

From: Steven M. Hoffberg

Sent: Wednesday, May 2, 2018 2:55 PM

To: Eligibility2018

Subject: [Docket No.: PTO-P-2018-0033] Response to Request for Comments on Determining Whether a Claim Element Is Well-Understood, Routine, Conventional for Purposes of Subject Matter Eligibility

Response to Request for Comments on:

DEPARTMENT OF COMMERCE

Patent and Trademark Office

[Docket No.: PTO-P-2018-0033]

Request for Comments on Determining Whether a Claim Element Is Well-Understood, Routine, Conventional for Purposes of Subject Matter Eligibility

Dear Sir:

Thank you for this opportunity to inform the policy-making process.

The guidance clarifies various issues, and therefore is to be applauded. However, a particular issue that remains is the deference to **legal** findings in precedent untethered to its facts, rather than requiring a factual finding supported by legal precedent to be analyzed. It is well established that Article III Courts operate differently from Article I administrative agencies. In particular, Article III Courts are limited to cases and controversies, and make their decisions to decide cases between competing interests, with each party advocating that case which they believe suits their interests. Further, Article III Courts employ the “true” meaning of a claim, which requires analysis of all evidence, including expert testimony, where appropriate, and weighing the credibility of the witnesses. In the USPTO, for better or worse, the “broadest reasonable interpretation” or “broadest reasonable construction” of the claims is employed. MPEP 2111, citing *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316, 75 USPQ2d 1321, 1329 (Fed. Cir. 2005). As is acknowledged, since the claim interpretation adopted by Article III Courts is “correct” in terms of the governing law, and the broadest reasonable interpretation differs from the “correct” interpretation, the broadest reasonable interpretation is necessarily in error. For Example, MPEP 2111 states:

Patented claims are not given the broadest reasonable interpretation during court proceedings involving infringement and validity, and can be interpreted based on a fully developed prosecution record. In contrast, an examiner must construe claim terms in the broadest reasonable manner during prosecution as is reasonably allowed in an effort to establish a clear record of what applicant intends to claim. Thus, the Office does not interpret claims in the same manner as the courts. *In re Morris*, 127 F.3d 1048, 1054, 44 USPQ2d 1023, 1028 (Fed. Cir. 1997); *In re Zletz*, 893 F.2d 319, 321-22, 13 USPQ2d 1320, 1321-22 (Fed. Cir. 1989).

See also, *In re: Power Integrations, Inc.*, Case No. 17-1304 (Fed. Cir., Mar. 19, 2018) (Mayer, J). As a result, drawing broad conclusions from judicial opinions, without analysis of the underlying facts, and especially under differing claim interpretation paradigms, can, and does, lead to error. While the actual facts upon which prior cases are decided are useful for drawing analogies and applying the governing

precedent, abstracting the legal analysis present in prior cases, along with terse caricatures of the claim elements, represent an improper use of precedent in deciding patent eligibility.

For example, during patent prosecution, in the case where no prior art rejection is applied to the claims, and therefore the Examiner admits that the subject matter of the claims meets the requirements of 35 USC 102, 103, the application of judicial exceptions to patentability under 35 USC 101 is likely in error. This is because, under Supreme Court precedent, the second step of the Alice test seeks to determine whether the claims encompass “something more” than a mere abstract idea. See *Berkheimer v. HP*, slip. Op. at 11-12: “At step two, we “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent eligible application.” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 78–79). The second step of the Alice test is satisfied when the claim limitations “involve more than performance of ‘well-understood, routine, [and] conventional activities previously known to the industry.’” *Content Extraction*, 776 F.3d at 1347–48 (quoting *Alice*, 134 S. Ct. at 2359).” Indeed, the key holding of *Berkheimer v. HP* is, slip op. at 12: “The question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact. Any fact, such as this one, that is pertinent to the invalidity conclusion must be proven by clear and convincing evidence. See *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 95 (2011). Like indefiniteness, enablement, or obviousness, whether a claim recites patent eligible subject matter is a question of law which may contain underlying facts.” (citations omitted).

