Memo

To: Patent Quality

From: Kristy J. Downing

Date: 1/10/2019

Re: Comments on the PTO's 2019 Revised Patent Subject Matter Eligibility Guidance

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The following is submitted in response to the US Patent Office's Request for Comments on the 2019 Revised Patent Subject Matter Eligibility Guidance. 84 Fed. Reg. 50-57.

As an initial matter, the Revised SME Guidance properly acknowledges that there is a "need for more clarity and predictability" in the *Alice/Mayo* test on subject matter eligibility. 84 Fed. Reg. 50. However, the Revised SME Guidance seems to go too far in suggesting that the inclusion of a single practical application alone in the claim makes the claim one not directed to an abstract concept. 84 Fed. Reg. 50-51 & 53-57 ("a claim is not 'directed to' a judicial exception if the judicial exception is integrated into a practical application of that exception" or "[a] claim is not 'directed to' a judicial exception, and thus is patent eligible, if the claim as a whole integrates the recited judicial exception into a practical application of that exception."). *But see e.g., BSG Tech v. BuySeasons, Inc.*, where a specific practical application was not enough to render the fundamental concept claimed non-abstract.

> [R]egardless of how narrow "summary comparison usage information" may be relative to the category of "historical usage information," this does not affect whether the claims are directed to an abstract idea at Alice's step one. In BSG Tech's view, a claim is not directed to an abstract idea so long as it recites limitations that render it narrower than that abstract idea. While "we must be careful to avoid oversimplifying the claims" in determining whether they are directed to an abstract idea, TLI Commc'ns, 823 F.3d at 611, we have never suggested that such minimal narrowing, by itself, satisfies Alice's test.

See also, *Voter Verified v. Election Systems & Software*, Case No.: 2017-1930 (Fed. Cir. April 20, 2018)(finding ineligible "different variations" or practical applications of the abstract concept of "voting, verifying the vote, and submitting the vote for tabulation.").

Perhaps the Office can limit its published guidelines to those based upon US Supreme Court, *en banc* or *en banc* review denial decisions as the bench is so varied in its opinions on eligibility that a three-judge panel decision provides very little guidance on the overall bench's view on eligibility. *See e.g.*, #AliceStorm: August 2018 Update,

https://www.bilskiblog.com/2018/08/alicestorm-august-2018-update/ (August 13, 2018) displaying a "Federal Circuit Section 101 Scorecard" with bench eligibility rates ranging from 20% to 0%. The Office may err on the side of eligibility given these inconsistencies.

The Guidance does acknowledge that merely using the words "apply it" as discussed in *Alice* does not surmount to a circumstance where the judicial exception has been "integrated" into a practical application. 84 Fed. Reg. 55. However, determining what level of practical application is enough to qualify as "integration" of the practical application continues to be murky.

Additionally on "integration," courts have identified the claimed practical application of a doctrinal exception in the eligibility analysis as a starting point to eligibility, not an ending point. *See e.g.*, *Gottschalk v. Benson*, 409 US 63, 71-72 (1972)("The mathematical formula involved here has ***no substantial practical application*** *except in connection with a digital computer*, which means that if the judgment below is affirmed, the patent would *wholly pre-empt the mathematical formula* and in practical effect would be a patent on the algorithm itself.")(emphasis given) and *Alice v. CLS,* 134 S.Ct. at 2354 ("We have described the concern that drives this exclusionary principal as one of pre-emption…").

The "next" question after identifying whether the claim includes a practical application of the judicial exception is: whether all or substantially all known practical applications of said judicial exception will be foreclosed by the claims? Perhaps the Guidance can be amended to appreciate this. Perhaps this is what the Patent Quality Review Slide #23 eludes to when it refers to integration into a practical application requiring "an additional element… in the claim to apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception…"

Finally, it would seem that nearly all claim language outside of that to the fundamental concept involves some practical application when the claim is written to one of the four statutory categories of patentable subject matter: process, machine, manufacture or composition of matter. Therefore, a single claimed practical application alone is not enough to determine whether the claims are "directed to" a fundamental concept or judicial exception.

I hope this is helpful. I am commenting on my own behalf and for the Just Intellectuals *e*Newsletter – an intellectual property law commentary.

Sincerely,

s/ Kristy J. Downing /