ARE Patent Law Alert:
USPTO Issues Interim Guidance on Patent Subject Matter Eligibility

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The U.S. Patent and Trademark Office has finally issued its new 2014 Interim Guidance on Patent Subject Matter Eligibility (Interim Eligibility Guidance). (*See* http://www.uspto.gov/patents/law/exam/interim_guidance_subject_matter_eligibility.jsp). This Interim Eligibility Guidance is subject to notice and comment, but supersedes prior guidance issued after the *Mayo* and *Myriad* decisions and supplements the prior Preliminary Instructions issued after the *Alice* decision.

Under the new Interim Eligibility Guidance, the USPTO includes the following three step process to perform a complete patent-eligibility analysis:

Step 1: "Is the claim to a process, machine, manufacture or composition of matter?"

If **yes**, continue with analysis, and if **no**, the claim is NOT patent-eligible.

Step 2A: "Is the claim directed to a law of nature, a natural phenomenon, or an abstract idea (judicially recognized exceptions)?"

If **yes**, continue with analysis, and if **no**, the claim IS patent-eligible.

Step 2B: "Does the claim recite additional elements that amount to significantly more than the judicial exception?"

If **yes**, the claim IS patent-eligible. If **no**, the claim is NOT patent-eligible.

The Interim Eligibility Guidance includes a flowchart (reproduced below) that illustrates this process.

This framework is generally consistent with the approach that the Supreme Court has announced in *Bilski*, *Mayo*, *Myriad*, and *Alice*.

The Interim Eligibility Guidance also offers a "**Streamlined Eligibility Analysis**" which is "**for a claim that may or may not recite a judicial exception, but when viewed as a whole, clearly does not seek to tie up any judicial exception such that others cannot practice it."** (Interim Eligibility Guidance at 24 (emphasis added)). Such a claim is considered patent-eligible and need not proceed through the full analysis outlined above.

The Interim Eligibility Guidance also makes clear that "[r]egardless of whether a rejection under 35 U.S.C. 101 is made, **a complete examination should be made for every claim under each of the other patentability requirements**: 35 U.S.C. 102, 103, 112 and 101 (utility, inventorship and double patenting) and non-statutory double patenting." (*Id*. at 25-26 (emphasis added)).

In discussing the complete examination process, the Interim Eligibility Guidance provides examples of how the various steps have been applied.

For example, in Step 2A, the Interim Eligibility Guidance identifies as examples of "abstract idea that have been identified by the courts" to include:

- "fundamental economic practices";
- "certain methods of organizing human activities";
- "an idea 'of itself'"; and
- "mathematical relationships/formulas."

(*Id*. at 13). It is notable that this list is taken directly from the Interim Eligibility Guidance, and uses shorthand for some of the terms actually used in the cited authority. For example, in *Bilski*, the Court refers to "hedging" as "a fundamental economic practice ***long prevalent in our system of commerce***," not merely as a "fundamental economic practice." The Interim Eligibility Guidance offers no guidance as to whether "long prevalence" is necessary to make a "fundamental economic practice" both fundamental and abstract for patent-eligibility purposes.

The Interim Eligibility Guidance further identifies the following list of "illustrative and not limiting" examples of "abstract ideas" from the case law:

- mitigating settlement risk;
- hedging;
- creating a contractual relationship;
- using advertising as an exchange or currency;
- processing information through a clearinghouse;
- comparing new and stored information and using rules to identify options;
- using categories to organize, store and transmit information;
- organizing information through mathematical correlations;
- managing a game of bingo;
- the Arrhenius equation for calculating the cure time of rubber;
- a formula for updating alarm limits;
- a mathematical formula relating to standing wave phenomena; and
- a mathematical procedure for converting one form of numerical representation to another.

(*Id*. at 13-14). This list uses the wording chosen by the Interim Eligibility Guidance to describe these abstract ideas, which does not necessarily match how these abstract ideas were worded by the cases themselves. Furthermore, even though an abstract idea was identified in the claims considered by the cited cases, not all of these claims were invalidated as patent-ineligible. *See, e.g., Diamond v. Diehr*, 450 U.S. 175 (1981) (upholding claims directed to an inventive application of a well-known mathematical equation).

With respect to Step 2B, the Interim Eligibility Guidance warns that the claim elements should be considered **"both individually and as an ordered combination . . . to ensure that the claim as a whole amounts to significantly more than the exception itself."** (*Id*. at 20). The Interim Eligibility Guidance provides the following contrast in examples between what is "enough" "significantly more" and what is "not enough" "significantly more":

Limitations that <u>may be enough</u> to qualify as "significantly more" when recited in a claim with a judicial exception include:	**Limitations that were found <u>not</u> enough to qualify as "significantly more" when recited in a claim with a judicial exception include:**
• Improvements to another technology or technology field; • Improvements to the functioning of the computer itself; • Applying the judicial exception with, or by use of, a particular machine; • Effecting a transformation or reduction of a particular article to a different state or thing; • Adding a specific limitation other than what is well-understood, routine and conventional in the field, or adding unconventional steps that confine the claim to a particular useful application; and • Other meaningful limitations beyond generally linking the use of the judicial exception to a particular technological environment. (*Id*. at 20-21 (emphasis added)).	• Adding the words "apply it" (or an equivalent) with the judicial exceptions, or mere instructions to implement an abstract idea on a computer; • Simply appending well-understood and conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception, e.g., a claim to an abstract idea requiring no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities previously known to the industry; • Adding insignificant extrasolution activity to the judicial exceptions, e.g., mere data gathering in conjunction with a law of nature or abstract idea; or • Generally linking the use of the judicial exception to a particular technological environment or field of use. (*Id*. at 21-22 (emphasis added)).