This is consistent with the concession in the request for comments that:

The question of whether additional elements represent well-understood, routine, conventional activity is distinct from patentability over the prior art under 35 U.S.C. 102 and 103. This is because a showing that additional elements are obvious under 35 U.S.C. 103, or even that they lack novelty under 35 U.S.C. 102, is not by itself sufficient to establish that the additional elements are well-understood, routine, conventional activities or elements to those in the relevant field. See MPEP § 2106.05. As the Federal Circuit explained: “[w]hether a particular technology is well-understood, routine, and conventional goes beyond what was simply known in the prior art. The mere fact that something is disclosed in a piece of prior art, for example, does not mean it was well-understood, routine, and conventional.” *Berkheimer*, 881 F.3d at 1369.

In other words, the USPTO admits that the standards under 35 USC 102, 103 are more restrictive than under 35 USC 101, and therefore that if the technology is novel and non-obvious under 35 USC 102, 103, it must be unconventional under 35 USC 101. While this does not fully resolve the issue of patent eligibility, it nevertheless focuses the inquiry, and maintains the burden on the Examiner to explain why the claims are nevertheless patent ineligible.

If the Examiner has indeed conducted a complete examination, and has found no prior art that would give rise to a rejection of anticipation or obviousness, then, for the sake of consistent factual findings, the Examiner should state the reasons why the claims would be allowable in view of the prior art, and to the extent that a patent eligibility rejection is maintained, why the claim nevertheless encompasses only ineligible subject matter.

The request for comments further states:

The Berkheimer memorandum further clarifies that the analysis as to whether an element (or combination of elements) is widely prevalent or in common use is the same as the analysis under 35 U.S.C. 112(a) as to whether an element is so well-known that it need not be described in detail in the patent specification. [FN2: See Genetic Techs. Ltd. v. Merial LLC, 818 F.3d 1369, 1377 (Fed. Cir. 2016) (supporting the position that amplification was well-understood, routine, conventional for purposes of subject matter eligibility by observing that the patentee expressly argued during prosecution of the application that amplification was a technique readily practiced by those skilled in the art to overcome the rejection of the claim under 35 U.S.C. 112, first paragraph); see also Lindemann Maschinenfabrik GMBH v. Am. Hoist & Derrick Co., 730 F.2d 1452, 1463 (Fed. Cir. 1984) (“[T]he specification need not disclose what is well known in the art.”); In re Myers, 410 F.2d 420, 424 (CCPA 1969) (“A specification is directed to those skilled in the art and need not teach or point out in detail that which is well-known in the art.”); Exergen Corp., 2018 WL 1193529, at *4 (holding that “[I]ike indefiniteness, enablement, or obviousness, whether a claim is directed to patent eligible subject matter is a question of law based on underlying facts,” and noting that the Supreme Court has recognized that “the inquiry ‘might sometimes overlap’ with other fact-intensive inquiries like novelty under 35 U.S.C. 102”).]

It is believed that the case law does not support the narrow conclusion drawn. The question of whether an element per se (i.e., that is supported by written description) needs to be described in detail in the specification relates to **enablement**. Something can be enabled under 35 USC 112(a) by the prior art without being “widely prevalent” or “in common use”. The issue of “widely prevalent” or “in common use” keys to the Supreme Court’s concern about preemption, and not knowledge or capability. However, the contrapositive seems to be true; if the prior art is **not enabling** for a claim element, then that claim element could not be “widely prevalent” or “in common use”. In particular, it is suggested that citations to patent literature which do not clearly represent actual reductions to practice of the element in question, do not provide adequate evidence that the element is “widely prevalent” or “in common use”, and rather represent a hypothetical proposed use by a patent attorney. Thus, Section III(A)(1) appears to permit rejections based on insufficient findings. In some cases, the issue of “widely prevalent” or “in common use” may be resolved through judicious use of a Requirement for Information under 37 CFR 1.105(a)(2)(iii). The proposed support in section III(A)(3) appears well crafted and definitive.

