

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Notice of Roundtables and Request for Comments Related to Patent Subject Matter Eligibility

Docket No. PT0-P-2016-0041

**COMMENTS OF THE INTERNET ASSOCIATION AND
THE COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION
REGARDING THE LEGAL CONTOURS OF SUBJECT MATTER ELIGIBILITY
(PART 2)**

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STATEMENT OF INTEREST AND SUMMARY

The Internet Association is the unified voice of the Internet economy, representing the interests of America's leading Internet companies and their global community of users.¹ The Internet Association is dedicated to advancing public policy solutions to strengthen and protect Internet freedom, foster innovation and economic growth, and empower users. The members of the Internet Association have extensive experience with the application of the abstract idea exception in patent examination, litigation, and covered business method review.

The Computer & Communications Industry Association ("CCIA") is an international nonprofit membership organization representing companies in the computer, Internet, information technology, and telecommunications industries.² Together, CCIA's members employ nearly half a million workers and generate approximately a quarter of a trillion dollars in annual revenue. CCIA promotes open markets, open systems, open networks, and full, fair, and open competition in the computer, telecommunications, and Internet industries.

These comments therefore focus on the abstract idea exception and the importance of this exception to ensuring that the patent system promotes rather than deters innovation related to the Internet and associated industries.

The development of the patent eligibility exception for abstract ideas has been and should be left primarily to the courts. For over a century, the courts have developed and applied the judicial exception to subject matter eligibility under Section 101. From the telegraph to the Internet, the courts have successfully addressed claims to new technologies under this exception. The current developments in Section 101 caselaw show that the courts can lead in this area in a way that benefits innovation, including in the software and Internet industries.

The courts have given the public and the Office clear and appropriate legal guidance—particularly in the software and Internet context that the majority of recent caselaw addresses—with a developing focus on two key principles. First, the courts have distinguished between ineligible claims that merely recite results accomplished by software (and are ineligible) and claims that specify the inventor's method or mechanism for achieving a particular result (and may be eligible). Second, courts have further stated the need for eligible claims to recite the inventor's technical contribution, without which no claim is patent eligible.

¹ The Internet Association's members include Airbnb, Amazon, Coinbase, DoorDash, Dropbox, eBay, Etsy, Expedia, Facebook, FanDuel, Google, Groupon, Handy, IAC, Intuit, LinkedIn, Lyft, Match Group, Monster, Netflix, Pandora, Paypal, Pinterest, Practice Fusion, Rackspace, Reddit, Salesforce, Snapchat, Spotify, SurveyMonkey, Ten-X, TransferWise, TripAdvisor, Turo, Twitter, Uber, Upwork, Yahoo!, Yelp, Zenefits, and Zynga.

² A list of CCIA members is available at <http://www.ccianet.org/members>.

When courts focus on these two key principles, they strike an appropriate balance that allows patent claims that promote innovation while rejecting claims that would stifle innovation. Given the role of courts in shaping the abstract idea exception, legislation is not necessary. Further, legislative action would be unwise because it will introduce statutory language that is more likely to confuse than to clarify. The USPTO should therefore focus its efforts on understanding and applying the caselaw with emphasis on the two keys identified by the courts.

STATEMENT

The USPTO requests comments on the legal contours of subject matter eligibility.³ The Internet Association and CCIA respond here to Part 2 of the USPTO's Notice, guided by the eighteen questions set forth therein.⁴ In particular, Commenters respond to the Office's questions regarding the legal contours of the exception for abstract ideas, the appropriateness of the existence of the subject matter eligibility exception, and the role of the courts and the USPTO in developing the exception.

I. The Supreme Court Has Developed—And The Federal Circuit Has Adapted—A Sound Approach For Applying The Judicial Exception For Abstract Ideas To Patentable Subject Matter.

The Supreme Court's two-part eligibility test established in *Mayo*, developed in *Alice*, and adapted and applied by the Federal Circuit, leads to sound outcomes when properly employed.⁵ Under *Alice* step one, a court must first determine whether the claims at issue are directed to a patent-ineligible concept, such as an abstract idea.⁶ Step two of the Court's test is a "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 ineligible concept itself."⁷ The court must "examine the elements of the claim to determine whether it contains an 'inventive concept' sufficient to 'transform' the claimed abstract idea into a patent-eligible application."⁸

³ See USPTO Notice of Roundtables and Request for Comments Related to Patent Subject Matter Eligibility Dkt. No. PTO-P-2016-0041, 81 Fed. Reg. 71485 (Oct. 17, 2016) ("Notice").

