

Docket No. PTO-P-2018-0053

**Comments of the Software and Information Industry Association on
USPTO Revisions to Subject Matter Eligibility Guidance**

March 8, 2019

The Software & Information Industry Association (SIIA) appreciates the opportunity to respond to the request for comments on the *2019 Revised Patent Subject Matter Eligibility Guidance* (“2019 Guidance”) published by the United States Patent and Trademark Office (“USPTO” or “Office”) in the Federal Register on January 7, 2019.

SIIA is the principal U.S. trade association for the software and digital content industries. With over 800 member companies, SIIA is the largest association of software and content publishers in the country. Our members range from start-up firms to some of the largest and most recognizable corporations in the world. The innovative companies that make up SIIA’s membership rely on patents to protect their inventions, but also depend on the ability to manufacture, develop, and sell their products free from improper assertions of exclusive rights. Consequently, SIIA’s members are involved in patent litigation as both patentees and accused infringers; they cannot be categorized as generally plaintiffs or generally defendants.

SIIA members have benefited greatly from the patents they own. Yet they also rely on the limits of patent protection, as those limits preserve and protect their ability to innovate. As such, SIIA’s collective membership sits at the crossroads of the countervailing interests in many of the ongoing intellectual property debates in recent years. Our members are keenly focused on issues surrounding intellectual property protection and the effect of IP laws on the pace-setting companies in our digital age. Patent eligibility is central to those issues.

The patent eligibility requirement in 35 U.S.C. § 101 and the Supreme Court’s interpretation of that requirement play an important role in ensuring that patents support rather than hinder innovation, specifically in the software industry. The caselaw’s focus on requiring a software patent (and other computer implemented inventions) to claim an improvement in computer technology or recite a technical solution to a technical problem supports innovation in the software industry. Patents devoid of a technical advance block those who seek to make true technical advances. Rather than spurring innovation, non-technical software patents are an impediment because they tax software innovators through unnecessary litigation and licensing.

We commend the USPTO's efforts to provide additional guidance and training to examiners on how to apply this important body of law to improve the consistency of examination. Ensuring that the guidance is as clear as possible, and consistent with governing precedent, will increase the predictability of patent rights. Our comments here are made with those concerns in mind.

I. Overview and Summary of Comments

The 2019 Guidance changes existing USPTO eligibility guidance in two main ways. First, it alters the approach examiners should take when analyzing whether a concept is an abstract idea. Rather than looking to caselaw examples, the 2019 Guidance identifies three categories of concepts that are abstract: (1) mathematical concepts; (2) certain methods of organizing human activity; and (3) mental processes. Second, the 2019 Guidance explains that a claim is not directed to an abstract idea—or any other judicial exception—if the idea is integrated into a practical application. Those two changes are the new first and second “Prongs” of Step 2A. The comments that follow address several specific concerns SIIA has with new Prongs One and Two of Step 2A.

With respect to Prong One, SIIA recommends that the Office elaborate on how previous examples and court decisions fall within the three categories of abstract ideas. A fuller explanation of the boundaries of the three categories would clarify the new definitions. Furthermore, SIIA recommends that the Office consider a fourth category that would embrace previous judicial decisions that may not clearly fall into any of the new three categories. Such a fourth category might serve, for example, as a presumptive reason for an examiner to make an initial rejection of a claim that may not fit into the other three categories. SIIA also recommends that the Office clarify what it means for a claim to “set forth or describe” an exception. Because the 2019 Guidance appears to recast the scope of the set-forth-or-describe requirement from how it was presented in previous guidance, further explanation would be helpful.

With respect to Prong Two, SIIA recommends that the Office clarify how a claim can integrate an abstract idea into a practical application in the context of a computer implemented invention. We understand that the Office is attempting to put greater distance between the traditional prior art conditions for patentability and the eligibility requirement. Whether claimed subject matter was well-known, routine, or conventional appears to be relevant only to Step 2B and not to the new

practical-application inquiry. But because several of the examples discuss the prior art in analyzing whether an exception is integrated into a practical application, further clarification would be helpful.