Notable absent from the request for comments is any discussion of a definition of the Person of Ordinary Skill In the Art, and definition of the relevant art. If the Examiner seeks to invoke “widely prevalent” or “in common use”, with respect to a standard set forth in 35 USC 102, 103, or 112, it is incumbent on the Examiner to specify **to whom**, and other factual underpinnings. These must be internally consistent with any other factual findings in the case relevant to the Person of Ordinary Skill In the Art, and definition of the relevant art. Leaving these issue implicit does not invite clarity of the record and consistency of results. In particular, a possible justification for omitting a finding on the level of skill in the art under MPEP 2141.03(III) is inapplicable where the rejection does not arise under a particular reference, outside the context of obviousness per se.

Section III(A)(2), which states: “A. Formulating Rejections: In a step 2B analysis, an additional element (or combination of elements) is not well-understood, routine or conventional unless the examiner finds, and expressly supports a rejection in writing with, one or more of the following: ... 2. A citation to one or more of the court decisions discussed in MPEP § 2106.05(d)(II) as noting the well-understood, routine, conventional nature of the additional element(s)...”, is believed in error. Rather, the required analysis

should be a “citation to one or more of the court decisions discussed in MPEP § 2106.05(d)(II) as noting the well-understood, routine, conventional nature of the additional element(s)”, an explicit ordered mapping of the claim elements to the claims at issue in the court decision (i.e., a factual analysis), and an analysis as to why the differences between the claims at issue and those referred to in the court decision are insubstantial. Of course, the Examiner can and should be guided by the precedent Court’s own analysis of the claims it considered, but any simplification of the claim language comes only at this analysis stage, and not at the initial analogizing stage.

Thus, a prototypical rejection under 35 USC 101 takes the form of:

Claims are rejected under 35 U.S.C. § 101 due to the unanimous decision by the Supreme Court (June, 2014) which held that the patent claims in Alice Corporation Pty. Ltd. V. CLS Bank International, et al. (“Alice Corp”) are not patent-eligible under 35 U.S.C. §101.

The claimed invention is not directed to patent eligible subject matter. Based upon consideration of all of the relevant factors with respect to the claim as a whole, claim(s) is/are determined to be directed to an abstract idea. The rationale for this determination is explained below: There are no meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment. The claims require no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry. Applying an abstract idea or mere instructions to implement an abstract idea on a computer is not statutory. There are no improvements to another technology or technical field. Further, there are no improvements to the functioning of the computer itself.

The claims do not pass the two part analysis. As for the first part of the analysis the claim of method for brokering data products including the steps of “* * *” as disclosed in the claims are a fundamental economic practice, methods of organizing human activities and/or an idea of itself. As for the second part of the analysis the disclosure of the above abstract ideas, do not make improvements to another technology, to the functioning of the computer itself or impose meaningful limitations beyond generally linking the use of an abstract idea to a particular computer/processor. Any computer can be programmed to carry out the limitations of the claims.

While there is an apparatus, interface, memory, automated digital communication network these elements do not overcome the 101 rejection.

Since there are no meaningful limitations in the claims that transform the exception into a patent eligible application such that the claims amounts to significantly more than the exception itself, the claims are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

In the instant case, none of the limitations carried out via the use of a computer or processor, has any meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment. Further these abstract ideas require no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry. The limitations of the claims, such as “* * *” do not have any meaningful limitations beyond generally linking the use of these processes to a generic computer. These are well known, routine and conventional activities. Any generic computer can be used to carry out the steps of the proposed invention.

Applicants claims are directed to a Methods of Organizing Human Activity specifically the Concepts Related to Managing Relationships or Transactions Between People similar to creating a contractual relationship (buySAFE, Inc. v. Google, Inc., 765 F.3d 1350 (Fed. Cir. 2014)

U.S. Patent No. 7,644,019.) hedging (*Bilski v. Kappos*, 561 U.S. 593 S. Ct. (2010) mitigating settlement risk (*Alice Corp. v. CLS Bank International*, 573 U.S. ___, 134 S. Ct. 2347 (2014) processing loan information (*Dealertrack v. Huber* No. 09-1566 (Fed. Cir. 2010) managing an insurance policy (*Bancorp v. Sun Life Assurance* 687 F.3d 1266 (Fed. Cir. 2012) managing a game of Bingo (*Planet Bingo, LLC v. VKGS LLC*, 576 Fed. Appx. 1005 (Fed. Cir. 2014) U.S. Patent No. 6,398,646.) allowing players to purchase additional objects during a game (*Gametec LLC v. Zynga, Inc.*, No. 13-2546 (N.D. Cal. April 25, 2013) generating rule-based tasks for processing an insurance claim (*Accenture Global Services, GmbH v. Guidewire Software*, 728 F.3d 1336, 1340-41 (Fed. Cir. 2013).