⁴ *Id.* at 71487-88 ("Part 2").

⁵ *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, ___ U.S. ___, 132 S. Ct. 1289 (2012); *Alice Corp. v. CLS Bank Int'l*, ___ U.S. ___, 134 S. Ct. 2347 (2014).

⁶ *Alice Corp.* 134 S. Ct. at 2355.

⁷ *Id.* (internal marks and brackets omitted).

⁸ *Id.* at 2357 (citation omitted).

As shown below, the patent eligibility determination within the *Alice/Mayo* test turns on whether the claims recite a technological contribution that provides a method or mechanism for achieving a desired result. That is to say there are two key principles to determining patent ineligibility: (1) whether the claims recite a mere result, and (2) whether the claims fail to recite the inventor’s technical contribution, sometimes termed a “technological solution.” The Internet Association and CCIA’s Comments on Part 1, filed contemporaneously with these comments, discuss how the USPTO should incorporate these two principles in its examination and consideration of patent claims.⁹

A. The Patent Eligibility Determination Within *Alice* And *Mayo* Focuses First On Whether The Claims Recite More Than A Mere Desired Result.

One recurring and well-established principle found in the caselaw is the distinction between claims that merely recite a result achieved and those that specify the method and mechanism for achieving that result. For example, Samuel Morse famously invented and patented the telegraph. But one of his claims failed because it recited “electro-magnetism, however developed, for making or printing intelligible characters, letters, or signs, at any distances, being a new application of that power, of which I claim to be the first inventor.”¹⁰ The claim was “void” because it covered “an effect produced by the use of electro-magnetism, distinct from the process or machinery necessary to produce it.”¹¹ The Supreme Court has relied on this key principle in the course of determining subject matter eligibility for centuries.¹²

Moreover, the Federal Circuit has explicitly incorporated this principle in its post-*Alice* Section 101 analysis. Indeed, many Federal Circuit cases make explicit the review of claim language to determine whether the claims merely recite a result (or equivalent functional language) or the mechanism by which the result is accomplished.¹³ Claims that merely recite a desired result are generally directed to an abstract idea, and are therefore ineligible. In *Internet Patents*, for example, the Federal Circuit held ineligible a claim that merely recited a desired

⁹ See Notice at 71487 (“Part 1”); Comments Of The Internet Association And CCIA Regarding The USPTO Subject Matter Eligibility Guidelines (Part 1) (Jan. 18, 2017) (“Comments on Part 1”).

¹⁰ *O’Reilly v. Morse*, 56 U.S. 62, 86 (1853).

¹¹ *The Telephone Cases*, 126 U.S. 1, 534 (1888).

¹² See, e.g., *Bilski v. Kappos*, 561 U.S. 593, 649 (2010); *Mayo*, 132 S. Ct. at 1301; *Parker v. Flook*, 437 U.S. 584, 592 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 68-69 (1972); *The Telephone Cases*, 126 U.S. at 534.

¹³ *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016) (claims “directed to a specific improvement to the way computers operate” eligible).

“effect or result dissociated from any method by which [the result] is accomplished.”¹⁴ The “character of the claimed invention [was] an abstract idea” because the claim-at-issue contained “no restriction on how the result is accomplished.”¹⁵ And the “mechanism” for achieving that result “[was] not described, although this [was] stated to be the essential innovation.”¹⁶ Such claims are “not directed to patent-eligible subject matter.”¹⁷

Similarly, *Electric Power* holds that claims defining “a desirable information-based result and not limited to inventive means of achieving the result, fail under § 101.”¹⁸ The court in *Electric Power* explained that the “essentially result-focused, functional character of claim language has been a frequent feature of claims held ineligible under § 101.”¹⁹ This is especially so “in the area of using generic computer and network technology to carry out economic transactions.”²⁰ The *Electric Power* court approved the district court’s invocation of “an important common-sense distinction between ends sought and particular means of achieving them, between desired results (functions) and particular ways of achieving (performing) them.”²¹ These cases are clear: merely claiming a result or function does not impart patent eligibility.