II. Detailed Comments

A. Clarify the boundaries of the three categories in light of precedent

The 2019 Guidance shifts the approach for identifying an abstract concept from analogies to previous appellate court decisions to a definitional approach with three express categories of abstract ideas. SIIA supports the identification of categories as an organizing principle to assist examiners in identifying when a claim is directed to an abstract idea in the face of an ever-increasing body of caselaw. Although the caselaw and earlier guidance looked to past examples out of necessity, SIIA agrees that enough time has passed, and enough cases have been decided, that comparing new claims with the body of previous judicial decisions has become unwieldy and increasingly confusing. Having made the jump from examples to categories, however, it is critical that the categories remain true to precedent.

The three categories in the 2019 Guidance appear to have strong support in the caselaw, but a more detailed explanation connecting concepts previously found abstract under existing precedent to the three categories would be helpful. As an example, “processing information through a clearinghouse” was a concept identified as abstract in the 2014 Interim Guidance on Patent Subject Matter Eligibility, 79 Fed. Reg. 241 (Dec. 16, 2014) (the “2014 Guidance”) (citing *Dealertrack Inc. v. Huber*, 674 F.3d 1315 (Fed. Cir. 2012)) Although *Dealertrack* was previously discussed by the Office, it is not mentioned in the 2019 Guidance, and that may lead to confusion about how, or if, the information processing claims discussed in that case fit into the three categories.

Depending on how the processing is performed, information processing may fit within the “mathematical concepts” category as “calculations.” Alternatively, information processing might fit within “certain methods of organizing human activity” if the processing is related to information related to advertising, sales, or marketing. If the Office considers the *Dealertrack* claims to fit in either of those categories, explaining that would be helpful. If, however, the Office intends that claims like those in *Dealertrack* should not be subject to rejection under § 101, SIIA

recommends the Office make that explicitly clear so that practitioners understand how claims akin the information processing claims in *Dealertrack* are to be treated under the 2019 Guidance.

Another example in the field of data processing that may or may not fit within the “mathematical concepts” category is *Digitech Image Tech., LLC v. Electronics for Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014). The 2014 Guidance indicated that the claims in *Digitech* were directed to an abstract idea, noting that “a process that employs mathematical algorithms to manipulate existing information to generate additional information is not patent eligible.” SIIA recommends that the Office clarify whether data processing generally fits within the “mathematical concepts” definition as that earlier guidance suggested. Because even simple data processing may involve some amount of mathematical comparison, practitioners and stakeholders would benefit from knowing whether the Office intends the “mathematical concepts” category to embrace data processing with various levels of mathematical complexity.

A different example in the data processing field that may or may not fit within the “certain methods of organizing human activity” category is *Cyberfone Sys. v. CNN Interactive Group*, 557 Fed. Appx. 988 (Fed. Cir. 2014) (nonprecedential). The 2014 Guidance indicated that the claims in *Cyberfone* were directed to an abstract idea, noting that collecting, classifying, storing and transmitting data according to its classification is an abstract idea. Such activities do not appear to be data “processing” and so likely would not fit in the “mathematical concepts” category. However, it may be that collecting, classifying, storing, and transmitting data amounts to a method of organizing human activity, perhaps based on the nature of the data. Given the Office’s previous discussion of *Cyberfone*, it would be helpful for the Office to clarify whether data collection and storage fits within the “organizing human activity” exception.

SIIA understands the intent of the 2019 Guidance is to alter the Office’s approach to its application of § 101 and so supersedes previous guidance. However, because practitioners and examiners have become accustomed to using the examples in previous guidance as guideposts during claim drafting and examination, SIIA strongly encourages the Office to specifically explain how previous exemplary claims would be analyzed under the 2019 Guidelines.

Finally, when assessing whether an abstract idea is present in a claim, we recommend stressing that generic computer components or processes do not affect the analysis of whether an exception is recited. *See, e.g., buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1354 (Fed. Cir. 2014) (“The Court in *Alice* made clear that a claim directed to an abstract idea does not move into section 101 eligibility territory by merely requiring generic computer implementation.”) (internal quotes, alteration, and citation omitted).