Applicants claims are directed to a Fundamental Economic Practice specifically a Concepts Related to Agreements Between People or Performance of Financial Transactions similar to creating a contractual relationship (*buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014) U.S. Patent No. 7,644,019.) and hedging (*Bilski v. Kappos*, 561 U.S. 593 S. Ct. (2010).

Applicants claims are directed to a An Idea of Itself specifically Concepts Related Processes of Organizing Information that can be Performed Mentally similar to using categories to organize, store and transmit information (*Cyberfone Systems, LLC v. CNN Interactive Group, Inc.*, 558 Fed. Appx. 988, 993 (Fed. Cir. 2014) or data recognition and storage (*Content Extraction and Transmission LLC v. Wells Fargo Bank, N.A.*, 776 F.3d 1343, 1358-59 (Fed. Cir. 2014) or organizing information through mathematical correlations (*Digitech Image Tech., LLC v. Electronics for Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014) U.S. Patent No. 6,128,415.)

As can be seen, in such a prototype rejection, which appears to meet Section III(A)(2), there is no individual analysis of any claim elements for their actual correspondence to prior claims deemed patent ineligible, other than quoting a block of text from the claim (two places), and arguably no factual analysis at all. Thus, the requirements of the memo appear to be met without any actual reading, analysis, or consideration of the prior cases, and insufficient analysis of the pending claims to permit a full understanding of the Examiner's position.

On the other hand, I propose that a template response be deemed insufficient to meet the factual analysis burden imposed by *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018); *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121 (Fed. Cir. 2018), and *Exergen Corp. v. Kaz USA, Inc.*, Nos. 2016-2315, 2016-2341, 2018 WL 1193529, at *1 (Fed. Cir. Mar. 8, 2018), and that a discrete factual analysis, such as required under 35 USC 102, 103, be required. Further, the explicit concept of a prima facie rejection should be presented, where it is made clear that the Examiner has not shifted the burden of persuasion to the Applicant unless and until the prima facie analysis under 35 USC 101 is complete.

With respect to "Official Notice", Section III(A)(4), it is believed that as a rule, patent examiners refuse to provide any such declarations or affidavits, and are apparently immune from any sanction for failure to provide the "demanded" information under MPEP 2144.03. Indeed, it is believed that the instructions and mandate of MPEP 1701.01 precluding testimony except as approved by USDPTO General Counsel, are treated as a blanket instruction to avoid providing testimony within their own administrative proceedings. Further, one supposed justification for isolating patent examiners from discovery is their supposed quasi-judicial functions. MPEP 1701 thus states:

Several court decisions limit testimony with respect to quasi-judicial functions performed by employees. Those decisions include *United States v. Morgan*, 313 U.S. 409, 422 (1941) (improper to inquire into mental processes of quasi-judicial officer or to examine the manner and extent to which the officer considered an administrative record); *Western Electric Co. v.*

Piezo Technology, Inc., 860 F.2d 428, 8 USPQ2d 1853 (Fed. Cir. 1988) (patent examiner may not be compelled to answer questions which probe the examiner's technical knowledge of the subject matter of a patent); McCulloch Gas Processing Co. v. Department of Energy, 650 F.2d 1216, 1229 (Temp. Emer. Ct. App. 1981) (discovery of degree of expertise of individuals performing governmental functions not permitted); In re Nilssen, 851 F.2d 1401, 7 USPQ2d 1500 (Fed. Cir. 1988) (technical or scientific qualifications of examiners-in-chief are not legally relevant in appeal under 35 U.S.C. 134 since board members need not be skilled in the art to render obviousness decision); Lange v. Commissioner, 352 F. Supp. 166, 176 USPQ 162 (D.D.C. 1972) (technical qualifications of examiners-in-chief not relevant in 35 U.S.C. 145 action).

