



National Association of Patent Practitioners

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The Honorable Andrei Iancu
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office
Eligibility2019@uspto.gov
United States Patent and Trademark Office (USPTO)
U.S. Department of Commerce

Re: Comments on 2019 Revised Subject Matter Eligibility Guidance

Dear Mr. Iancu:

The National Association of Patent Practitioners (NAPP) would like to generally support the 2019 Revised Subject Matter Eligibility Guidance, published in the Federal Register on January 7, 2019, with a few suggestions. This Guidance provides much needed clarity on patent subject matter eligibility.

1. NAPP supports the PTO taking action to improve Section 101 procedures

The law surrounding 35 U.S.C. § 101 has been in a state of flux for the past decade, with numerous contradictory rulings and a lack of clarity. Federal Circuit Judges Lourie and Newman, in a concurring decision denying the rehearing of the *Berkheimer* decision, stated “I believe the law needs clarification by higher authority, perhaps by Congress, to work its way out of what so many in the innovation field consider are § 101 problems. Individual cases, whether heard by this court or the Supreme Court, are imperfect vehicles for enunciating broad principles because they are limited to the facts presented. Section 101 issues certainly require attention beyond the power of this court.” *Berkheimer v HP*, No. 2017-1437, 2018 WL 2437154 (Fed. Cir. May 31, 2018)

USPTO Director Andrei Iancu, in a speech to the U.S. Chamber of Commerce Patent Policy Conference on April 11, 2018, stated that “[f]irst, our current law surrounding patentable subject matter has created a more unpredictable patent landscape that is hurting innovation and, consequently, investment and job creation. Recent cases from the Supreme Court – *Mayo*, *Myriad*, and *Alice* – have inserted standards into our interpretation of the statute that are difficult to follow. Lower courts applying these cases are struggling to issue consistent results. ... The current standards are difficult for all: stakeholders, courts, examiners, practitioners, and investors alike.”

As practitioners, we have experienced the lack of clarity and predictability surrounding patent eligibility. As a result, we welcome the USPTO’s efforts to bring certainty, at least at the Patent Office, with regards to subject matter eligibility. In recent years, our experience has seen far too many good patents eliminated by rejections under 35 U.S.C 101 than bad patents were issued. Article I Section 8 of the US Constitution requires the “..promot[ion of] the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;” The Patent Office should be promoting the sciences and useful arts, and the Guidance furthers this Constitutional charter. It is this support for inventors that has built the US Economy by assuring that inventors receive their just compensation for their inventions.

We welcome the deep analysis of the case law in the Guidance, and in particular the recent cases such as *Berkheimer*, *Aatrix*, and others that draw upon the teachings of *Alice* and *Bilski* to define what is patentably eligible.

The Comments section of the Guidance is filled with numerous cut-and-paste comments from an EFF website that misinterpret the developments of case law over the years. We urge the USPTO to reject these comments. The Guidance draws heavily upon the *Alice* ruling, yet these uninformed commentators request a return to *Alice*. Furthermore, these cut-and-paste comments incorrectly state that the new Guidance will increase litigation and costs. The present state of 35 U.S.C. 101 has even the Federal Circuit Federal Circuit Judges Lourie and Newman stating “I believe the law needs clarification by higher authority, perhaps by Congress, to work its way out of what so many in the innovation field consider are § 101 problems.” Such uncertainty means that whether a patent claims eligible subject matter is only resolved when the Supreme Court rules; under the Guidance, at least in the Patent Office, there is much less uncertainty. It is certainty and clarity that reduces litigation and costs.

2. The PTO can take action to improve Section 101 beyond the Guidance.

The NAPP further requests that the USPTO move beyond the Guidance to support changes in Congress and in the Courts to resolve the issues with the interpretation of 35 U.S.C. 101.

