



March 8, 2019

The Honorable Andrei Iancu  
Undersecretary of Commerce for Intellectual Property and  
Director of the United States Patent and Trademark Office  
600 Dulany Street  
Alexandria, VA 22314

**Re: Innovation Alliance Comments in Response to 84 FR 50: 2019 Revised Patent Subject Matter Eligibility Guidance, Federal Register Volume 84, Issue 4 (Jan. 7, 2019), Docket No. PTO-P-2018-0053**

Dear Director Iancu:

The Innovation Alliance appreciates the opportunity to submit comments on the January 2019 guidance of the U.S. Patent and Trademark Office (“Office”) regarding patentable subject matter. We commend the Office for its serious consideration of an issue of great importance to the U.S. patent system. Subject to the further suggestions expressed below, we offer our support for the January 2019 guidance.

The Innovation Alliance is a coalition of research and development-based technology companies representing innovators, patent owners, and stakeholders from a diverse range of industries that believes in the critical importance of maintaining a strong patent system that supports innovative enterprises of all sizes. The Innovation Alliance is committed to strengthening the U.S. patent system to promote innovation, economic growth, and job creation, and we support legislation and policies that help to achieve those goals.

Congress set forth broad categories of patentable inventions, including processes, machines, manufactures, or compositions of matter, as well as any “new use of a known process, machine, manufacture, composition of matter, or material.” 35 U.S.C. §§ 100(b), 101. While the Supreme Court has recognized that certain judicial exceptions—laws of nature, natural phenomena, and abstract ideas—are “basic tools of scientific and technological work” free to all, *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 216 (2014) (internal citation and quotation marks omitted), it has also cautioned to “tread carefully in construing this exclusionary principle lest it swallow all of patent law,” *id.* at 217. Unfortunately, the lack of analytical rigor in the recent approach to patentable subject matter has raised significant uncertainties about which inventions are patent-eligible, thereby undermining the patent system.

The Office’s January 2019 guidance is a productive first step in restoring predictability and consistency to the application of these judicial exceptions. The sheer number of court decisions interpreting the “abstract idea” exception has made it challenging for examiners to consistently interpret the bounds of that exception. By extracting and synthesizing that case law into three groupings of abstract ideas, the Office provides important guidance to examiners about how to consistently interpret this exception. Further, the January 2019 guidance provides important structure for examiners in distinguishing between eligible claims that merely involve a judicial exception from potentially ineligible claims that are “directed to” a judicial exception under the first step of *Alice*.

The Innovation Alliance generally agrees with this guidance and suggests below some clarifications or explanations that may help improve the consistency and predictability with which the January 2019 guidance is applied by examiners. First, we suggest that the mental processes grouping be clarified to instruct Examiners to assess whether a method can be performed entirely in the human mind. Second, we propose explaining that the enumerated categories within each abstract idea grouping are limiting and not exemplary to provide clarity as to when Examiners need approval from the Technology Center Director. Finally, we offer support for the Office’s revisions to the guidance concerning Step 2A, in response to concerns we anticipate others may raise about those revisions.

### **1. Groupings of Abstract Ideas**

The January 2019 guidance takes the essential first step of providing some limits to the “abstract idea” judicial exception, by synthesizing the case law into three sub-categories of abstract ideas:

- (a) Mathematical concepts—mathematical relationships, mathematical formulas or equations, mathematical calculations;
- (b) Certain methods of organizing human activity—fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions); and
- (c) Mental processes—concepts performed in the human mind (including an observation, evaluation, judgment, opinion).

84 Fed. Reg. at 51–53 (footnotes omitted). The Innovation Alliance supports this effort as a vital step in providing guidance to the examiner corps faced with an overwhelming number of cases interpreting the “abstract idea” exception. We also agree that any rejection based on another type of abstract idea should be approved by a Technology Center Director. 84 Fed. Reg. at 56–57.

