition of “economic practices.”

The Update defines this category as “concepts relating to the economy and commerce.” By use of non-limiting language, the PTO tells examiners they can place any idea in this category if it involves anything “relating to” business, of any kind. This is overbroad: It would swallow the rule that business methods are not ineligible as a class. After all, isn’t every business-method claim “relating to the economy and commerce”? The overbroad “relating to” phrase also contradicts the December 2014 Guidance, which says that a claim is potentially ineligible only when it is “directed to” the abstract idea, not merely when it “involves” an abstract idea.

The Update improves the definition by including the following clause: “such as agreements between people in the form of contracts, legal obligations and business relations.” But this clause does not cure the problem entirely because of the non-limiting words “such as.”

The PTO could improve this language by saying simply that “economic practices” refers to agreements between people in the form of contracts, legal obligations, and business relations or economic practices performed by humans.

Also, the PTO should tell the examining corps what this category is NOT intended to cover. Specifically, the PTO needs to explain that, merely because an idea includes a financial aspect of some sort or treats with money or other compensation, such does not automatically mean that the claim is directed to an “economic practice” and thus satisfies Step 2A. Example cases establishing this point include *U.S. Bancorp v. Solutran, Inc.*, CBM2014-00076, Paper 16, pp. 12-14 (PTAB Aug. 7, 2014) (method of processing paper checks held not a “fundamental economic practice” despite claim limitations involving “crediting an account” and despite economic content), and *Trading Technologies Intl., Inc. v. CQG, Inc.*, No. 05-cv-4811, slip op. at 6-9 (N.D. Ill. Feb. 24, 2015) (available online at http://www.gpo.gov/fdsys/pkg/USCOURTS-ilnd-1_05-cv-04811/pdf/USCOURTS-ilnd-1_05-cv-04811-18.pdf) (improved GUI for ordering commodities on an electronic exchange does not recite a fundamental economic practice).

Suggestion #3(B). Restore the Supreme Court’s “long prevalent” limiter to the definition of “fundamental economic practices.”

The “descriptor” is “fundamental economic practices,” and the Update says that the term “fundamental” refers to “foundational or basic” rather than “old or well-known.” Although this is a reasonable definition of the word “fundamental,” the Office has not taken into account the Supreme Court cases themselves, which indeed refer to “long prevalent” practices.

In *Alice* itself, the Court held that the concept of intermediated settlement was “a fundamental economic practice long prevalent in our system of commerce.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2356 (2014) (quoting *Bilski*). The PTO’s Update chops off the last part of the quote from the “judicial descriptor,” and worse, tells the examining corps that it can ignore questions of “long prevalent,” because the word “fundamental” does not include “well known.” If the PTO adopts “judicial descriptors” like this, it should adopt what the Court said, nothing more; hence the limitation “long prevalent in our system of commerce” should be restored.²

Suggestion #3(C). Clarify or delete “certain methods of organizing human activity.”

Again, better definition, as well as some statements about what it is NOT included, would help avoid inconsistent application of “certain methods of organizing human activity.”

² To support the statement that an abstract idea “need not be old or long-prevalent,” the Update relies on bio cases addressing the judicial exception for “basic tools of scientific and technological work” and the *Ultramercial* case holding a claim ineligible despite its novelty. These authorities are not on-point and in any event cannot override the direct Supreme Court characterizations in *Alice* and *Bilski*.

The Update says that this “judicial descriptor” is intended to “describe concepts relating to interpersonal and intrapersonal activities, such as managing relationships or transactions between people, social activities, and human behavior; satisfying or avoiding a legal obligation; advertising, marketing, and sales activities or behaviors; and managing human mental activity.”

Again, we see the phrase “such as” following a broad general category that is ill-defined. As to the category, what does “relating to interpersonal and intrapersonal activities” mean? If I brush my teeth, is that an “intrapersonal” activity, so that a novel toothbrush might be “relating to ... intrapersonal activities”? I assume not. If an invention relates to communication between two people with a cell phone, is that “relating to interpersonal ... activities”? Again, I assume not. The point is that the PTO should say what it means.