Conversely, software claims that recite the mechanism whereby desirable results are achieved support patent eligibility. In *McRO*, the Federal Circuit held claims eligible after

¹⁴ *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1348 (Fed. Cir. 2015); *see also Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1244 (Fed. Cir. 2016) (“Generally, a claim that merely describes an effect or result dissociated from any method by which it is accomplished is not directed to patent-eligible subject matter.”) (internal marks and brackets omitted); *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1265 (Fed. Cir. 2016) (Under “the principles emerging from the developing body of law on abstract ideas under section 101, this court has noted that claims that are so result-focused, so functional, as to effectively cover any solution to an identified problem are frequently held ineligible under section 101.”) (internal marks omitted); *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1316 (Fed. Cir. 2016) (“[W]hen a claim directed to an abstract idea contains no restriction on how the result is accomplished and the mechanism is not described, although this is stated to be the essential innovation, then the claim is not patent-eligible.”) (internal marks, citations, and brackets omitted).

¹⁵ *Internet Patents*, 790 F.3d at 1348.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1351 (Fed. Cir. 2016).

¹⁹ *Id.* at 1356 (citing *Loyalty Conversion Sys. v. American Airlines, Inc.*, 66 F.Supp.3d 829, 837–38, 840, 843, 845 (E.D. Tex. 2014) (Bryson, J., sitting by designation)).

²⁰ *Id.*

²¹ *Id.*

looking to “whether the claims in these patents focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.”²² The claims were not directed to an abstract idea because the “specific, claimed feature ... allow[ed] for the improvement realized by the invention.”²³ The *McRO* court further explained that this principle is rooted in more than a century of Supreme Court caselaw.²⁴

The question whether a claim recites mere results is part of the *Alice* step one analysis—determining whether the claim in issue is directed to an abstract idea. Claims directed to a result are more likely to be abstract than those directed to methods and mechanisms for achieving the result sought. This analysis may also be relevant to *Alice* step two because a claim focused on results and not including limitations as to how that result is achieved is less likely to include an inventive concept.

Finally, whether a claim merely recites a result also informs any preemption analysis. Claims that recite a mere result with nothing more preclude others from achieving that same result even where the mechanism is fundamentally different. Thus, in *Affinity Labs*, the Federal Circuit recognized that in “applying the principles emerging from the developing body of law on abstract ideas under section 101,” claims that are “so result-focused, so functional, as to effectively cover any solution to an identified problem are frequently held ineligible under Section 101.”²⁵

B. The Patent Eligibility Determination Also Focuses On Whether The Claims Recite The Inventor’s Technical Contribution.

The other, and closely related, key to determining eligibility seen across Supreme Court and Federal Circuit caselaw is the required recitation of the inventor’s technical contribution in the claim. In other words, where the claim recites a technical solution to a technical problem, it

²² *McRO*, 837 F.3d at 1314 (citing *Enfish*, 822 F.3d at 1327).

²³ *Id.* at 1313.

²⁴ *Id.* at 1314 (citing *Morse*, 56 U.S. at 113, *Mayo*, 133 S.Ct. at 2116; *LeRoy v. Tatham*, 55 U.S. 156, 175 (1853); and *Diamond v. Diehr*, 450 U.S. 175, 182 n.7 (1981)); *see also Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1309 (Fed. Cir. 2016) (Reyna, J., dissenting).

²⁵ *Affinity Labs v. DIRECTV*, 838 F.3d at 1265 (internal marks and citation omitted).

is more likely to be patent eligible.²⁶ Where the claim merely recites conventional components for carrying out an abstract idea, it likely fails *Alice* step two.

In *Alice*, the claims recited a detailed process for carrying out banking transactions by, among other things, creating “‘shadow’ credits and debit records (*i.e.*, account ledgers) that mirror the balances in the parties’ real-world accounts,” updating them in real time as transactions are entered, and issuing simultaneous instructions to relevant financial institutions.²⁷ In that limited sense, the claims could be said to have recited more than the result sought.

But the Supreme Court explained that these details were merely “the use of a computer to create electronic records,” and that obtaining data, adjusting account balances, and issuing automated instructions were “well-understood, routine, conventional activities.”²⁸ There was no technical contribution—and therefore no inventive concept—recited in the claim.