USPTO Director Andrei Iancu should continue expressing his concerns regarding this area of patent law before various groups, in particular in front of the US House of Representatives and the US Senate, urging Congress to modify Section 101 according to the Joint IPO-AIPLA Proposal Concerning Legislative Amendment of 35 U.S.C. § 101. The USPTO leadership may also consider helping Congress to select inventors, patent attorneys and other patent professionals as witnesses to Congressional hearings so that our elected officials can hear from all stakeholders in the patent arena.

Furthermore, the USPTO leadership may also consider seeking out and shepherding the best cases for clarifying patent eligibility issues and using the Solicitor’s Office to contribute amicus briefs to defend patents that are being challenged in Section 101 grounds.

Other areas in which the Office can assist inventors with Section 101 issues is to continue training examiners in how to determine patent eligibility and to institute quality control metrics to assure that valid patent applications are not rejected under 35 U.S.C. 101. Practitioners have noticed significant asymmetries in applying Section 101 standards between various art groups. Furthermore, the 35 U.S.C. 101 rejections should be well thought out and tailored to the specific claims of the application. We request that the Office use its quality control teams to seek and address rejections that do not follow the training on the Guidance.

3. Regarding the Guidance itself, the PTO effort is commendable but has some issues and further improvement could be achieved

For the reasons stated above, NAPP appreciate greatly the PTO efforts to bring more regularity to Section 101 issues and stem the flood of improper and difficult rejections based on that statute of claims in patents that should rightly be granted. Nonetheless, we suggest certain improvements.

We focus on issues surrounding computer-related claims and the “abstract idea” exception. Discussion of that difficult area separately from biotech and other “judicial exceptions” is necessary and helpful; we believe that the PTO has for too long tried to use generalized language that overlooks explicit application of Section 101 principles to this field, yielding much confusion.

First, the Guidance says that applicants cannot enforce the Guidance by appeal or petition (Federal Register, Vol. 84, No. 4 , p 51). That presents a problem, and we recommend that the PTO delete those comments. If an examiner makes a rejection under Section 101 in violation of the Guidance, what is an applicant to do? Is it really true that the applicant cannot cite the Guidance in an appeal brief to demonstrate error and expect the Board to follow it? Any Guidance issued by the Office should be enforceable and binding on the PTO, just as the procedures in the PTO are already. *E.g.*, *Morton v. Ruiz*, 415 U.S. 199 (1974) (internal manual binding on agency); *Vitarelli v. Seaton*, 359 U.S. 535, 545 (1959) (agency action inconsistent with agency’s guidance was “illegal and of no effect”); *In re Kaghan*, 387 F.2d 398, 401 (C.C.P.A. 1967) (“[W]e feel that an applicant should be entitled to rely not only on the statutes and Rules of Practice but also on the provisions of the MPEP in the prosecution of his patent application.”); *see also* 5 U.S.C. § 551(4) (broad definition of agency “rule” to include “the whole or a part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy or describing the organization, procedure, or practice requirements of an agency”).

If applicants cannot enforce the Guidance, what is an aggrieved applicant to do – make a complaint about an examiner or about the Board for not following the Guidance? Use of employee discipline seems like a poor substitute for committing the Office to follow the principles it sets forth.

This is particularly a problem when this particular Guidance document (unlike those that came before) purports to instruct the Board members to follow it. Administrative Patent Judges are Article I judges, but they are supposed to have some degree of judicial independence, to act as a check on examiners and ensure regularity across the Office. The PTO should be cautious, therefore, in instructing Board members while at the same time disclaiming any right of applicants to rely on the Guidance. This gives a mixed message to the Board, which should be resolved in any reissued, final, or further document.

Second, NAPP suggests that the PTO take care to write any finalized Guidance in ways that correspond closely to court cases. The main problem is that, if a court criticizes the PTO’s Guidance document as not matching case law, such a decision could call into question all patents issued during the period the Guidelines are in effect. Defense counsel will jump on the issue and suggest that patents issued during that period are in effect presumed patent ineligible, which is the opposite of the presumption of validity that patents deserve. The Guidance has useful ideas – ideas that should not be scrapped – but the document does not frame the issues in ways that fully correspond to court cases in all respects, as indicated in the following discussion.