This table reflects verbatim summary as provided by the Interim Eligibility Guidance and does not necessarily reflect any further refinement that might be available from analysis of the referenced case.

While the Interim Eligibility Guidance does not provide all of the guidance that will likely be necessary to draw distinctions between patent-eligible and patent-ineligible claims, it at least

provides a framework for discussions with Examiners at the Patent Office.

The USPTO is accepting comments on the Interim Eligibility Guidance at 2014_interim_guidance@uspto.gov until March 16, 2015, and will hold a public forum on January 21, 2015 to receive public feedback. Additional details are available at http://www.uspto.gov/patents/law/exam/interim_guidance_subject_matter_eligibility.jsp.

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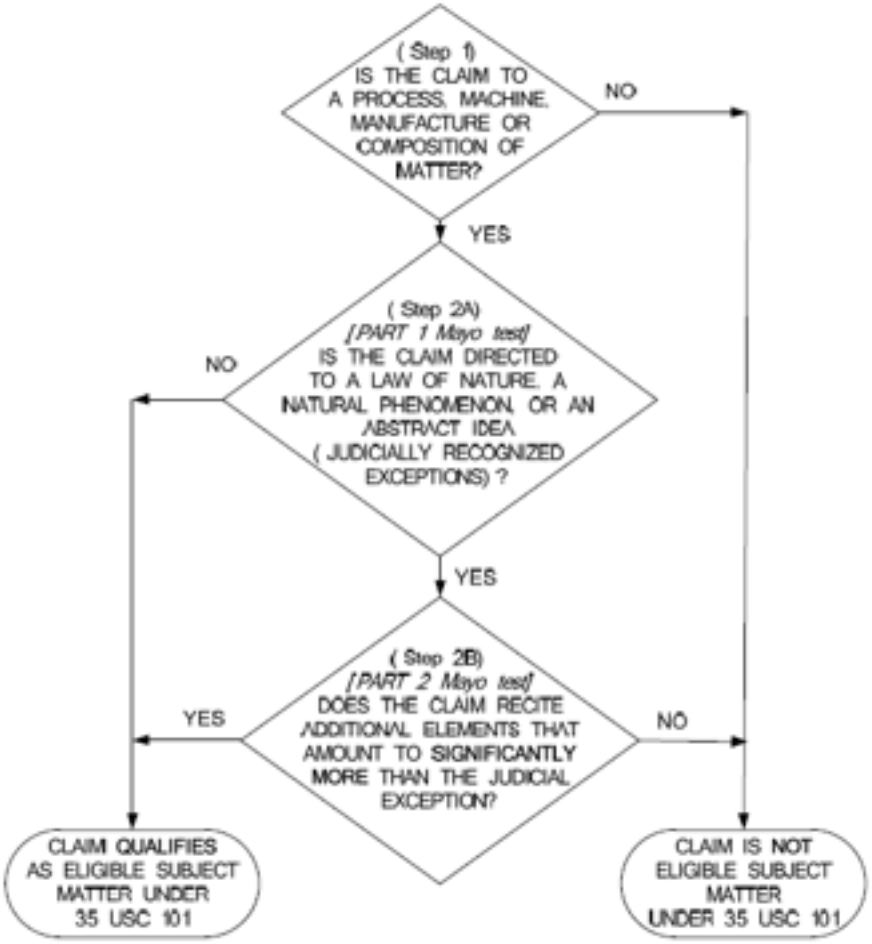
The following chart is taken from the Interim Eligibility Guidance to illustrate the process to be followed by Examiners in a full patent-eligibility analysis:

SUBJECT MATTER ELIGIBILITY TEST FOR PRODUCTS AND PROCESSES

PRIOR TO EVALUATING A CLAIM FOR PATENTABILITY, ESTABLISH THE BROADEST REASONABLE INTERPRETATION OF THE CLAIM. ANALYZE THE CLAIM AS A WHOLE WHEN EVALUATING FOR PATENTABILITY.



IN ACCORDANCE WITH COMPACT PROSECUTION, ALONG WITH DETERMINING ELIGIBILITY, ALL CLAIMS ARE TO BE FULLY EXAMINED UNDER EACH OF THE OTHER PATENTABILITY REQUIREMENTS: 35 USC §§ 102, 103, 112, and 101 (UTILITY, INVENTORSHIP, DOUBLE PATENTING) AND NON-STATUTORY DOUBLE PATENTING.

Notable changes from prior guidance:
- All claims (product and process) with a judicial exception (any type) are subject to the same steps.
- Claims including a nature-based product are analyzed in Step 2A to identify whether the claim is directed to (recites) a "product of nature" exception. This analysis compares the nature-based product in the claim to its naturally occurring counterpart to identify markedly different characteristics based on structure, function, and/or properties. The analysis proceeds to Step 2B only when the claim is directed to an exception (when no markedly different characteristics are shown).

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