In *Alice*, the claimed elements were insufficient because without a technical contribution “a patent’s recitation of a computer amounts to a mere instruction to implement an abstract idea on ... a computer [and] that addition cannot impart patent eligibility.”²⁹ Thus, a claim that merely translates an abstract idea into conventional technical components or steps is not eligible. As the Court explained in *Mayo*, “[T]he prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.”³⁰

The *Alice* Court further highlighted the need for a technical contribution when it recognized that claims that (1) “purport to improve the functioning of the computer itself” or (2) “effect an improvement in any other technology or technical field” could be more than a simple recitation of the abstract idea applied on a computer.³¹

Federal Circuit caselaw shows how the requirement of a technical contribution should be applied based on the Supreme Court’s guidance in *Alice*. The Federal Circuit holds that claims fail *Alice* step two when they only recite conventional means or “[s]teps that do nothing more

²⁶ See *Amdocs*, 841 F.3d at 1300 (Fed. Cir. 2016) (“[T]his claim entails an unconventional technological solution ... to a technological problem.”).

²⁷ See *Alice Corp.*, 134 S.Ct. at 2352, 2359.

²⁸ *Id.* at 2359 (internal marks omitted).

²⁹ *Id.* at 2358 (internal marks and citation omitted).

³⁰ *Mayo*, 132 S.Ct. at 1297 (quoting *Bilski*, 130 S.Ct. 3218, 3255).

³¹ *Alice Corp.*, 134 S.Ct. at 2359.

than spell out what it means to ‘apply it on a computer.’”³² Such steps “cannot confer patent-eligibility.”³³ In *Ultramercial*, for example, the Federal Circuit held ineligible patent claims describing an eleven-step method of distributing copyrighted media at no cost in exchange for viewing an advertisement.³⁴ But the advance over the prior art, if any, lay in the described business transaction and not in the technical implementation. The “routine” steps of “updating an activity log, requiring a request from the consumer to view the ad, restrictions on public access, and use of the Internet” could not transform the “otherwise abstract idea into patent-eligible subject matter.”³⁵

Furthermore, where the claims fail to recite an alleged technical aspect of the invention, that aspect is given no weight. In *Ameranth*, for example, the court held claims to a “synchronous communications system for generating and transmitting menus” to be ineligible.³⁶ When *Ameranth* argued that “programming the software to perform various parts of the claimed systems’ functionality was difficult,” the court found it “immaterial because these details are not recited in the actual claims.”³⁷ Thus, any technical contribution was absent from the claims. *Ameranth*’s claims with added limitations reciting handwriting and voice capture technologies were no more eligible because *Ameranth* admitted that it had not in fact invented these technologies.³⁸ Again, the inventor’s technical contribution was missing and the claims were ineligible.

In contrast, claims that recite an inventor’s technical contribution are more likely eligible. For example, the technical contribution relied on by *McRO* was “apparent on the face of the claims.”³⁹ And the *McRO* court “look[ed] to whether the claims” at issue “focus on a specific means or method that improves the relevant technology” in deciding the eligibility of the claims.⁴⁰ Under that standard, the court held that the claims “improved the existing

³² *Intellectual Ventures I v. Capital One Bank (USA)*, 792 F.3d 1363, 1370 (Fed Cir. 2015) (quoting *Alice Corp.*, 134 S.Ct. at 2359).

³³ *Id.*

³⁴ *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 712 (Fed. Cir. 2014).

³⁵ *Id.*

³⁶ *Ameranth*, 842 F.3d at 1234.

³⁷ *Id.* at 1242.

³⁸ *Id.* at 1245.

³⁹ *McRO*, 837 F.3d at 1311; *Cf. Carnegie Mellon Univ. v. Marvell Tech. Grp., Ltd.*, 807 F.3d 1283, 1297 n.3 (Fed. Cir. 2015).

⁴⁰ *Id.* at 1314.

technological process”⁴¹ and were eligible because the claims provided a “technological improvement over the existing, manual 3-D animation techniques” that “achieve[d] an improved technological result in conventional industry practice.”⁴²

Because cases turn on whether there is a technical contribution, the USPTO may consider this a key determinant of whether a claim is eligible. The Federal Circuit invariably notes the technical contribution of patent claims it finds eligible.^{43,44,45,46} The court also notes the lack of a technical contribution in claims that fail.⁴⁷ Furthermore, the mere argument that some technological improvement or solution is found in the claims is not enough.⁴⁸ There must be a technological contribution from the inventor.

⁴¹ *Id.* (quoting *Alice Corp.*, 134 S.Ct. at 2358) (internal marks omitted).

⁴² *Id.* at 1316.

⁴³ *Enfish*, 822 F.3d at 1336 (“[T]he plain focus of the claims is on an improvement to computer functionality itself.”).