Step 2A is supposed to involve whether a claim is “directed to” an idea that is abstract. Step 2B is supposed to involve whether the claim contains additional elements that amount to “significantly more” than the abstract idea. Therefore, Step 2A should involve either of two approaches: (1) characterize the idea of the claim *as a whole* and then consider whether or not that idea is abstract, or (2) identify ideas *contained in* the claim and decide whether the claim is “directed to” that idea. The Guidance seems to take the second approach, but we recommend instead the first approach. If examiners are required to write a sentence-long summary of the claim as a whole at a high level, with the claim characterized properly – i.e., the examiner is instructed to write a summary that does not omit, overlook, or ignore key factors stated in the claim’s text – then there is a much better chance of compliance with the *Enfish* case, in which the Federal Circuit warned against overgeneralizing claims. The second approach also will more likely cause examiner confusion as between Step 2A and Step 2B. The training of examiners on the “practical application” test under the Guidance requires the examiners to identify abstract ideas in the claims and consider whether *added* elements have “practical applications.” Judging elements beyond the abstract idea seems to fall in the realm of Step 2B, not Step 2A.

The cases finding eligibility under Step 2A are indexed at <https://www.uspto.gov/sites/default/files/documents/ieg-qrs-elig-cases.pdf>, in the light yellow box. Many observers view *DDR Holdings* as a Step 2B case, and *Trading Technology* is non-precedential. *Enfish* focuses on proper characterization of the claims. The remaining cases, *Finjan*, *Thales*, *Core Wireless*, and *McRO*, seem most relevant to discussion of Step 2A, but none use the specific phrase “practical application” as a test. *Alice* itself declines to define “abstract” explicitly.

Of those cases, *Finjan*, *Core Wireless*, and *Enfish* characterize the Step 2A question as being whether the claims are “focused on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.” But it is also clear that improved computer functionality is not the only way to have a non-abstract claim in the computer arts. See <https://www.uspto.gov/sites/default/files/documents/memo-recent-sme-ctdec-20180402.PDF> for a discussion of *Core Wireless* and *Finjan*.

Thales follows *Diamond v. Diehr* and finds a claim eligible under Step 2A because it “seek[s] to protect only the *application* of physics to the unconventional configuration of sensors as disclosed.” This is the closest to the “practical application” test recited in the Guidance memo (Federal Register, Vol. 84, No. 4 p. 54), but *Thales* does not use the word “practical” before “application” and seems to focus more on whether the claim covers the abstract idea (a physics principle) *per se* or just applies (uses) it. Finally, *McRO* focuses more on preemption and clarifies that a computer claim is not necessarily abstract just because it produces a non-tangible result.

In sum, the PTO could improve the Guidance by clarifying the meaning of “practical application” and doing so in a way that focuses on the Court’s emphasis on the distinction between applying an abstract idea as opposed to claiming the abstract idea itself.

Another improvement would be to focus the “practical application” test on the question of whether a candidate for an abstract idea is truly abstract. Once an examiner identifies an idea within a claim, he or she must decide whether it is abstract.

Third, another way to make the Guidance more closely match the court laws relates to the “groupings” of ideas considered abstract. The Guidance refers to four “groupings” in which the courts have decided cases, but the case law does not support a view that those areas are *categorically* ineligible, and some of the language used in defining the “groupings” is subject to interpretation, and indeed misinterpretation (Federal Register, Vol. 84, No. 4 p. 54).

