

USPTO Announces Revised Guidance for Determining Subject Matter Eligibility

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The U.S. Patent and Trademark Office (USPTO) issued new guidance effective January 7, 2019 to its examiners and administrative judges for evaluating what inventions are eligible for patenting under 35 U.S.C. § 101. The guidance is expected to result in fewer patent applications being rejected by the USPTO on patent eligibility grounds.

Background

Since the U.S. Supreme Court decision in *Alice Corp. v. CLS Bank International*, which held that patent claims involving a computerized trading platform used for conducting financial transactions covered abstract ideas that were ineligible for patent protection, lower courts and the USPTO have grappled with the issue of what inventions are eligible for patent protection. They have decided eligibility by comparing inventions sought to be patented to previous court decisions. This approach, as noted in the USPTO guidance, has become impractical due to the growing volume of eligibility decisions and the fact that similar inventions have been found eligible and ineligible in different cases. The new guidance aims “to improve the clarity, consistency and predictability of actions across the USPTO” according to Andrei Iancu, Director of the USPTO.

The USPTO has relied on the two-step *Alice/Mayo* test for determining patent eligibility: (1) determine whether the claim being examined is directed to an abstract idea, law of nature, or natural phenomena (the “judicial exceptions”) and, if so (2) determine whether the claim embodies an inventive concept that amounts to significantly more than the judicial exception, thereby amounting to patent eligible subject matter. The new guidance makes two important changes to how patent examiners apply the first step of this test, which determines whether a claim is “directed to” a judicial exception.

Changes Under New Guidance

First, the guidance identifies three groups of inventions that the USPTO believes constitute abstract ideas based on court decisions:

- **Mathematical concepts** – mathematical relationships, mathematical formulas or equations, mathematical calculations;
- **Certain methods of organizing human activity** – fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions); and
- **Mental processes** – concepts performed in the human mind (including an observation, evaluation, judgment, or opinion).

Claims that do not describe matter that falls within these three groupings of abstract ideas should not be treated as directed to abstract ideas. The guidance notes that there may be a “rare circumstance” in which a claim described an abstract idea that does not fall into one of the groups. Such an exception must be approved by the Technology Center Director and the justification noted in the record.

Second, if the claim being examined describes an abstract idea or other judicial exception, the examiner must determine whether the abstract idea or other judicial exception is “integrated into a practical application.” If so, the claim is eligible, and this concludes the eligibility analysis. If not, then the examiner must further analyze the claim under step (2) of the *Alice/Mayo* test.

The guidance provides the following non-exclusive list of examples of abstract ideas and other judicial exceptions that have been

integrated into a practical application:

- Elements reflecting an improvement in the functioning of a computer, or an improvement to other technology or technical field;
- Elements applying or using a judicial exception to effect a particular treatment or prophylaxis for a disease or medical condition;
- Elements implementing a judicial exception with, or using a judicial exception in conjunction with, a particular machine or manufacture that is integral to the claim;
- Elements affecting a transformation or reduction of a particular article to a different state or thing; and
- Elements applying or using the judicial exception in some other meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception.

What's Next?

Due to a case that may be taken up soon by the U.S. Supreme Court, the USPTO may also have to revise a separate guidance relating to step (2) of the Alice/Mayo test, on whether an element (or combination of additional elements) in a patent claim represents an “inventive concept” or is well-understood, routine, conventional activity.

On January 7, 2019, the Supreme Court issued an order asking the U.S. Justice Department Solicitor General to file a brief explaining the views of the government in *HP Inc. v. Steven E. Berkheimer*. That order indicates the Supreme Court is looking carefully at the holding in *HP v. Berkheimer* case. In that case, the U.S. Court of Appeals for the Federal Circuit held that the question of whether certain claim limitations represent well-understood, routine, conventional activity to a person of skill in the art is a factual issue that may be disputed.

The current USPTO guidance on this issue has made it somewhat more difficult to reject a claim based on step 2 of the Alice/Mayo test, because it requires that the examiner support such a rejection with specific evidence from the applicant’s own statements in the specification or during prosecution, or an express citation to a document, case, or official notice of the well-understood, routine, conventional nature of the additional element(s). If the Supreme Court accepts the *HP v. Berkheimer* case, its decision could alter this approach.

Takeaways

1. The guidance effectively defines what constitutes an abstract idea by specifying a finite list of abstract concepts. The Supreme Court has intentionally left the term undefined. It will be up to courts to decide whether claims to subjects outside this definition can still cover abstract ideas.
2. Fewer claims are expected to be rejected on eligibility grounds because examiners will be required to categorize claim concepts as falling within the limited list of abstract concepts. Additionally, applicants may be able to draft applications and claims as embodying “practical applications”. This may be particularly useful in the computer arts to reduce eligibility rejections.
3. The guidance states that a claim covering a process that can be performed in the mind, despite including computer components, should be categorized as a mental process “unless the claim cannot practically be performed in the mind.” This provides a potential pathway for patenting software claims that include steps that cannot realistically be performed by humans, e.g., steps involving very large data sets or real-time processing.

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