

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

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

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Docket No. PT0-P-2016-0041

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**COMMENTS OF THE INTERNET ASSOCIATION AND  
THE COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION  
REGARDING THE USPTO SUBJECT MATTER ELIGIBILITY GUIDELINES  
(PART 1)**

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## STATEMENT OF INTEREST

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.<sup>1</sup> 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.<sup>2</sup> 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.

## STATEMENT

The USPTO requests comments on its subject matter eligibility guidelines.<sup>3</sup> The Internet Association and CCIA respond here to Part 1 of the USPTO's Notice, guided by the suggested topics set forth therein.<sup>4</sup> In particular, Commenters provide their view of the current guidelines, the appropriate focus of future guidelines, and the need for continued development of training and guidance in light of developing caselaw. The Internet Association and CCIA separately

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<sup>1</sup> 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.

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

<sup>3</sup> 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").

<sup>4</sup> *Id.* at 71487 ("Part 1").

comment on the legal contours of subject matter eligibility in their contemporaneously filed Comments on Part 2.<sup>5</sup>

## **I. The USPTO’s Section 101 Guidelines Should Be Revised To Incorporate The Principles That Have Emerged From The Abstract-Idea Caselaw.**

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.<sup>6</sup> 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.<sup>7</sup> 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.”<sup>8</sup> 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.”<sup>9</sup>

Applying the two-step *Alice* test during examination has proven challenging. But as shown in the Internet Association and CCIA’s Comments on Part 2, courts have developed principles that the USPTO can now confidently use to inform its analysis, regularize its office actions, and issue or reject claims in a manner consistent with the law.

### **A. The USPTO’s Current Guidelines And Training Materials Rely Heavily On Examples.**

Since *Alice*, the USPTO has issued multiple guidelines regarding Section 101 and the abstract idea exception.<sup>10</sup> The guidelines have been heavily reliant on examples, some of which

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<sup>5</sup> See *id.* at 71487-88 (“Part 2”); Comments Of The Internet Association and CCIA Regarding The Legal Contours Of Subject Matter Eligibility (Part 2) (Jan. 18, 2017) (“Comments on Part 2”).

<sup>6</sup> *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).

<sup>7</sup> *Alice Corp.*, 134 S. Ct. at 2355.

<sup>8</sup> *Id.* (internal marks and brackets omitted).

<sup>9</sup> *Id.* at 2357 (citation omitted).

<sup>10</sup> See, e.g., May 4, 2016 Memorandum on Formulating a Subject Matter Eligibility Rejection and Evaluating the Applicant’s Response to Subject Matter Eligibility Rejection (“May 4, 2016 Memo”).

have been gleaned from caselaw, while others have been constructed by the USPTO.<sup>11</sup> But a collection of examples without the identification of unifying themes or principles is insufficient. In the experience of Commenters' members, the examples alone fail to provide an appropriate level of guidance for Examiners and Applicants when analyzing the abstract idea exception that the examples are intended to illustrate.

Matching example claims to claims in applications is not the best approach to determining patent eligibility. The Office's methodology explicitly instructs Examiners to "identify the abstract idea as it is recited (i.e., set forth or described) in the claim and explain why it corresponds to a concept that the courts have identified as an abstract idea."<sup>12</sup> This incentivizes the Applicant to amend claims to mimic language in counter-examples in the guidelines. But a battle of examples invites linguistic contortions; it is not a substitute for the application of clear principles that the courts have already articulated.

There is nothing inherently wrong with the use of examples in examination. Immediately following the Supreme Court's *Alice* decision and in the early days following that decision, it may have been difficult for the Office to extract key principles from the small number of cases available, and so the use of examples alone was helpful and perhaps the best guidance that could then be provided. At this point, however, the Federal Circuit has applied *Alice* in a large number of published decisions. Thus, Examiners and Applicants would benefit greatly from guidance that sets forth the critical principles that have emerged from the cases by analyzing examples *in view of* those principles.

#### **B. The USPTO Would Do Better To Instruct Examiners On Applying The Key Principles Set Forth In Caselaw.**

As shown in the Internet Association and CCIA's Comments on Part 2, 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.<sup>13</sup> There are two key principles to determining patent eligibility: (1) whether the claims recite a mere result, and (2) whether the claims fail to recite the inventor's technical contribution. The USPTO should incorporate these principles in its guidelines and instruct Examiners to consider each principle within the corresponding step in the *Alice* test.

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<sup>11</sup> See, e.g., July 2015 Update Appendix 1: Examples, available at <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-app1.pdf> ("July2015 Appendix Update").

<sup>12</sup> See May 4, 2016 Memo at 2 (emphases omitted).

<sup>13</sup> See Comments on Part 2 at 2-8, and cases cited therein.

1. Patent eligible claims recite more than mere results or functions.

The question whether a claim recites more than mere results or functions 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.

The Supreme Court has long used this principle to divide patent-eligible claims from those that are ineligible.<sup>14</sup> Following *Alice*, the Federal Circuit has likewise applied this principle—holding claims eligible and ineligible—throughout its caselaw.<sup>15,16</sup> The USPTO should similarly instruct its Examiners to determine whether claims recite mere results or functions as part of the eligibility inquiry. Applying this principle would ease examination uncertainty by focusing both Examiners and Applicants on ensuring that claims recite limitations substantial and specific enough to pass the first step of *Alice*.

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<sup>14</sup> 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. 1, 534 (1888); *O’Reilly v. Morse*, 56 U.S. 62, 86 (1853).

<sup>15</sup> See, e.g., *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016) (holding claims eligible after 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.”); *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).