Turning to the words after the “such as” part of this “descriptor,” some of the examples help but some do not. For example, are all social-media inventions in the subcategory of “social activities”? I assume not, but then what does that subcategory mean to denote?

Are all inventions that involve “advertising, marketing, [or] sales” categorically patent-ineligible? The Update says, “Several cases have found concepts relating to advertising, marketing and sales activities or behaviors abstract, such as using advertising as an exchange or currency” Does that mean that examiners should understand that *all* claims having anything to do with advertising, for example, are abstract automatically? Some examiners seem to think that there is such a broad exception, but I doubt that the Update meant to signal such a thing.

Further, the inclusion of the word “certain” is singularly unhelpful, and the purported explanation in the Update does not assist: That word is allegedly used “to remind examiners that not all methods of organizing human activity are abstract ideas.” Left unexplained is the *standard*: How is an examiner to decide *which ones* are the “certain” ones that are “not all”?

Reading the language of the Update makes the answers to questions like those posed here less than clear. Lack of clarity results in excessive discretion on the part of examiners to apply Section 101 rejections inconsistently or even arbitrarily.

If the Office cannot define this “judicial descriptor” adequately, it should abandon it. The law does not require its inclusion, as others have observed. See Microsoft comment, http://www.uspto.gov/sites/default/files/documents/2014ig_e_microsoft_2015mar16.pdf at pp. 2-3 (no “indication that the [*Alice*] Court intended to identify it as a distinct category [of] abstract ideas” and it is not “announced as a category of abstract ideas elsewhere in the case law”).

Suggestion #3(D). Clarify or delete “an idea of itself.”

The Update defines this “judicial descriptor” as “an idea standing alone such as an uninstantiated concept, plan or scheme, as well as a mental process (thinking) that can be performed in the human mind, or by a human using a pen and paper.” Again, this is unclear.

As to the “idea standing alone” part, although presented as though it were a definition, this phrase does not define “an idea of itself” any further. And what does “standing alone” mean, exactly? All claims are directed to ideas, presumably, so when is a claim directed to an idea “standing alone”? Put another way, what is the alternative – an idea coupled with something else significant – and if so, doesn’t that fold the analysis of part 2B into part 2A?

As for the “such as” part, does the phrase “as well as” mean to signal that both parts of the sentence are required, or should that phrase be interpreted as simply the word “or”? What is “an uninstantiated concept”? Can the Office suggest an example? One dictionary defines “instantiated” as “to represent an abstraction by a concrete instance.” As noted above, the term “concrete” is an antonym of “abstract.” Is this just a way of saying something is “not abstract,” in which case we have a circular definition, so why is it included as an *example* of an abstract idea? Is “uninstantiated” just a way of saying “abstract” with a bigger word?

Another, more technically oriented, dictionary says, “Instantiation is the creation of an instance, which is a particular realization of an abstraction or template such as a class of objects or a computer process.” Must a claim include an “example” or a “particular realization” to avoid being “uninstantiated”? If so, an example of *what*?

As for the last phrase (“mental process (thinking) that can be performed ... by a human using pen and paper”), this can cause much confusion too, and the Update should clarify what is meant – and not meant – further. It is possible to argue that ANY computer-implemented invention could be performed by a human using pen and paper. After all, a computer simply compares bits, so in theory, a human could do the same with a pen and paper. Again, if examiners use an overbroad interpretation of this clause, it will “swallow the rule” that not all computer software is ineligible. Clarification is again required.

Better, the PTO ought to stop trying to defend “an idea of itself.” As others have observed, this category “is simply meaningless, and provides nothing substantive.” See Sachs, <http://www.uspto.gov/sites/default/files/patents/law/comments/al-f-sachs20140731.pdf> at p. 9 (commenting that the language “has been twice removed from its original context,” namely judicial cases from the 1930s that involved obviousness, not ineligibility).

