

Comments on 2019 Revised Patent Subject Matter Eligibility Guidance

I. INTRODUCTION

Congress establishes the laws of the land, courts interpret the laws, and administrative agencies, such as the USPTO carry the laws out via one or more enabling regulations but neither courts nor administrative agencies have the power to change or alter the law. In the case of patent law, Congress has set forth in 35 U.S.C. § 101 clear requirements for procuring patents, including the requirement that the claimed invention be directed to patentable subject matter.

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U.S.C. § 101

The courts in interpreting the patent law have determined that while Congress intended to promote science and the useful arts by offering very broad monopoly protection to inventors to allow them to benefit from their inventions, the patent law was never intended to allow anyone to monopolize the basic building blocks of science. Therefore, no patent could be granted, even on otherwise patentable inventions, if such patent would tie up the basic building blocks of science that must be freely available to all. Among these basic building blocks are mathematical formulae, laws of nature, and abstract ideas.

Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.

Gottschalk v. Benson, 409 U.S. 63, 67 (1972).

and

Laws of nature, natural phenomena, and abstract ideas are the basic tools of scientific and technological work. Monopolization of those tools through the grant of a patent might tend to impede innovation more than it would tend to promote it," thereby thwarting the primary object of the patent laws. see U.S. Const., Art. I, § 8, cl. 8 (Congress "shall have Power ... To promote the Progress of Science and useful Arts"). We have "repeatedly emphasized this ... concern that patent law not inhibit further discovery by improperly tying up the future use of these building blocks of human ingenuity.

Alice Corp., 134 S. Ct. at 2354, (internal citations omitted).

To the extent that the courts have the power to implement judicial exceptions to acts of Congress, they must do so narrowly, i.e. within the meaning of the laws Congress enacted. Thus, where these judicial exceptions to the Patent Act are implemented by the USPTO, they must be interpreted narrowly. The USPTO has limited authority in faithfully implementing what the courts have ruled, and following the precedents set forth by courts interpreting the Patent Act. At no time may the USPTO may not go beyond what the courts have determined in terms of judicial exceptions. Finally, as employees of the USPTO, examiners are without *any* authority to broaden the USPTO's implementation of the courts' determination of these judicial exceptions. Any such broadening, with or without intent, is clearly not supported by the regulations and without basis in law. Such *ad hoc* interpretations pose grave concerns for applicants and other stakeholders in the patent system.

The USPTO has recently recognized the concerns from many such stakeholders and issued new "Subject Matter Eligibility Guidance" in January of 2019. In doing so, the USPTO has stated:

Properly applying the *Alice/Mayo* test in a consistent manner has proven to be difficult, and has caused uncertainty in this area of the law. Among other things, it has become difficult in some cases for inventors, businesses, and other patent stakeholders to reliably and predictably determine what subject matter is patent-eligible. The legal uncertainty surrounding Section 101 poses unique challenges for the USPTO, which must ensure that its more than 8500 patent examiners and administrative patent judges apply the *Alice/Mayo* test in a manner that produces reasonably consistent and predictable results across applications, art units and technology fields.

Since the *Alice/Mayo* test was announced and began to be extensively applied, the courts and the USPTO have tried to consistently distinguish between patent-eligible subject matter and subject matter falling within a judicial exception. Even so, patent stakeholders have expressed a need for more clarity and predictability in its application. In particular, stakeholders have expressed concern with the proper scope and application of the "abstract idea" exception. Some courts share these concerns, for example as demonstrated by several recent concurrences and dissents in the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") calling for changes in the application of Section 101 jurisprudence.

The USPTO specifically noted that its ultimate goal in providing new guidance is to draw distinctions between claims to "principles in the abstract", and claims that integrate those principles into practical applications. The Office observed that since *Alice*, courts have been seeking to "compare claims at issue to those claims already found to be directed to an abstract idea in previous cases." While it is arguable if that approach was ever effective as implemented

for purposes of patent examination, but the Office now plainly admits that it has since become impractical. Moreover, the USPTO has acknowledged that

the finding that the subject matter claimed in a prior patent was “abstract” as claimed may not determine whether similar subject matter in another application, claimed somewhat differently or supported by a different disclosure, is directed to an abstract idea and therefore patent ineligible.

It is thus evident that, at best, the old guidance is recognized as not being effective or practical for ascertaining subject matter eligibility. The rejections at issue in the instant appeal are premised on the old guidance, including the past direction of analogizing claims to those in cases previously found to be directed to unpatentable subject matter. Multiple concerns that form the basis for the changing guidance are possibly unresolved by the new guidance. The commenters, for the record represent a small IP boutique consisting of a single practitioner on the one hand, and a small LLC, consisting of an independent inventor. The commenters are currently involved in an appeal where the sole issue is subject matter eligibility.

I. Vagaries Regarding Subject Matter Eligibility Disproportionately Batter Small Companies and Independent Inventors

The current system is greatly deficient and works a serious hardship on small companies and independent inventors. It is vital that any changes to the Subject Matter Eligibility Guidance eliminate or minimize these hardships. In particular, where examiners are not well-informed on the guidance, and underlying law – prosecution is needlessly extended. For most small companies and independent inventors extended prosecution can mean abandoning applications due to lack of budget to continue to battle the USPTO. Similarly, the current system likely places a disproportionate burden on IP boutiques, small firms, and solo practitioners who are more likely to represent small companies and independent inventors with more budgetary restrictions than they are to represent large companies and major corporations with significant legal budgets. Since their clients are unlikely to be able to bear the costs of protracted prosecution and appeals, such practitioners must either disappoint their clients who are priced out of pursuing their patent application (even after investing substantially in their patent applications), cut their rates for such work, or decline to take on cases facing or likely to face subject matter eligibility rejections. Practitioners at larger firms are more likely to have clients who can bear the costs of such prosecution, especially to protect their prior investment in any given invention.