⁴⁴ *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility, LLC*, 827 F.3d 1341, 1351 (Fed. Cir. 2016) (“[T]he claims may be read to ‘improve[] an existing technological process.’”) (quoting *Alice Corp.*, 134 S.Ct. at 2358).

⁴⁵ *Amdocs*, 841 F.3d at 1300 (“[T]his claim entails an unconventional technological solution (enhancing data in a distributed fashion) to a technological problem (massive record flows which previously required massive databases.”).

⁴⁶ *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257 (Fed. Cir. 2014) (“[T]he claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.”).

⁴⁷ *See, e.g., Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1152 (Fed. Cir. 2016) (“The Asserted Claims, in contrast to those at issue in *DDR Holdings* and *BASCOM*, contain no such technical solution.”); *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1096 (Fed. Cir. 2016) (“The claims here do not propose a solution or overcome a problem ‘specifically arising in the realm of computer technology.’”) (internal marks omitted); *Affinity Labs of Texas v. Amazon.com*, 838 F.3d 1266, 1272 (Fed. Cir. 2016) (“the patent in this case is not directed to the solution of a ‘technological problem,’ nor is it directed to an improvement in computer or network functionality”) (citations omitted); *In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 612 (Fed. Cir. 2016) (“[T]he claims here are not directed to a specific improvement to computer functionality. Rather, they are directed to the use of conventional or generic technology in a nascent but well-known environment, without any claim that the invention reflects an inventive solution to any problem presented by combining the two.”).

⁴⁸ *See, e.g., FairWarning*, 839 F.3d at 1096 (holding claims ineligible despite argument “that all of the claims, without exception, solve technical problems unique to the computer environment”); *see also Intellectual Ventures I LLC*, 838 F.3d at 1315; *Affinity Labs*, 838 F.3d at 1269-70; *Elec. Power Grp.*, 830 F.3d at 1351; *TLI Commc’ns*, 823 F.3d at 612.

II. The Abstract Idea Exception To Patent Eligibility Supports The Purpose Of The Patent Act: To Promote Progress In The “Useful Arts.”

The Supreme Court has long held that “the primary purpose of our patent laws is not the creation of private fortunes for the owners of patents, but is ‘to promote the progress of science and the useful arts.’”⁴⁹

The abstract idea exception to patent eligibility supports that purpose. Overly broad claims that recite a mere result and thus cover every way of accomplishing that result retard innovation by limiting future innovators’ ability to exploit superior methods for bringing about the same results. Such an invention “may be less complicated—less liable to get out of order—less expensive in construction, and in its operation,” but if result-claiming is allowed then the result “is covered by th[e] patent, the inventor could not use it, nor the public have the benefit of it without the permission of th[e] patentee.”⁵⁰

Likewise, claims that do not contain the inventor’s technical contribution either claim too broadly and retard innovation or reflect a lack of technical innovation and therefore cannot promote the useful arts. Such claims block, or tax, inventors and their companies that do the hard work of making a result work in the real world. They block innovators that would actually implement workable mechanisms for reaching the result others merely hope for. And they make possible harassment of the companies that actually invest in research and development of real world products and innovations.

Furthermore, requiring a technical contribution in the claims receives support from the Constitutional mandate that patents promote the useful arts. Article I of the Constitution empowers Congress “[t]o promote the Progress of Science and useful Arts, by securing . . . to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”⁵¹ And the “object of the constitutional patent power and the statutory authorization for process patents in the early patent Acts was the term ‘useful art.’”⁵² At the time of the Founding, “useful arts” encompassed fields related to technology but not business or finance.⁵³ The agency should

⁴⁹ *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 626 (2008) (quoting *Motion Picture Patents Co. v. Universal Film Mfg.*, 243 U.S. 502, 511 (1917) (quoting in turn U.S. Const., art. I, § 8, cl. 8)).

⁵⁰ *Morse*, 56 U.S. at 113.

⁵¹ U.S. Const. art. I, § 8, cl. 8.

⁵² *Bilski*, 561 U.S. at 632 (Stevens, J., concurring); see also *In re Bilski*, 545 F.3d 943, 966 (Fed. Cir. 2008) (Dyk, J., concurring).

⁵³ See *Bilski*, 561 U.S. at 633.

follow the caselaw and not expand Section 101 eligibility to claims without a technological contribution where the courts have rejected any such excursion.