In general, in attempting further clarifications, or in issuing further Updates, the Office should exercise great caution in wording instructions of this sort. Practitioners and the examiners look to these instructions to guide the arguments they make, and use of vague or

imprecise language can tilt the balance. We don't need a flood of more words, especially vague terms or non-limiting explanation, that allow examiners still more discretion; what we need is language offering constraints and contrasts.

Step 2B: Identifying 'significantly more'

The July 2015 Update contains essentially no further explanation of the "significantly more" half of the analysis (except a few added examples and a useful discussion of the burden). Various examiners have expressed to me understandable frustration with judging the 'significantly more' test set forth in the Guidance (79 Fed. Reg. at 74624). A further update, I suggest, should cover three specific points.

Suggestion #4: Clarify the purpose of the 'significantly more' inquiry.

The Guidance uses the phrase "significantly more than a judicial exception." In the field of abstract ideas, some examiners do not seem to understand that "judicial exception" refers to "abstract idea," and many examiners do not seem to realize that this refers more particularly to the specific idea that the examiner has already judged as "abstract" in Step 2A. More plain language would help.

The PTO should say that the purpose of a Step 2B analysis is to decide whether any added element (alone or with all others) is significantly more *than the identified abstract idea per se*. See *Alice*, 134 S. Ct. at 2355 (the second step is to consider the claim elements "both individually and as an ordered combination" and "search for an inventive concept, i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [abstract idea] itself.>").

A process flow that could be given to examiners is as follows:

- a) -Identify each limitation of the claim that is not simply directly repeating the abstract idea identified in Step 2A.
- b) -Discuss whether the added element is *required* by the identified abstract idea.
- c) -Evaluate the non-exclusive list of "considerations" (see below) and any other relevant considerations, to determine if the added element is "significant."
- d) -Even if all claim elements are not significantly more than the abstract idea individually, consider the claim as a whole to determine if it recites an "inventive concept" that is significantly more than the abstract idea itself.
- e) -Repeat the process for each claim being rejected, including dependent claims.

An array of examples of select added elements and why they were or were not 'significantly more' would help.

Suggestion #5: Tell examiners how to use the two lists of ‘significantly more’ considerations.

The December 2014 Guidance gives two lists of “considerations,” which are repeated at slides 21-22 of the Training Materials from February 2015 (CBT Slides). A problem is that the introduction to the list of factors is not clear. The Guidance says that the “Supreme Court has identified a number of considerations” for making the determination (but the list is non-exclusive) and concludes, “Limitations that may be enough to qualify as ‘significantly more’ when recited in a claim with the [abstract idea] include” a first list. Then, the Guidance continues, “Limitations that were found not to be enough to qualify as ‘significantly more’ when recited in a claim with [an abstract idea] include” a second list.

The Guidance is unclear as to the interplay between the two lists and as to whether the examiners must consider all listed “considerations” or just one. Examiners often choose one “consideration” on the second (“negative”) list and focus myopically on that factor, without consideration of other factors. This practice increases the odds of uncertain outcomes.

The PTO should tell examiners how to use the lists. For example, if the examiner evaluates a particular “additional element” and concludes that it meets ANY of the “considerations” in the first list, is that enough to causes the claim to “qualify as ‘significantly more’,” all by itself? The Guidance’s use of a “weasel word” (“*may* be enough”) worsens the problem.

What if an element meets one of the “positive” considerations in the first list AND a “negative” considerations in the second list? Suppose an element relates to a computer function that is “well-understood, routine and conventional” (one of the negative factors), but it *also* “effects a transformation ... of a particular article” (one of the positive factors)? Shouldn’t the element nevertheless be “significantly more”? If so, the PTO should say so.

Should the examiner be allowed to reject an argument about one of the positive factors by saying that the *other* listed considerations do *not* apply? I assume not, but again the PTO should say so.

Suggestion #6: Delete or explain one “negative consideration” that has proven troublesome in the computer-related arts.

When performing the “significantly more” analysis, examiners frequently ignore claimed computer-related limitations by saying that they are performed on known, generic computers or amount to conventional computer functions. This is such a significant problem that it has caused an endemic practice of cut-and-paste form rejections under Section 101 in the computer arts.