<sup>16</sup> See e.g., *Elec. Power Grp. v. Alstom S.A.*, 830 F.3d 1350, 1351 (Fed. Cir. 2016) (holding that claims defining “a desirable information-based result and not limited to inventive means of achieving the result, fail under § 101.”); *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).

2. Patent eligible claims recite the inventor’s technical contribution.

A second 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 *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.”<sup>17</sup> Thus, a claim that merely translates an abstract idea into conventional technical components or steps is not eligible. 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.<sup>18</sup>

The Federal Circuit has likewise applied this principle—holding claims eligible and ineligible—throughout its caselaw depending on whether they recited a technological improvement or technological solution.<sup>19,20</sup> The USPTO should similarly instruct its Examiners to determine whether the claims recite the inventor’s technical contribution as part of the

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<sup>17</sup> *Alice Corp.*, 134 S.Ct. at 2358 (internal marks and citation omitted).

<sup>18</sup> *Alice Corp.*, 134 S.Ct. at 2359.

<sup>19</sup> See, e.g., *Enfish*, 822 F.3d at 1336 (“[T]he plain focus of the claims is on an improvement to computer functionality itself.”); *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); *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1300 (Fed. Cir. 2016) (“[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.”)); *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.”).

<sup>20</sup> 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 v. Amazon.com*, 838 F.3d at 1272 (“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.”).

eligibility inquiry. Application of this principle would ease examination uncertainty by focusing both Examiners and Applicants on ensuring that claims recite sufficient technical contribution beyond conventional steps or elements in order to pass the second step of *Alice*.

Applying these closely related principles within the context of *Alice* will be easier for Examiners and more comprehensible for Applicants. The Office has provided over 30 examples of examination outcomes for inventions and claims. But, as explained above, the use of such examples would be enhanced if the Guidelines first provide unifying principles that inform the examination. Teaching principles first, and then providing examples, would assist Examiners and Applicants in determining which claims are patent eligible.

### **C. The Office May Then Use These Principles To Better Explain Examples.**

To be clear, the Internet Association and CCIA are not opposed to the use of examples in the guidelines. The USPTO's next Section 101 guidelines should certainly include multiple examples of analysis under the abstract idea exception.

But the guidelines should begin with the unifying principles that have emerged from the caselaw. The examples could then be better explained by showing that those claims reciting an invention primarily in terms of results or functions fail step one of the *Alice* test. Likewise, the examples could better be explained by showing that those claims that fail to recite the inventor's technological improvement fail step two of the *Alice* test.

Furthermore, use of principles would also prevent the Office and Applicants from incorrectly relying too heavily on any particular case as an ironclad example of eligible subject matter. The development of caselaw over time means that some early cases have been limited as the principles have been developed.<sup>21</sup>

Finally, the Office could further improve its examples by considering the context in which the principles were applied. In particular, the Office should be cognizant of a case's procedural posture when evaluating its usefulness as a teaching tool. The Federal Circuit often reviews dismissals under Rule 12(b)(6) for failure to state a claim or judgment on the pleadings under Rule 12(c).<sup>22</sup> In these cases, no matter is considered outside the pleadings<sup>23</sup> and all inferences favor the non-movant. Cases that hold that the challenger has not met its burden of showing a patent ineligible may be of less utility to the Office than those that show the patent is

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<sup>21</sup> See, e.g., *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1371 (Fed. Cir. 2015) (limiting the "applicability" of *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) to the context of that case).

<sup>22</sup> Fed. R. Civ. Proc. 12.

<sup>23</sup> *Id.* 12(d).

ineligible as a matter of law. Within the Office, there is no analogue to Rule 12, and patent eligibility is always determined in view of the complete record.

## **II. The Proposed Approach Would Follow The Successful Model Established By The USPTO's Post-KSR Obviousness Guidelines.**

In 2007, the Supreme Court issued *KSR v. Teleflex*, a landmark decision on Section 103 law.<sup>24</sup> The USPTO responded with its KSR examination guidelines.<sup>25</sup> The Internet Association and CCIA suggest that the KSR Guidelines be a model for the USPTO's subject matter eligibility guidelines.

The KSR Guidelines first presented rationales for potential obviousness rejections that the agency determined were taught by *KSR* and related caselaw.<sup>26</sup> Then the KSR Guidelines further articulated and explained the application of each rationale through the use of examples.<sup>27</sup> These rationales were later incorporated into the MPEP, and are followed therein by examples showing how to apply the rationales to claimed inventions.<sup>28</sup>

The KSR Guidelines have been highly successful because they effectively get the Examiner and Applicant to focus on the most important elements of obviousness—as opposed to wrangling about the closest example in the guidelines or caselaw.

Section 101 guidelines should likewise present and rely on the key principles that the courts have repeatedly relied on in determining patent eligibility. Such principles can be followed by examples that show how they may be applied to claimed inventions.

## **CONCLUSION**

The Internet Association and CCIA applaud the USPTO for its continued serious review of its subject matter eligibility guidelines. 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.

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<sup>24</sup> *KSR Int'l v. Teleflex Inc.*, 550 U.S. 398 (2007).

<sup>25</sup> Examination Guidelines for Determining Obviousness Under 35 U.S.C. 103 in View of the Supreme Court Decision in *KSR International Co. v. Teleflex Inc.*, Dkt. No. PTO-P-2007-0031, 72 Fed. Reg. 57526 (Oct. 10, 2007) (“KSR Guidelines”).

<sup>26</sup> KSR Guidelines at 57528-29.

<sup>27</sup> *Id.* at 57529-534.

<sup>28</sup> See Manual of Patent Examination Procedure § 2141.III Rationales To Support Rejections Under 35 U.S.C. 103; see also MPEP § 2143.I.