


Subject Matter Eligibility Update and Practical Tips

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Statutory Subject Matter



"any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" 35 U.S.C. § 101.

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Judicial Exceptions


- ⊘ Laws of Nature,
- ⊘ Natural Phenomena
- ⊘ Abstract Ideas




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AIPLA Judicial Exceptions

Functional Claiming



AIPLA Judicial Exceptions



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Judicial Exceptions

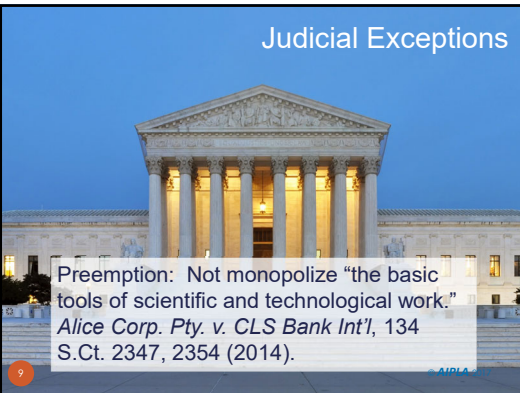
"Eighth. I do not propose to limit myself to the specific machinery or parts of machinery described in the foregoing specifications and claims, the essence of my invention being **the use of** the motive power of the electric or galvanic current, which I call **electro-magnetism, however developed, for making or printing intelligible characters, letters, or signs, at any distances,** being a new application of that power, of which I claim to be the first inventor or discovered."

O'Reilly v. Morse, 56 U.S. 62, 86 (1853) (1846 Patent Reissued 1848)

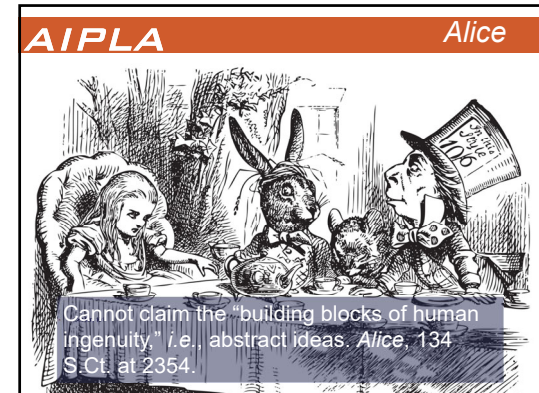
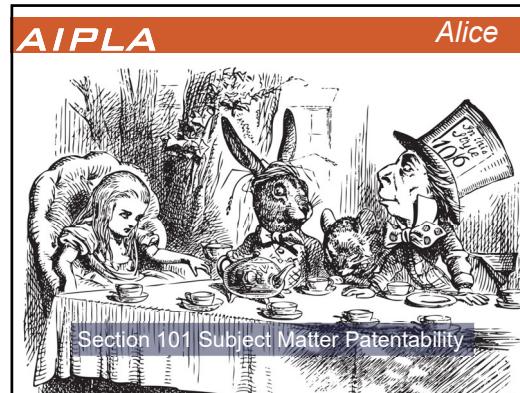
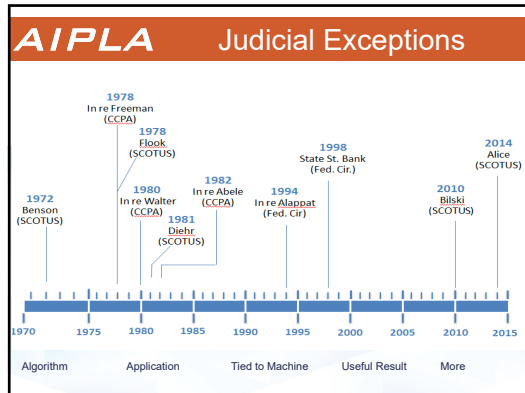
Judicial Exceptions

