

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re: Request for Comments and
Extension of Comment Period on
Examination Instruction and Guidance
Pertaining to Patent-Eligible Subject
Matter

Docket No. PTO-P-2014-0036
79 Fed. Reg. 36786

COMMENTS OF ENGINE ADVOCACY

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Engine Advocacy respectfully submits the following comments in response to the Request for Comments on Examination Instruction and Guidance Pertaining to Patent-Eligible Subject Matter dated June 30, 2014.

Engine Advocacy is a non-profit organization that supports the growth of technology entrepreneurship through economic research, policy analysis, and advocacy on local and national issues. As part of its advocacy efforts, Engine has built a coalition of more than 500 high-growth businesses and associations, pioneers, innovators, investors, and technologists from all over the country, committed to taking action on the policy issues that affect the way they run their businesses.

I. The PTO Guidance Should Clarify that the Supreme Court’s Decision in *Alice v. CLS Bank* Sets a High Bar on the Patentability of Claims Directed Toward an Abstract Idea

In its unanimous ruling in *Alice Corp. v. CLS Bank Int’l*, the Supreme Court clarified existing law, namely that claims that would otherwise be impermissibly abstract cannot be saved by merely being tied to “purely functional and generic hardware,” like, for instance, a general purpose computer. But the Court did more, too. It spoke with a strong and unified voice, as it has done in all its recent Section 101 jurisprudence, that the trend surrounding the granting of patents over ineligible subject matter has gone too far and must be stopped. The preliminary *Alice* guidelines fail to impart the significance of the Courts’ rulings and should accordingly be revised.

II. Unless the Claim Amounts to “Significantly More” than the Abstract Idea Itself It Is Ineligible Subject Matter Under Section 101.

While the PTO’s guidance is correct in noting that the Court does not per se exclude software patents or business method patents from eligibility under Section 101, it is equally true – and equally significant – that the Court’s decision effectively restricts the subject-matter eligibility of these types of patents. It makes clear that simply linking an abstract idea to a computer, for instance, does not render it patent-eligible, and therefore many, if not most, of the ways software and business method patents typically have been claimed would result in their being patent-ineligible. The preliminary guidance is misleading in that it fails to explicitly acknowledge this clear consequence of the opinion.

Because it is evident that *Alice* significantly alters the framework for determining eligibility of such claims in a way that limits their subject-matter eligibility, the final guidance should acknowledge this more explicitly in order to ensure that examiners properly apply the Court’s holdings. The guidance should explicitly state that the decision should have a restrictive impact on the patent-eligibility of many software and

business method patents, and that if correctly applied by examiners, many of these types of claims would now be deemed ineligible.

The Supreme Court made clear that the framework set forth in *Mayo Collaborative Servs. v. Prometheus Labs. Inc.* should be the basis of any analysis for determining the subject-matter eligibility of all claims directed to laws of nature, natural phenomena, and abstract ideas, the three judicial exceptions to subject-matter eligibility. As the preliminary guidelines note, *Alice* decision established that the *Mayo* analysis should be used for all of the judicial exceptions – not merely to claims directed to laws of nature – and to all categories of claims.

The *Mayo* analysis, of course, consists of two steps. The first requires a determination as to whether the claim is directed to an abstract idea. If the answer is yes, then *Mayo* Step Two questions whether the claim amounts to “significantly more” than the abstract idea itself. Specifically, as to the *Mayo* Step One analysis, the guidance should specify that the threshold set by *Alice* is fairly low. The decision does not require an abstract idea to be expressly claimed in order for the *Mayo* analysis to be triggered, but rather broadly requires that anything “directed toward” an abstract idea meets the threshold, and should be subjected to the *Mayo* Step Two analysis of the claim. Therefore, the guidance should provide examiners with additional guidance that clarifies that the threshold for satisfying Step One of the *Mayo* test is low, as well as additional guidance on identifying the broad range of pre-existing truths, fundamental economic practices, mathematical relationships and formulas, methods of organization, and ideas themselves that would satisfy Step One of the analysis, and trigger a Step Two analysis. The limited examples taken from *Alice* that are currently in the preliminary examination instructions are not enough, and the guidelines should draw from additional case law where an idea has been found abstract.

