



July 31, 2014

Via Electronic Delivery
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United States Patent and Trademark Office
Mail Stop Comments-Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Attn: Andrew Hirshfeld, Deputy Commissioner For Patent Examination Policy

RE: Comments on Preliminary Examination Instructions in view of the Supreme Court Decision in *Alice Corporation Pty. Ltd. v. CLS Bank International, et al.*

Dear Mr. Hirshfeld:

Schwegman Lundberg & Woessner, P.A. (“SLW”) thanks the United States Patent and Trademark Office (“the Office”) for the opportunity to comment on its preliminary examination instructions relating to subject matter eligibility of claims involving abstract ideas under 35 U.S.C. § 101 (“Guidance”).

In addition to supporting the May 15, 2014, comments by Anthony Sabetelli of Dilworth IP and the July 24, 2014, comments by Novo Nordisk, we provide the following comments regarding the two-part analysis for abstract ideas. Additionally, SLW applauds the Office for its recognition that “*Alice Corp.* neither creates a *per se* excluded category of subject matter, such as software or business methods, nor imposes any special requirements for eligibility of software or business methods.”

The Guidance states that “[c]laims that include” fundamental economic practices, certain methods of organizing human activities, and an idea of itself should proceed to Part 2 of the two-part analysis. However, as discussed in more detail below, each of these examples of abstract ideas is problematic.

Additionally, the Guidance does not indicate what kind of support an Examiner should show to support a conclusion that Part 1 has been met; indeed, the Guidance does not even

express a requirement that the Examiner *identify* the abstract idea to which a claim is allegedly directed. Thus, an Examiner might erroneously assume that an unsupported conclusory statement that a claim includes an abstract idea is sufficient to meet the requirement of Part 1. The practical effect of such an unsupported conclusion is to shift, unjustifiably, the burden onto the applicant to show that the claim is not directed to an abstract idea. Further, without having a clearly identified abstract idea to reference, it will be difficult for the applicant to show how the claimed invention amounts to more than an abstract idea in Part 2 of the test. Accordingly, an explicit statement that a determination that Part 1 has been met requires a clear identification of the abstract idea and evidentiary support on the record would ensure that the merits of the determination can be considered by applicants and, on appeal, the Patent Trial and Appeals Board. Such a requirement would be consistent with the Supreme Court’s decision in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, reiterated in *Alice*, that a court must first “identif[y] the abstract idea represented in the claim,” and then determine “whether the balance of the claim adds ‘significantly more.’” *Alice Corp. v. CLS Bank Int’l*, 473 U.S. ____ (2014), *slip. op.* at 4.

I. Fundamental Economic Practices

With respect to “[f]undamental economic practices,” the Guidance does not make clear what the phrase encompasses. The Supreme Court has, to date, identified only two fundamental economic practices. With respect to “the concept of intermediated settlement” in *Alice*, the Court found it to be “long prevalent in our system of commerce” and “a building block of the modern economy.” *Alice*, *slip op.* at 9. With respect to the “concept of hedging” in *Bilski*, the Court found it to be “long prevalent in our system of commerce and taught in any introductory finance class.” *Bilski v. Kappos*, 561 U.S. 593, 611 (2010). Accordingly, a determination that a claim includes a fundamental economic practice should require more than merely identifying an economic component to the claim. Instead, it should require authoritative documentation that the identified economic component is long prevalent in our system of commerce. Mere prior publication, if that publication were either recent or obscure, would not suffice to convert a non-fundamental economic practice into a fundamental one. Accordingly, a showing by the Examiner that the practice is long prevalent in our system of commerce should be required to establish that Part 1 has been met on the ground of including a fundamental economic practice.

Requiring citation to authority is consistent with the Supreme Court’s own citations in support of its conclusions in both *Alice* and *Bilski*. In *Alice*, the Court cited to textbooks from 1896, 2012, and 2013, showing that the concept of using a third-party intermediary was long prevalent. *Alice, slip op.* at 9. Similarly, in *Bilski*, the Court cited to three current textbooks discussing hedging to show that the economic practice at issue was long prevalent and a fundamental economic practice. *Bilski, slip op.* at 15.