Fundamentally, the agency should allow patent claims that recite the inventor's technical contribution because such claims promote innovation. And, in Commenters' view, the abstract idea exception successfully promotes innovation best when understood to require claims that recite a technical contribution and are not limited to a mere result or function achieved.

III. The Courts Are The Appropriate Venue For Continued Development Of The Exception To Patent Eligibility.

The subject matter eligibility exceptions were properly developed—beginning over a century ago—under traditional common-law principles. Common-law development is particularly appropriate given the breadth and simplicity of Section 101. It is well understood that Congress expects the courts to play a role in defining the reach of generally stated statutes like Section 101.⁵⁴

The courts are the best place to continue the development of this common-law doctrine because courts can better respond to the development of new technology—a prime driver of the doctrine—if not hampered by statutory limits that may be drawn from an individual case regarding technology extant at the time. Furthermore, continued development in the courts will create additional clarity and understanding of the Section 101 abstract idea exception.

Claims that the sky is falling—that no software or Internet patents will be eligible under *Alice*—are now demonstrably false. The Federal Circuit has released multiple decisions on the abstract idea exception, and has held claims eligible as well as ineligible. That the latter outweigh the former is not particularly telling because assertions of a Section 101 defense are naturally weighted toward those claims that are likely to be found ineligible. As recent analysis shows, “only about 4% of all patents asserted since mid-2014 ha[ve] appeared in an *Alice* decision.”⁵⁵ Certainly the vast majority of the Federal Circuit's published patent cases do not involve a Section 101 challenge.

⁵⁴ See *State Oil Co. v. Khan*, 522 U.S. 3, 20 (1997) (“[T]he general presumption that legislative changes should be left to Congress has less force with respect to the Sherman Act in light of the accepted view that Congress ‘expected the courts to give shape to the statute’s broad mandate by drawing on common-law tradition.’”) (quoting *Nat’l Soc. of Prof’l Engineers v. United States*, 435 U.S. 679, 686 (1978)); compare 35 U.S.C. § 101 with 15 U.S.C. § 1.

⁵⁵ See RPX Data Update: Patent Litigation Volatility Persists As Strategies Shift (Jan. 3, 2017) available at <https://www.rpxcorp.com/2017/01/03/rpx-data-update-patent-litigation-volatility-persists-as-strategies-shift/>.

IV. Legislation Is Unnecessary And Would Undoubtedly Inject Ambiguity Into The Statute And Amplify Uncertainty In This Area.

The abstract idea exception under Section 101 is an important judicial safeguard and should not be eliminated or otherwise rewritten by Congress. Cases like *Morse*, *Gottschalk*, *Diehr*, *Bilski*, and *Alice* are important fixtures in American law and should not be overturned.

Thus, legislative efforts in this area would be an attempt to define the boundaries of the judicial exception and such an effort can increase uncertainty in two ways. First, new statutory language would inevitably become the focus of extended litigation and disputes regarding its meaning. Second, new statutory language would likely prove inapt and inflexible in addressing future innovation that tests the bounds of eligibility. The judicial exceptions to Section 101 have proven most critical when the courts confront new technology that revolutionizes a field of endeavor. Section 101 cases have involved pioneering technology such as Morse's telegraph and Bell's telephone and disruptive technologies like the computer and the Internet. The resulting caselaw has met the challenge of new technologies by protecting technological contributions while preventing ownership of abstract ideas that could stymie further development, as discussed above. New statutory language, in contrast, would be based on what has gone before and lack the flexibility of the common law to adapt to new technologies.

Ultimately, legislation is not needed and would be counterproductive. As explained above, the lower courts have made good progress in defining the line between eligible and ineligible software and Internet claims in a manner that promotes innovation in the software and Internet industries.

V. The USPTO's Role Is Clear: To Interpret The Caselaw And Apply The Exceptions To The Applications And Patents Before It.

The USPTO plays an important role—through its interpretation of caselaw, training of Examiners, and ultimately through the claims it allows and rejects—in shaping this area of law. To fulfill this role the Office must account for the patent eligibility principles, described above, in its examination of claims. The Office's methodology and examination guidelines are further addressed in the Internet Association and CCIA's contemporaneous Comments on Part 1.

CONCLUSION

The Internet Association and CCIA applaud the USPTO for its continued serious examination of the contours of Section 101 law. The Internet Association and CCIA believe that the USPTO's approach of considering all views will assist the agency in formulating its guidelines and thank the USPTO for the opportunity to provide their views.