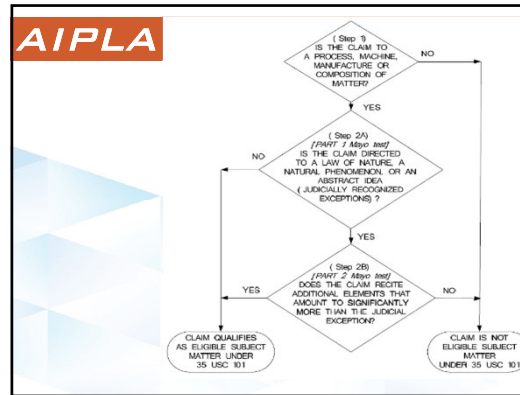
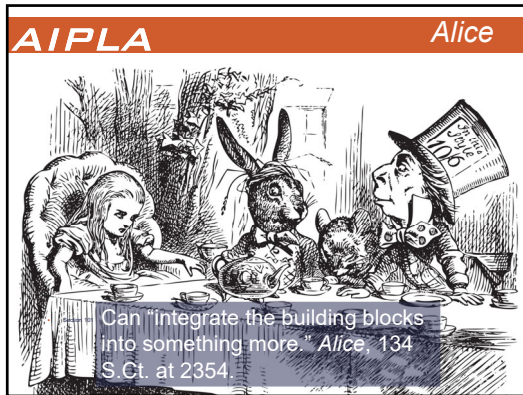
the use of electromagnetism to communicate at a distance

Judicial Exceptions



Preemption: Not monopolize "the basic tools of scientific and technological work."
Alice Corp. Pty. v. CLS Bank Int'l, 134 S.Ct. 2347, 2354 (2014).





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Step 1:

Does the claim meet the statutory language of 35 U.S.C. § 101:

"any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof."

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Step 2A:
 “whether the claims at issue are directed to a patent-ineligible concept.” *Alice*, 134 S.Ct. at 2355.

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Step 2B:
 “Examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.”
Alice, 134 S.Ct. at 2357.

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Two Problems:

1. What is “directed to” a judicial exception?
2. What is “significantly more”; It is not:
 - ☐ Conventional
 - ☐ Routine
 - ☐ Well-Known

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graph TD
    Q1{Step 1: Is the claim directed to a process, machine, manufacture, or composition of matter?}
    Q2{Step 2A: Is the claim directed to a judicial exception (abstract idea, natural phenomenon, or law of nature)?}
    Q3{Step 2B: Does the claim recite additional elements that amount to significantly more than the judicial exception?}
    A1[Patent eligible under 35 USC § 101]
    A2[Not patent eligible under 35 USC § 101]

    Q1 -- YES --> A1
    Q1 -- NO --> Q2
    Q2 -- YES --> Q3
    Q2 -- NO --> A2
    Q3 -- YES --> A1
    Q3 -- NO --> A2
  
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Since Alice

>70 Cases; only ~15% found valid

Digitech Planet	Mortgage Grader	Affinity Labs. v.	Clarilogic	Two-Way Media
Bingo	In re Smith	Amazon Affinity	Coffelt	IV v. Erie Indemnity II
buySAFE	Genetic Tech.	Labs. v. DirecTV IV	Mentor Graphics	Inventor Holdings
Ultramercial	In re Brown	v. Symantec	West View Res.	Finjan
DDR Holdings	Enfish	FairWarning	RecogniCorp	Core Wireless
Ambry	TLJ Comms.	Synopsis	Easyweb	Move v. Real Estate Alliance
Content	BASCOM	Amdocs	Credit Acceptance	Berkheimer
Extraction	Rapid Lit. Mgmt.	Transixion	Cleveland Clinic	Zuli v. Google
Alivoice	Shorridge	Ameranth	Prysm Tech.	Aatrix Software
OIP Tech.	Lendingtree	Trading Tech. v.	Audatex	Automated Tracking Sol'ns.
Sequenom	Electric Power	CQG Evolutionary	Visual Memory	Exergen
Internet Patents	Group	Intel. Smartflash	Return Mail	Vanda Pharmaceuticals
IV v. Cap. One	In re Chorna	IV v. Erie Indemnity	Secured Mail	SAP America
Versata	TDE Petroleum	Thales Visionix	Smart Systems	
Vehicle	McRO	In re Salwan		
Intelligence				