The PTO needs to tell examiners that it is insufficient to rebut a “significantly more” conclusion just by showing by that limitations are performed on generic computers or are conventional computer functions. Many cases uphold patentability despite similar

showings. The *DDR Holdings* case, for example, agreed that the invention was patent-eligible despite being performed on known server equipment using conventional computer instructions. Examiners nevertheless issue gobs of rejections with this “reasoning.”

The Guidance says that a limitation will *not* be considered “significantly more” by: “Simply appending well-understood, routine and conventional activities previously known to the industry, specified at a high level of generality, to the [abstract idea], e.g., a claim to an abstract idea requiring no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry.”

This part of the Guidance requires that, to count as a negative consideration for this reason, the examiner must show four different facts: that the claim element is [1] well-understood, [2] previously known, [3] so highly well-known as to be routine and conventional, and [4] specified at a high level of generality. But examiners commonly rip out of the definition the “e.g.” part referring to “a generic computer to perform generic computer functions.”

A typical “form rejection” of this sort, which can be found in literally hundreds of rejections, uses this language:

“The additional element(s) or combination of elements in the claim(s) other than the abstract idea per se amount(s) to no more than recitation of generic computer structure that serves to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the pertinent industry. Viewed as a whole, these additional claim element(s) do not provide meaningful limitation(s) to transform the abstract idea into a patent eligible application of the abstract idea such that the claim(s) amounts to significantly more than the abstract idea itself. Therefore, the claim(s) are rejected under 35 U.S.C. 101 as being directed to non-statutory subject matter. (See *Alice v. CLS Bank*, US Supreme Court, No. 13-298, 6/19/2014).”

If necessary, when the patent attorney responds, arguing that the computer functions are new, as revealed by the prior art, and thus *not* “well-understood, routine, and conventional activities previously known to the pertinent industry,” examiners feel free to rebut that showing by (1) pointing to the Update, which says that even novel claims might not be patent-ineligible, thereby ignoring the wording of this “consideration” in the Guidance itself, and (2) deconstructing the computerized claim element, saying that it consists of solely of steps like comparison or data storage and retrieval, which are of course routine.

Use of language, without explanation (such as “requiring no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry”) can easily allow examiners to reject any

computer-implemented invention that they choose to reject, in blatant disregard of the PTO's assurances that there is no categorical exclusion of computer-implemented claims. PTO assistance is required at the policy level. The PTO should tell examiners plainly and directly that, in the computer field, just because a computer invention is stated as having been programmed on a "general purpose computer," that fact is not enough to discount a proposed limitation. Likewise, just because a computer limitation uses conventional programming, or relies on conventional computer tasks, such as comparison or storage/retrieval, such is not enough to discount it as being not "significantly more."

Instead, an examiner should evaluate whether the computer-implemented invention is required to implement the abstract idea on the computer, adds insignificant extra-solution activity to an abstract idea, or simply applies the abstract idea in a new environment, like the Internet. In short, the above-quoted negative factor does not add to the other "negative considerations," and the Office can delete it.³

The Board has recognized that the fact that a claim includes features that are known computer components is not disabling under the Part 2 test. *E.g., Apple Inc. v. Sightsound Techs., LLC*, CBM2013-00019, Paper 17, pp. 18-20 (PTAB Oct. 8, 2013) (Part 2B met even though, for "the specific computer components," of the claim, "each was known individually in the prior art and can be found in a general purpose computer").

If this "consideration" is retained, at a minimum the Office should add explanation sufficient to block the "form rejection" plague that the examining corps actively uses to block patents on nearly all computerized inventions.