In fact, it is believed that patent examiners are precluded from exercising a quasi-judicial role, in that in such a role they must be considered "inferior officers" of the United States, and are not constitutionally appointed to any such role under Article II, section 2, Clause 2 of the US Constitution, see Freytag v. Commissioner, 501 U.S. 868 (1991). Therefore, it is believed that separate guidance should be provided to patent examiners regarding their affirmative obligations under 37 CFR 1.104(d)(2), MPEP 2144.03, etc., to respond to an applicant "demand" for information. Further, the Office should impose an effective sanction to purge the record of unsupported Examiner opinion or unsupported fact, which puts in place a process that puts the burden squarely on the Examiner to defend inclusion in the record of such materials, after an Applicant challenge, to which the Examiner does not effectively respond. In particular, current procedures require a Petition with fee, to be filed within the normal Petition deadline of 2 months, and which therefore require Applicant to file a Petition against the record before determining whether the Examiner will, in fact comply.

The guidance to examiners should make clear that a change in basis of a rejection under 35 USC 101, including a change in supporting case law in the event of a rejection subject to Section III(A)(2), represents a new ground of rejection based on a change in material facts relied upon, which should not be marked "Final", unless appropriate under 37 CFR 1.116 and MPEP 706.07(a). Thus, the correspondence analysis between the pending claims and those of the precedent should be treated as a factual analysis. For example, under a factual analysis, expert declaration would be appropriate to understand the impact of claim phrases, while under a purely legal analysis, this might not be the case.

In evaluating Applicant's response, it is believed that any advisory action which sustains a rejection under Section III(B) should specifically address **why** Applicant's arguments are unpersuasive, in order to fulfill the statutory requirement under 35 USC 132(a): "Whenever, on examination, any claim for a patent is rejected, or any objection or requirement made, the Director shall notify the applicant thereof, **stating the reasons for such rejection**, or objection or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution of his application; and if after receiving such notice, the applicant persists in his claim for a patent, with or without amendment, **the application shall be reexamined**. No amendment shall introduce new matter into the disclosure of the invention." It is believed that present Advisory Action practice fails to fulfill the statutory requirement of re-examination on the merits of Applicant's response. Further, the tiny fonts employed in Advisory Actions appear to discriminate against disabled persons, and are indefensible, especially when the information is communicated in image and not text form.

The consideration of advisory actions is relevant to the Berkheimer Memo because, all too often, rejections under 35 USC 101 end up on appeal, and the record may be quite deficient or include inferential conclusions without a complete analysis. However, the PTAB, upon whom the USPTO Berkheimer guidance is not binding, has a policy of interpreting any rejection under 35 USC 101 as

raising a purely legal question which it seeks to answer. Since PTAB treatment of Berkheimer issues is unknown at this time, preparation of a proper administrative record for appeal is a critical function of the examination process, which is subverted by one sentence advisory actions.

Finally, it is believed that all pending ex parte appeals before the PTAB should be screened for Berkheimer issues, and administratively remanded to the Examiner if a patent eligibility rejection is present that fails to meet current law. This will reduce burden on the Board, and increase fairness to Applicants, since this will allow briefing on, and consideration of, issues previously unaddressed on the record.

The above comments represent the opinions of the undersigned only, and not any firm of client thereof.

Respectfully Submitted,

Steven M. Hoffberg
Reg. 33,511

Steven M. Hoffberg
OF COUNSEL



Tully Rinckey PLLC

777 Third Avenue 22nd Floor | New York, NY 10017
(646) 201-9100 Phone | (518) 640-3668 Direct | (646) 705-0049 Fax

Confidentiality / Privilege Notice: This transmission, including attachments, is intended solely for the use of the designated recipient(s). This transmission may contain information that is confidential and/or privileged or otherwise protected from disclosure. The use or disclosure of the information contained in this transmission for any purpose other than that intended by its transmittal is strictly prohibited. If you are not an intended recipient of this transmission, please immediately destroy all copies received and notify the sender.