II. The Legal Basis of the Judicial Exceptions Should be Paramount

Based on our collective experiences, we believe it is important that the USPTO consider that in applying any judicial exceptions to the patent law, the core principles of the Supreme Court's decisions must be kept first and foremost. This includes, e.g., the overarching and underlying concerns regarding pre-emption. The Office should ensure that the Examining corps focuses on the principles on which the Courts have set forth the judicial exceptions to the law as established by Congress. In particular, reference to dicta from *Ariosa Diagnostics, Inc. v. Sequenom, Inc.* (788 F. 3d 1371 (Fed. Cir., 2015)) concerning pre-emption being fully addressed by the *Alice/Mayo* framework should be minimized, particularly as a first response to good faith challenges. Dismissively citing *Ariosa* in response to a valid argument that the claims do not present concerns for pre-emption is weak at best. There may be times when that is the appropriate response, but to reflexively cite *Ariosa* in response to legitimate concerns about pre-emption does not serve applicants, and costs small companies and independent inventors disproportionately as they are least able to bear the costs of extended prosecution. It is also not helpful to merely have an Examiner respond by indicating that 'the claims would pre-empt the claimed subject matter', without a more substantial explanation.

The Guidance should require the Examiners to expressly cite (i) the "basic tools of scientific and technological work" alleged to be pre-empted by granting the patent; (ii) how granting the patent "would pre-empt use of this approach in all fields"; and/or (iii) how such a grant would effectively grant a monopoly over an abstract idea or create a danger that the granted patent would "tie up their use" or "inhibit future innovation." If performed thoroughly, then the Office would be justified in claiming that concerns about pre-emption have been fully addressed. Applicants would then be better able to make informed judgements about whether to appeal or abandon prosecution.

III. The Guidance Provides Limited Information to Help Examiners Distinguish "Mere Data Gathering" that is Insignificant Extra-solution Activity From Other Data Gathering Activity

The new Guidance provides little detail as to what constitutes "mere data gathering" activity from limitations that may involve or recite significant activity or activity that is more than 'mere data gathering.' Where Examiners deem all steps that appear to involve data gathering as 'mere

data gathering' or extrasolution activity, this creates problems with the framework in practice. Some Examiners fail to understand how to distinguish such activities, especially for new technologies. As the court in *Classen Immunotherapies, Inc. v. Biogen IDEC*, (659 F.3d 1057, 1066-68 (Fed. Cir. 2011)) observed:

The distinction between a concrete, physical step of a process claim, as compared with data gathering or insignificant extra-solution activity, warrants specific consideration in the context of evolving technologies, for "Congress took [a] permissive approach to patent eligibility to ensure that `ingenuity should receive a liberal encouragement. *Bilski*, 130 S.Ct. at 3225 (quoting *Chakrabarty*, 447 U.S. at 308, 100 S.Ct. 2204, in turn quoting Thomas Jefferson).

IV. The Guidance Should Clarify the Factual Basis of the Well-Known, Routine, or Conventional Inquiry

As the court in *Mayo* explained:

when a claim involves an abstract idea, eligibility under section 101 requires that the claim involve "enough" else - applying the idea in the realm of tangible physical objects (for product claims) or physical actions (for process claims) that is beyond "well-understood, routine, conventional activity."

Mayo, 132 S. Ct. at 1294, 1298, 1299.

In 2018, the Federal Circuit in *Berkheimer v. HP Inc.*, (881F.3d 1360 (Fed. Cir. 2018)) held that the determination of whether particular claim limitations are well-understood, routine, or conventional activity in a particular field was a question of fact (one that precluded summary judgment that the claims at issue were not patent eligible).

The USPTO issued guidance in April 2018 ("USPTO Berkheimer Memorandum") in connection with the determination in *Berkheimer*. The Berkheimer Memorandum clarified prior guidance that gave Examiner's nearly unfettered discretion over whether claim limitations are well-understood, routine, or conventional activity in a particular field. The new 2019 Guidance seemingly defers to the USPTO Berkheimer Memorandum on this issue. The commenters observe that neither the Berkheimer Memorandum nor the 2019 Guidance appear to adequately address the situation where experts, opining via declarations or the like, have made factual assertions regarding the relevant claim limitations.

Because the determination of whether or not claim limitations were well-known, routine, or conventional can be dispositive as to whether claims are subject matter eligible, there should be clarity as to how such declarations must be weighed in the ultimate determination.

V. Conclusion.

The commenters believe the 2019 Guidance is great step forward. They anticipate vastly increased predictability IF the new Guidance is followed and applied regularly by the examining corps. Unfortunately, the Guidance is not enforceable by applicants, and as such, in actual practice it may not produce the intended results unless the USPTO actively trains the primary ad supervisory examiners and strictly enforces the Guidance. The Guidance will be improved if the comments above are considered including e.g. keeping the USPTO's focus on pre-emption, and clarifying determinations of "mere data gathering" and "well-known, routine, or conventional activity."

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