As to the *Mayo* Step Two analysis, the guidance correctly directs the examiner to assess, whenever a claim is directed to an abstract idea, whether any element or combination of elements transforms the claim into “significantly more” than the abstraction. It is therefore important that the guidance instruct examiners on how to scrutinize such claims closely to ensure that an “inventive concept” is claimed and that it

in fact constitutes “significantly more” than the generic application of an abstract idea on a computer. Examiners should be instructed, at a bare minimum, that incorporations of technology that “purely functional and generic” are insufficient to satisfy the *Mayo* Step Two analysis. They should also be instructed that recited elements that are components or expressions of generic technology rather than specific technology or hardware are also insufficient. Making these points explicit in the final guidance would assist examiners in properly applying the opinion.

III. The PTO’s Guidance Should State that *Alice v. CLS Bank* Raises the Bar on the Subject Matter Eligibility of Business Method Claims

The PTO guidance should emphasize, as does the Court does in *Alice*, that business method claims are subject to careful scrutiny because claims based on economics and business methods, such as those in *Alice* and *Bilski* before it, are often no more than efforts to capture, in mathematics or software, fundamental truths about the organization of human activities. Therefore, patent eligibility of such claims must be strictly scrutinized to ensure that they satisfy both steps of the *Mayo* analysis in order to qualify as eligible subject matter.

Patent claims directed toward abstract ideas do not necessarily present themselves as obviously abstract, and the Court recognized that in setting the bar low for the *Mayo* Step One test. Such claims may use software and computer programs or recite algorithms and formulas. They may even use computers to perform complex calculations that can be used to trigger actions, such as mitigating “settlement risk” as in *Alice*. However, even such patent claims can be ineligible under *Alice* unless they are very specifically and narrowly drawn.

Although the Court’s opinion may not lend itself to easy or simplistic rules for determining eligibility of such claims, it at least clearly requires examiners to scrutinize such claims very thoroughly to ensure that they claim “significantly more” than the abstract idea itself. Many patent claims that may have passed muster before *Alice* are now likely to be ineligible because many of the arguments commonly presented in favor

of eligibility of such claims – and many of the ways such claims have been drafted – have now been definitively rejected as ineligible by the Supreme Court.

The PTO guidelines should therefore more explicitly acknowledge the significant impact of the opinion on software and business method claims. And to enable examiners to properly apply the opinion, the guidance should provide examiners with more robust tools and examples for examining subject matter eligibility of these claims, rather than providing only the most obvious examples of what would clearly not satisfy the *Mayo* test.

IV. The *Mayo-Myriad* Preliminary Guidance Should Be Revised and Harmonized with the Final *Alice* Guidelines

One of the significant holdings in *Alice* is the holding that the *Mayo* framework for subject matter eligibility is the sole framework for assessing all subject matter eligibility, including assessment of abstract ideas. Nonetheless, the *Mayo-Myriad* preliminary guidance, issued before the *Alice* decision was issued, and the *Alice* guidance – also preliminary and subject to comment and revision – need to be harmonized in order to avoid confusion and uncertainty among practitioners and examiners. Thus, the PTO should review both the *Mayo* and the *Alice* preliminary guidance in light of *Alice* to harmonize the final guidance for both to ensure that they are complete and consistent.

In particular, the *Alice* guidance includes a misleading and incorrect assertion that “the basic inquiries to determine subject matter eligibility remain the same.” In reality, of course, the only thing that remains unchanged is the initial analysis of subject matter inquiry, which calls for reviewing the four statutory categories of eligible subject matter, and then determining whether any of the judicial exceptions are present. Other than that, *Alice* dramatically alters the analytical framework of subject matter eligibility, and the Court’s opinion, as well as the current preliminary *Alice* guidance memorandum itself acknowledge this to be the case.

The PTO can clarify this rather simply by reconciling the ultimate *Alice* guidance with the final *Mayo-Myriad* guidance so that the process of determining subject matter eligibility set forth by *Alice* is made clear.

V. Conclusion

For the foregoing reasons, Engine Advocacy urges the PTO to revise and expand its examiner guidelines on subject matter eligibility in order to more clearly highlight the significant impact of the *Alice v. CLS Bank* opinion on the eligibility of software and business method patents. The revised guidance should emphasize that *Alice v. CLS Bank* establishes a high bar on the patentability of claims directed toward an abstract idea, and examiners should be advised that that the decision alters the framework for determining the eligibility of such claims. They should also be given additional guidance on how to implement the Step Two of the *Mayo* analysis, which establishes a high bar for what is sufficiently transformative to render a claim drawn to an abstract idea “significantly more” than the abstract idea itself. The Court’s opinion points toward a more restrictive standard than the PTO has applied in the past, and the guidance should reflect that in order to ensure that examiners correctly apply the Court’s decision in their analysis of these claims.

Respectfully submitted,



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