

## FAX COVER SHEET

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RE	How to Address Alice Corp

### COVER MESSAGE

See slides 7-10 for core information.

# Alice Corporation versus CLS Bank

## How to Apply Alice?

# How to Apply Alice

- Objectives
  - Review the findings of Alice
  - Review issues with Alice according to the Intellectual Property community
  - Present the lifecycle of an abstract idea
  - Abstract versus Fundamental
  - How to deal with Abstract claims
  - How to deal with Fundamental claims
  - Conclusion

# Findings of Alice

- “Like the risk hedging in *Bilski*, the concept of intermediated settlement is ‘a fundamental economic practice long prevalent in our system of commerce’ “
- “Neither stating an abstract idea “while adding the words ‘apply it,’ ” *Mayo, supra*, at \_\_\_\_, nor limiting the use of an abstract idea “ ‘to a particular technological environment,’ ” *Bilski, supra*, at 610–611, is enough for patent eligibility “

# Findings of Alice

- The Court explained that “[h]edging is a fundamental economic practice long prevalent in our system of commerce and taught in any introductory finance class.

# Draftsman's Art Warning

- This Court has long “warn[ed] . . . against” interpreting §101 “in ways that make patent eligibility ‘depend simply on the draftsman’s art.’ ”

# Issues with Alice

- <https://www.law360.com/articles/860056>
- [http://www.skqf.com/uploads/1455/doc/US PTO Calls For Clearer Alice Rejections Aiding Applicants \(Holubeck\) Law360 May 2016.pdf](http://www.skqf.com/uploads/1455/doc/US_PTO_Calls_For_Clearer_Alice_Rejections_Aiding_Applicants_(Holubeck)_Law360_May_2016.pdf)
- [http://www.ipwatchdog.com/2016/02/14/the e-patent-office-should-establish-a-more-systematic-approach-to-alice-based-section-101-examination/id=66088/](http://www.ipwatchdog.com/2016/02/14/the-e-patent-office-should-establish-a-more-systematic-approach-to-alice-based-section-101-examination/id=66088/)

# Evolution of an Idea

- Abstract – too many gaps in technology to make the invention real.
- Research Worthy – gaps in technology are small enough to be covered by research
- Novel – invention is achievable and makeable
- Industry Standard – invention has matured to use throughout industry
- Conventional Wisdom or Obsolete – invention has been accepted as the de facto tool for its intended purpose or has been supplanted by another product.



# Abstract versus Fundamental

- Abstract: Too many gaps in the technology to make it real
- Fundamental: a well developed concept that many other concepts are dependant.  
Fundamental claims can describe an industry standard, conventional wisdom or even an natural phenomenon.
- The important idea is that fundamental and abstract are at opposite ends of the cycle.

# How should an examiner deal with abstract claims

- Acquire the best couple references one can for the time
- Ask questions about the gaps
  - How does time travel work?
  - Does the mass of the object traveling in time have an effect? How about speed? How about momentum?

# How should an examiner deal with fundamental claims?

- Fundamental Natural Phenomenon
  - Present a reference discussing the natural phenomenon.
  - Discuss the balance of claim limitations with references
  - Explain why the balance of claim limitations are not significantly more than the natural phenomenon
- Fundamental Industry Standard
  - Present a reference discussing the industry standard
  - Discuss the balance of claim limitations with references
  - Explain why the balance of claim limitations are not significantly more than the industry standard

# How should an examiner deal with fundamental claims?

- In other words, fundamental industry standard claims should be rejected under 35 U.S.C. 102 or 103.
- If the examiner suspects the claims are directed towards some fundamental principle, the examiner should be able to find a reference or text with said fundamental claims

# What should we do with Alice?

- Stop applying Alice in its current form
- Have an examiner properly present a reference (probably a textbook from economics or finance) explaining hedging and clearing house procedure (That is, reject it under 35 U.S.C. §§ 102 and/or 103)
- Apply rejection to the balance of the limitations.

**Questions?**