B. Consider a fourth category to capture all precedent

SIIA understands that shifting the analytic approach from examples to categories may fail to capture all precedent, and such a failure is by no means fatal to the 2019 Guidance. Indeed, the Office itself has provided a relief valve of sorts, permitting an examiner to raise a potential rejection with USPTO management, per section III.C. of the 2019 Guidance, when the examiner believes a claim may be directed to an abstract idea based on precedent even though that idea does not fall squarely within one of the three categories. Our concern with the relief valve provided is that raising such a rejection in advance with a Tech Center Director may unnecessarily deter a good rejection that could, for example, trigger an amendment or refocus the direction of the applicant in a way that would result in a stronger patent.

We suggest that the Office consider a fourth category as a middle ground between the existing three categories and the requirement to bring any other issue to a Tech Center Director prior to making a rejection. The fourth category could be used when making an initial rejection without any management approval. For example, if the examiner can identify a prior judicial opinion that identifies an analogous idea as abstract, the examiner could make the rejection on that basis and give the applicant the opportunity to respond. The applicant might successfully amend the claim or demonstrate the distinction to the examiner’s satisfaction, thus eliminating the need to involve USPTO management. Management involvement, for example at the SPE or QAS level, could still be required when, for example, the applicant traverses the rejection and the examiner desires to maintain it. We believe a fourth category, even if used only in connection with initial rejections, could enhance both patent quality and the clarity of the prosecution record, two previous goals of the USPTO. With the rejection based on caselaw and the applicant’s response made of record,

USPTO management would be in a better position to weigh the propriety of the rejection against existing eligibility guidance.

Permitting examiners to rely on caselaw will promote certainty in the patent system and is consistent with precedent. *See, e.g., Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334 (Fed. Cir. 2016) (explaining that determining whether a concept is abstract can be done by comparing claims “to claims already found to be direct to an abstract idea in previous cases”). At the PTAB level, a fourth category for claims that match previous caselaw examples would allow the public to rely on a court decision holding that a concept is an ineligible abstract idea when crafting a petition for a proceeding under the America Invents Act. A PGR or CBM petitioner seeking to raise a section 101 challenge to an issued patent should be able to rely on previous Federal Circuit decisions in its petition. Likewise, a panel of three PTAB judges should be able to make a determination that a challenged claim is sufficiently similar to existing precedent to warrant a full eligibility analysis without engaging USPTO management.

Finally, whether or not the Office adopts this specific suggestion about a fourth category, we recommend keeping any oversight under section III.C. of the 2019 Guidance at a level below Tech Center Director so as not to deter examiners from pursuing an eligibility rejection based on caselaw. We are aware of no other initial rejection decisions that are required to be made at the TC Director level. Our concern is that such high-level oversight sends a powerful signal that examiners simply should not pursue any rejections outside of the three categories regardless of precedent, and we do not believe that is the intent of the 2019 Guidance.

C. Clarify whether the meaning of “sets forth or describes” has been modified

The 2019 Guidance instructs examiners to “[i]dentify the specific limitation(s) in the claim under examination (individually or in combination) that the examiner believes recites an abstract idea.” It goes on to explain that “the abstract idea exception includes the following groupings of subject matter, when recited as such in a claim limitation(s) (that is, when recited on their own per se)” (emphasis added). The phrasing “when recited on their own per se” sounds narrow. In contrast, previous guidance, for example the 2014 Guidance, clarified that a judicial exception is recited when it is “set forth or described.” MPEP § 2106 also repeatedly uses the “set forth or described” language

when discussing whether an exception is “recited.” Despite the Office’s previous use of “set forth or described,” the 2019 Guidance omits that phrase and never uses the word “described.” It is not clear whether this modification was intentional, and whether the Office intends that any abstract idea to be explicitly recited to trigger a rejection under § 101.

We note that, like previous USPTO guidance, caselaw has not required precision when it comes to the identification of an abstract idea within the body of the claim. For example, *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015), explains that “the claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.”