In particular, the word “certain” in the “group” entitled “certain methods of organizing human activity” is entirely unhelpful. The Guidance’s further attempt at definition does not cure the problem, in part because the discussion does not use clear language. For example, is “advertising, marketing or sales activities” automatically within the ineligible “grouping” (as some examiners seem to believe) or are they within the “grouping” only if they concern “agreements” related thereto, or only when they involve “commercial or legal interactions”? Must the examiner show that a claim directed to “marketing” also relates to “methods of organizing human activity” directly, or do all claims directed to marketing automatically fit in the disfavored category? This group is poorly defined, and we know that some claims might be unfairly swept up into categories – for example, there is a whole field of electronic “ad tech” that is patentable and in which patents have regularly been issued and sometimes upheld against Section 101 challenges.

In addition, the “grouping” called “mental processes” seems fairly straightforward, at least until one reads the discussion at footnote 14 of the Guidance suggesting that “concepts performed in the human mind” might include claims that, interpreted under BRI, merely *could* be performed in the human mind in theory, even if the claim *actually* calls for a computer to perform the method. That is a recipe for disaster because computer science teaches us that all computer processes could, at least in theory, be performed in the human mind, yet we know that computer processes are not *per se* patent ineligible.

In sum, the “groupings” concept engenders difficulty when applied to specific instances. The “application” test discussed in the Guidance, however, offers better promise for this purpose. Once an examiner identifies a feature in a claim that seems potentially abstract, he or she could use the “application” test to determine if the feature is an *application* of an idea or an abstract idea itself. This approach would better follow the above-cited case law and allow for easier and more straightforward decision-making by examiners.

The “application” language is better aimed at the question of whether an idea is actually abstract. A common dictionary definition of “abstract” is “existing as thought or as an idea.” If a concept has a “practical” application, as in *Thales*, then it does not merely exist as a thought or idea and should be considered non-abstract.

Fourth, NAPP offers the following specific suggestions related to improving regularity in applying Step 2A that could be added to the Guidance and associated training:

1. To improve Office Actions, examiners should be instructed to (a) separately write out, with specificity, any ideas considered “abstract” within the claim, (b) point to specific claim language where the claim states that idea (not just impliedly used), and (c) explain why each identified idea is considered abstract. This not only will improve application of Step 2A and allow applicants to respond, but also it will assist in implementing Step 2B, where the examiner must consider whether the claim exceeds the listed abstract ideas. This approach would allow for better compliance with *Alice* itself.

2. In considering whether the claim as a whole (or part of it) is abstract in the first instance, examiners should be instructed to consider whether the claim is “integrate[s] the building blocks into something more” (*Alice Corp. v CLS Int’l*, 134 S. Ct. at 2347, 2353 (2014))” in which case it could be non-abstract. (However, it should be made clear that making this finding is not the sole means of finding non-abstractness in the computer realm.) Conversely, examiners should be instructed to consider whether the feature is directed to “economic or other tasks for which a computer is used in its ordinary capacity,” in which case it might be abstract. This would better comply with the case law above, including *Finjan*, *Core Wireless*, and *Enfish*. Finally the examiners should be instructed to consider what is the desired outcome (purpose) of a claim or element and whether the claimed approach is the only way to achieve that desired outcome (per *Thales* and *McRo*).


3. Examiners should be told that they should not consider whether any elements, equipment, or processes are conventional or well-known in the course of making the above determinations. Such questions may be relevant to Step 2B but are not relevant to Step 2A.

4. Examiners should be told that they cannot consider only claim 1 and ignore dependent claims. For purpose of Section 101, each claim must be considered separately, if any dependent limitation adds a key factor to the high-level summary, the Office Action needs to discuss dependent claims and say why they are considered together with claim 1 or if considered separately, how the analysis changes. A rejection of claim 1 does not automatically apply to its dependent claims, and a more specific claim might be non-abstract even if claim 1 is abstract.

Providing these instructions would make the Guidance more likely to survive court review and less likely to create problems with challenges to patents that the USPTO issues.

Thank you for the opportunity to comment on the Guidance, and thank you for the Office's leadership in patent policy.

Sincerely,



Dr. Daniel J. Krueger, NAPP President