... and counting

<https://www.uspto.gov/patent/laws-and-regulations/examination-policy/subject-matter-eligibility>
Bolded cases found claims to be eligible



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Berkheimer

“Something More” that is not well-understood, routine, or conventional (*Alice*)

☐ Question of fact,
☐ Requiring evidence

Berkheimer v. HP Inc. , No. 17-1437 (Fed. Cir. 2018)

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Evidence:
1. Statement by applicant during prosecution;
2. Court decision;
3. Publication; or
4. Official Notice.

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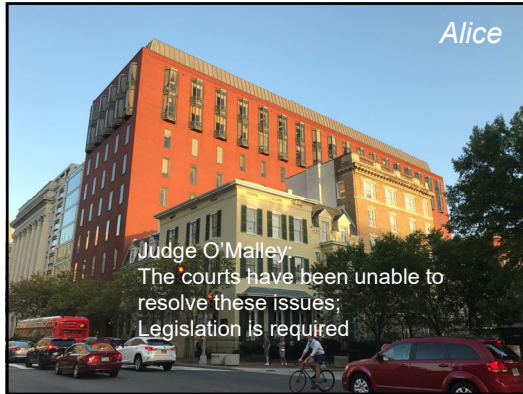
“to represent well-understood, routine, conventional activity, the additional elements must be widely prevalent or in common use in the relevant field, comparable to the types of activity or elements that are so well-known that they do not need to be described in detail in a patent application to satisfy 35 USC § 112(a).”

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Berkheimer Memo
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“a showing that additional elements are obvious under 35 USC § 103, or even that they lack novelty under 35 USC § 102, is not by itself sufficient to establish that the additional elements are well-understood, routine, conventional activities or elements to those in the relevant field.”

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Berkheimer Memo
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AIPLA USPTO Guidance

DEPARTMENT OF COMMERCE
United States Patent and Trademark
Office
[Docket No. PTO-P-2018-0053]

2019 Revised Patent Subject Matter
Eligibility Guidance

January 7, 2019
Guidance

AGENCY: United States Patent and
Trademark Office, Commerce.
ACTION: Examination Guidance; Request
for comments.

AIPLA USPTO Guidance

Prior guidance requiring Examiners to
compare the claims to those previously found
to be abstract “has ... become impractical.”
84 Fed. Reg. 50 (Jan. 7, 2019)

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USPTO Guidance

“The growing body of precedent has become increasingly more **difficult for examiners to apply in a predictable manner**, and concerns have been raised that different examiners within and between technology centers may reach **inconsistent results**.”

84 Fed. Reg. 50 (Jan. 7, 2019)

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USPTO Guidance

Guidance adds Step 2A, Prong 2:
whether the claims at issue are “integrated into a practical application.”

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USPTO Guidance

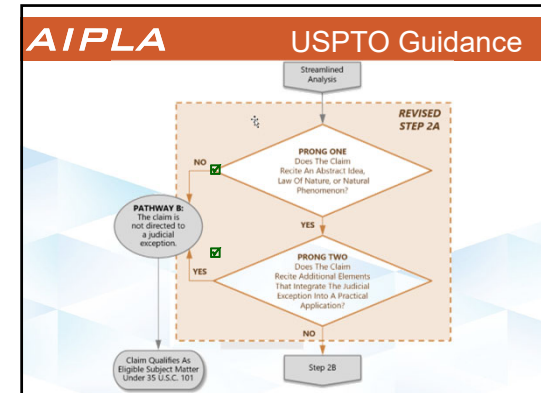
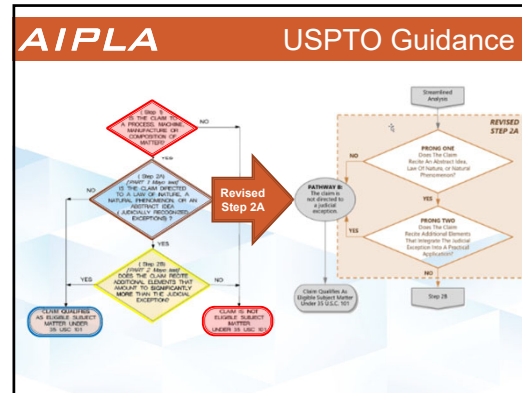
Step 2A, Prong 2:

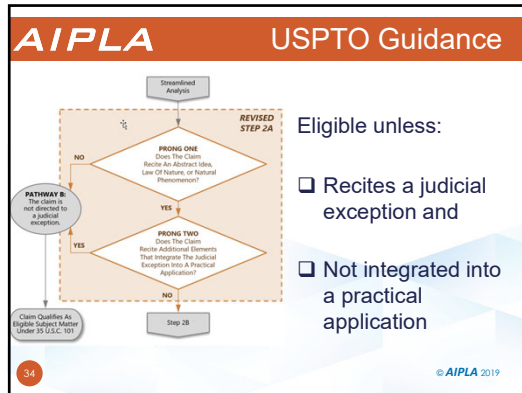
- ☐ Impose a meaningful limit on the judicial exception?
- ☐ Weight given to all elements, whether or not they are conventional

AIPLA USPTO Guidance

“[I]n an effort to **improve consistency and predictability**, the 2019 . . . Guidance extracts and synthesizes key concepts identified by the courts as abstract ideas to [clarify the 101 analysis].”

84 Fed. Reg. 50 (Jan. 7, 2019)





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Laws of nature and natural phenomena:
No change

Abstract ideas:
Groupings of abstract ideas

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Groupings of Abstract Ideas:
1. Mathematical concepts

- ☐ Relationships
- ☐ Formulas or equations
- ☐ Calculations

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Groupings of Abstract Ideas:

2. Mental processes

- ❑ Concepts performed in the human mind (observation, evaluation, judgment, opinion)

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Groupings of Abstract Ideas:

3. Methods of organizing human activity

- ❑ Economic principles or practices (hedging, insurance, mitigating risk)
- ❑ Commercial or legal interactions (contracts; legal obligations; advertising, marketing or sales; business relations)
- ❑ Managing personal behavior, relationships, or interactions (social activities, teaching, following rules or instructions)

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Categories Track Supreme Court's *Alice* and *Mayo* decisions:

1. Mathematical Concepts
2. Mental Processes
3. Certain Methods of Organizing Human Activity

Focus on "practical application"

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“Integration into a practical application”

Additional element or combination of elements in the claim to apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the exception.

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Excludes well-understood, routine, and conventional from Step 2A

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If Passes Under Step 2A,
Do Not Proceed to Step 2B

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USPTO Guidance




Cleveland Clinic

Federal Circuit
neither bound nor
persuaded by
USPTO Guidance

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Section 101



AIPLA/IPO/ABA-IPL
Joint Proposal:

AIPLA
American Intellectual Property Law Association

AIPLA

Section 101

Joint AIPLA/IPO/ABA-IPL Proposal:

- ☐ Remove “new” from “new and useful”
- ☐ Confirm statutory classes – useful machine, manufacture, process, or composition of matter;
- ☐ Limited statutory exceptions;
- ☐ Claims as a whole;
- ☐ Without consideration of Sections 102 or 103
- ☐ Presumption of validity