By specifying that the abstract idea must be “recited on [its] own per se,” the 2019 Guidance may encourage clever drafting efforts to avoid explicitly reciting an exception in the claim. The previous “set forth or described” language allowed an examiner to evaluate the claim and distill the presence of an exception even when it is not expressly recited. To promote consistency with caselaw and within the examining corps, SIIA suggests that the USPTO incorporate the language “set forth or described” into the 2019 Guidance to clarify that whether claims recite an exception is to be analyzed as it was under previous guidance. Examiners have been well trained on that inquiry already and are accustomed to it. Examiners should be instructed that identifying specific limitations in a claim is one way to identify claims that set forth or describe an abstract idea, but that it is not required in all cases.

Most critically, SIIA recommends that examiners continue to consider a claim in its entirety when deciding whether it is directed to a judicial exception. There should be no new requirement that the abstract idea must be recited as such per se.

D. Clarify the role of prior art in the practical application inquiry

At new Prong Two of Step 2A, the 2019 Guidance further explains what is meant by “directed to,” explaining that a claim that recites a judicial exception is not “directed to” the exception “if the claim as a whole integrates the recited judicial exception into a practical application of that exception.” (2019 Guidance at 53). The Office appears to define an integrated practical application not in terms of practicality or integration, but primarily in terms of claim scope: “A claim that integrates a judicial exception into a practical application will apply,

rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception.” (2019 Guidance at 54). But the notion of passing the eligibility bar by including “meaningful limits” in the claim is in tension with the Supreme Court’s observations that limiting a claim to a computer-implemented invention to a specific technological environment or implementing the idea in a specific fashion will not, by itself, render a claim patent eligible. *Alice Corp. v. CLS Bank Int’l*, 134 S.Ct. 2347, 2357 (2012).

SIIA suggests that the Office provide additional guidance regarding what it means for an abstract idea to be integrated into a practical application in the context of computer-implemented inventions. Because the Supreme Court in *Alice* rejected generic computer implementation as a way around the ineligibility bar and required an improvement to an existing technological process, the Office should be clearer with respect to the specificity of the computer implementation necessary to amount to an integrated practical application.

Judicial precedent has consistently and helpfully distinguished between abstract ideas and specific improvements in computer technology. Although the guidelines mention improving computer technology as one criterion for identifying a practical application, its centrality to the analysis should be emphasized. The “integration” of the abstract idea into the practical application presumably comes not from the computer’s mere application of the abstract idea, but rather from the abstract idea’s improvement to the recited computer components.

Requiring an improvement in the computer, or some other technological innovation, is consistent with the examples that accompanied the 2019 Guidance, which appear to require specific improvements in technology:

a). Example 40, claim 1, addresses a method for monitoring network data traffic that recites a judicial exception, a step that can be performed in the mind. (Examples at 10). The example explains, however, that the judicial exception is integrated into a practical application because the additional limitations “provide[] *a specific improvement over prior art systems*, resulting in improved network monitoring.” (Examples at 11) (emphasis added).

b). Example 42, claim 1, addresses a network-based patient-management method that recites a judicial exception, a method of organizing human activity. (Examples at 18). The example explains,

however, that the judicial exception is integrated into a practical application because “the additional elements *recite a specific improvement over prior art systems* by allowing remote users to share information in real time . . .” (Examples at 18-19) (emphasis added).

c). Example 42, claim 2, addresses to the same sort of system and also recites a judicial exception. (Examples at 19). The example explains that the exception is not integrated into a practical application because “[t]he claimed computer components are recited at a high level of generality and are merely invoked as tools *to perform an existing medical records update process.*” (*Id.*) (emphasis added).

Each of these examples refers to the prior art (or in the case of Example 42, claim 2, “an existing” process). Because the 2019 Guidance stresses that the new approach intends to distinguish the eligibility question at Step 2A from traditional prior art inquiries that have crept into Step 2B, repeated reference to the prior art in the examples may cause some confusion. SIIA believes that what the examples are highlighting are technological improvements over the prior art, e.g., improved network monitoring, sharing information in real time, and *not* an existing records update process.

Consistent with its understanding of the Examples and the discussion of the prior art in those examples, SIIA recommends that the Office be more explicit about the technical nature of an integrated practical application.

Thank you for your consideration of our views.

Respectfully submitted,



Christopher A. Mohr
Vice President for Intellectual
Property
and General Counsel