The Innovation Alliance suggests two clarifications to these groupings to improve the consistency and predictability with which they will be applied by examiners. First, we think the mental processes grouping should be clarified to explain that the test is whether the method can

be performed entirely in the human mind to render it abstract. *See, e.g., CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1373 (Fed. Cir. 2011) (“Methods which can be performed *entirely* in the human mind are unpatentable . . . .”) (emphasis added). Otherwise, the mental processes grouping may grow to swallow most claims involving any sort of decisional logic as small portions of such logic may be theoretically performed in the human mind.

Second, the Innovation Alliance suggests that the Office clarify that the enumerated subcategories within each grouping are limiting and not exemplary. Otherwise an examiner may reject a claim as involving an unenumerated “method of organizing human activity,” without senior-level review, thereby decreasing the consistency and predictability sought by the January 2019 guidance.

## 2. Revised Step 2A

The January 2019 guidance adds much-needed analytical rigor to the first step of the *Alice* framework. Under *Alice*, claims may be patent eligible if they are not “directed to” a judicial exception. 573 U.S. at 217. And *Alice* cautions to “tread carefully in construing this exclusionary principle lest it swallow all of patent law,” because “[a]t some level, ‘all inventions . . . embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.’” *Id.* (citing and quoting *Mayo Collab. Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012)). Thus, *Alice* requires the patent system to distinguish between potentially ineligible claims that are “directed to an abstract idea” and eligible claims that merely “involve[] an abstract concept.” *Id.* at 217, 219. While this inquiry turns on the “practical effect” of the claims, *id.* at 218 (quoting *Gottschalk v. Benson*, 409 U.S. 63, 71–72 (1972)), there has not been sufficient predictability in how the practical effect of a claim will be analyzed.

The two prongs of the Office’s January 2019 guidance will improve predictability in analyzing this issue. In Prong One, the Office focuses the inquiry on the actual limitation(s) of the claims. The Innovation Alliance agrees with such focus—rather than a focus on some idea lurking behind the limitations—as focus on the actual limitations will enable appropriate claim amendments to ensure claims are limited to patent-eligible subject matter. Our only recommendation would be for the Office to state that this proposed focus is consistent with *Alice* and the Office’s prior guidance on Section 101. In *Alice*, there was no dispute that the challenged claims “describe[d] intermediated settlement,” and “on their face” were drawn to the “concept of intermediate settlement,” 573 U.S. at 219–20, and thus there was no question that the claims were directed to an abstract idea. Similarly, prior guidance from the Office has provided that the first prong of the analysis is based on the actual claim limitations.<sup>1</sup>

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<sup>1</sup> *See* MPEP § 2106.04 (“A claim is **directed** to a judicial exception when a law of nature, a natural phenomenon, or an abstract idea is **recited** (i.e., **set forth** or **described**) in the claim. While the terms ‘set forth’ and ‘describe’ are thus both equated with ‘recite’, their different language is intended to indicate that there are different ways in which an exception can be recited in a claim. For instance, . . . . The claims in *Alice Corp.*, however, described the concept of intermediated settlement without ever explicitly using the words ‘intermediated’ or ‘settlement.’”).

In Prong Two, the Office provides an analytical framework for determining the practical effect of a claim, by looking to whether a claim “integrated the exception into a practical application.” 84 Fed. Reg. at 55. In considering the import of the additional claim elements, the Office appropriately “excludes consideration of whether the additional elements represent well-understood, routine, conventional activity,” *id.*, as that is a factual question. *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1370 (2018) (per curiam). Instead, the inquiry under Prong Two focuses on common law reasoning to determine whether the additional limitations integrate the judicial exception into a practical application. *See* 84 Fed. Reg. at 55. In contrast, Step 2B of *Alice* remains largely focused on the factual question of whether additional elements are more than well-understood, routine, conventional activity.

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The Innovation Alliance thanks the Office for its consideration of these comments. We believe that the Office’s January 2019 guidance is an important step toward restoring predictability to this aspect of the patent application process. We appreciate the opportunity to work with the Office on improving the predictability and consistency of the law on patentable subject matter.