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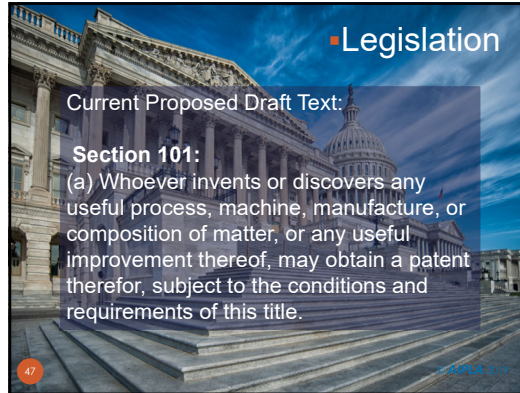


■ Legislation

Current Proposed Draft Text:

Section 100:
 (k) The term “useful” means any invention or discovery that provides specific and practical utility in any field of technology through human intervention.

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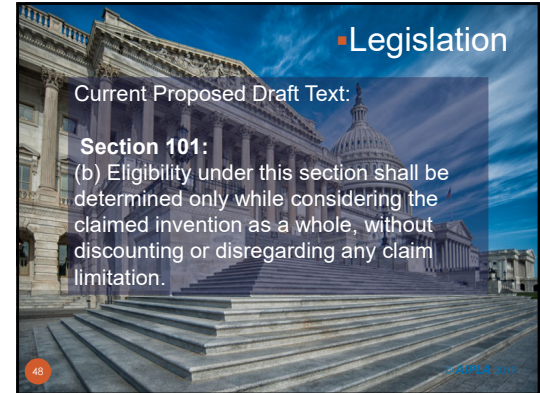


■ Legislation

Current Proposed Draft Text:

Section 101:
 (a) Whoever invents or discovers any useful process, machine, manufacture, or composition of matter, or any useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

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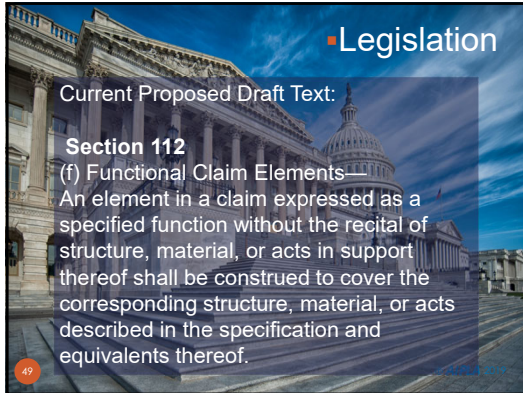


■ Legislation

Current Proposed Draft Text:

Section 101:
 (b) Eligibility under this section shall be determined only while considering the claimed invention as a whole, without discounting or disregarding any claim limitation.

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■ Legislation

Current Proposed Draft Text:

Section 112
 (f) Functional Claim Elements
 An element in a claim expressed as a specified function without the recital of structure, material, or acts in support thereof shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

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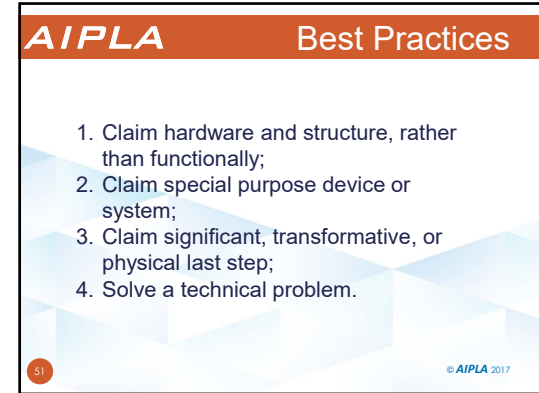


■ Legislation

Current Proposed Draft Text:

Other Provisions:
☐ Favor eligibility;
☐ Only statutory, no judicial exceptions;
☐ Eligibility does not depend on:
 ✓ How made
 ✓ well known, conventional, routine
 ✓ State of the art
 ✓ Sections 102, 103, or 112

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AIPLA Best Practices

1. Claim hardware and structure, rather than functionally;
2. Claim special purpose device or system;
3. Claim significant, transformative, or physical last step;
4. Solve a technical problem.

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