³ The cases at note 41 of the Guidance, cited to support this consideration, do not suggest that the Court viewed this as an independent reason for unpatentability, distinct from the other considerations; in *Alice*, for example, the Court simply listed particular computer functions implementing the abstract idea, after saying that mere instructions to implement the abstract idea on a computer were ineligible, and concluded, "each step does no more than require a generic computer to perform generic computer functions" to "instruct the practitioner to implement the abstract idea of intermediated settlement" *Alice*, 134 S. Ct. at 2359-60 (emphasis added). Conversely, an element, even if it is a "generic" function of a "generic computer," that DOES do more than instruct a computer to implement an abstract idea can qualify as "significantly more" under *Alice*. Again, the PTO's Guidance interprets the cases in a way that allows the exception to swallow the rule, and examiners are interpreting the Guidance beyond what the Office likely anticipated.

Suggestion #7: Add more examples of eligible inventions in the computer-software field.

In the Update, the Office added certain new examples, recognizing that many members of the public, and the examining corps, found them useful. However, few of them affirm patentability of subject matter in the computer field. None deals with business methods. None even deals with Step 2A. Example 21 is held eligible because of “solving an Internet-centric problem” similar to *DDR Holdings*. Example 23 (claim 4) is eligible because of “overcom[ing] a problem specifically arising in [GUIs].” Example 25 treats the *Diamond* case, held eligible because it controls a different piece of equipment. Example 27 is a streamlined analysis for a computer BIOS. None of these examples, though, relate to commonly applied-for computer inventions that are in the field of “computer software,” which use computer calculations to determine a result having useful effect. None adds significantly to what patent attorneys can argue directly from *Diamond* or *DDR*.

I suggest that the Office develop several more examples of eligible subject matter, focused on other aspects of the two-part test, and specifically in the computer-software and business-method fields. The following cases could be among those used to form examples:

- *U.S. Bancorp v. Solutran, Inc.*, CBM2014-00076, Paper 16, pp. 12-14 (PTAB Aug. 7, 2014) (method of processing paper checks held “more akin to a physical process than an abstract idea” and not a “fundamental economic practice” despite claim limitations involving “crediting an account” and despite economic content, thus passing step 2A).
- *PNC Bank v. Secure Access, LLC*, CBM2014-00100, Paper 10, pp. 21-24 (PTAB Sept. 9, 2014) (transforming data by inserting an authenticity key held patent-eligible and not a “fundamental economic practice” under step 2A)
- *JP Morgan Chase & Co. v. Maxim Int. Prods.*, CBM2014-00179, Paper 11, pp. 33-35 (PTAB Feb. 20, 2015) (secure data transfer method held patent-eligible despite reciting merely “generic computer hardware” because idea is not abstract where claim included tangible physical components, thus passing step 2A; also criticizes a proposed allegedly abstract idea as not being sufficiently tied to the claim language)
- *Trading Technologies Intl., Inc. v. CQG, Inc.*, No. 05-cv-4811, slip op. at 6-9 (N.D. Ill. Feb. 24, 2015) (available online at http://www.gpo.gov/fdsys/pkg/USCOURTS-ilnd-1_05-cv-04811/pdf/USCOURTS-ilnd-1_05-cv-04811-18.pdf) (improved GUI for ordering commodities on an electronic exchange does not recite a fundamental economic or longstanding commercial practice, thus passing step 2A, and “inventive concept” of a “static display of prices” on a display or a display “along a common static price axis” allows passing step 2B).

Conclusion

I appreciate the opportunity to comment further. I hope that the Office takes seriously the need to rein in the examining corps' over-use of Section 101 rejections via further revisions and clarifications of meaning of its Updated Guidance. The guidance provided examiners can be improved so that it is not so easily viewed as a Rorschach test allowing support for rejections in all circumstances. *See Alice*, 134 S. Ct. at 2354 (abstract idea exception would "swallow all of patent law" if it were interpreted too simplistically), *aff'g CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, 1313 (Fed. Cir. 2013) (Moore, J., dissenting in part) (worrying that overbroad application of Alice could cause "the death of hundreds of thousands of patents, including all business method, financial system, and software patents as well as many computer implemented and telecommunications patents"). Getting control of the problem of inconsistent and over-aggressive rejection, arising from amorphous instructions about the Section 101 test, represents good patent policy and will benefit the U.S. economy. I would be happy to assist further in such an effort if desired.

Very truly yours,



Louis J. Hoffman -