Accordingly, the Guidance should require a showing by the Examiner that an identified economic practice is long prevalent in our system of commerce by citation to authority, such as widely-accepted textbooks, in keeping with the precedent established by the Supreme Court.

II. Certain Methods of Organizing Human Activities

The Guidance cites *Alice* for the proposition that claims that include “certain methods of organizing human activities” should proceed to Part 2 of the two-part analysis. However, the cited portion of *Alice* merely states that the fundamental economic practice of *Bilski* is not precluded from being an abstract idea by virtue of being “a method of organizing human activity.” *Slip op.* at 10. Neither in *Alice* nor in *Bilski* did the Court find that a claim was abstract based on a determination that it was directed to a method of organizing human activities. Accordingly, this example should be removed from the Guidance.

III. An Idea of Itself

The question as to whether a claim is directed to “an idea of itself” is the question which the two-part test is attempting to answer, not Part 1 of the two-part test. As stated in *Alice*, “an idea of itself is not patentable.” *Alice, slip op.* at 7. The Court then proceeds to determine, first, if the claim is directed to “an idea,” and second, if the claim is directed to the idea “of itself.” That is, Part 1 of the two-part test is determining if the claim is directed to an abstract idea, while Part 2 is determining “whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice, slip op.* at 11 (citing *Mayo*; internal punctuation removed).

A determination that the claim is directed to an idea of itself is a one-part test. Either the “of itself” portion is ignored in Part 1, or it is considered. If it is ignored, the Court’s point that “all inventions ... embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas” is taken to mean that every claim passes Part 1 of the two-part test. *Alice, slip op.*

at 6. If the “of itself” portion is considered, then Part 2 can be skipped entirely, since there can be no determination that “the claim amounts to significantly more than the abstract idea itself” if there has already been a determination that the claim is directed to the idea itself. Accordingly, this example should be removed from the Guidance.

Further, the Guidance should specifically caution against ignoring portions of the claim in order to generalize, or get the gist of, the claim to find abstractness. Even the most concrete and tangible subject matter can be so generalized; e.g., an incandescent light bulb or a gas-discharge lamp can both be generalized to “providing light.” No elements of the claim may be ignored in an attempt to generalize the claim to a basic idea underlying the invention. To do so eviscerates Part 1 of the test, rendering it meaningless, since every claim is capable of such a generalization. The Guidance should caution against such generalizations.

IV. Whether to Proceed to Part 2

The Guidance states that an analysis under Part 2 should be performed “[i]f an abstract idea is present in the claim” or if the claim “include[s] abstract ideas.” However, as pointed out by both *Novo Nordisk* and Anthony Sabatelli, that does not comport with the language used by the Supreme Court in *Alice*. The Supreme Court found the first step to be “determin[ing] whether the claims at issue *are directed to* a patent-ineligible concept.” *Alice, slip op.* at 2 (emphasis added). As pointed out above, “all inventions ... embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Alice, slip op.* at 6. Accordingly, if claims are evaluated to determine if they “include” abstract ideas, every claim in every art unit can skip Part 1 and proceed directly to Part 2. Fortunately, that is not the framework used by the Court. Instead, the question is whether the claims “are directed to” or “are drawn to” an abstract idea. *Id.* at 9. As a result, the Guidance should be updated to clarify that an Examiner should proceed to Part 2 only when the claim as a whole is directed to the abstract idea, not merely when a claim includes an abstract idea.

V. Conclusion

SLW again thanks the Office for the opportunity to comment on its Preliminary Examination Instructions in view of the Supreme Court Decision in *Alice Corporation Pty. Ltd. v. CLS Bank International, et al.* In sum, because the Guidance misinterprets *Alice* in identifying the two parts to the test described by the Supreme Court, the Guidance should be revised to

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July 31, 2014

remove the use of “certain methods of organizing human activities” and “an idea of itself” as examples meeting the first prong of the test. Additionally, the Guidance should clarify the level of evidentiary support required to make a finding that a claim is directed to an abstract idea. Finally, the Guidance should clarify that the analysis in Part 1 is performed to determine if a claim is directed to an abstract idea, not merely if it includes one.

Respectfully submitted,

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