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CAN YOU PATENT THAT? PATENTABLE SUBJECT MATTER AFTER *ALICE*

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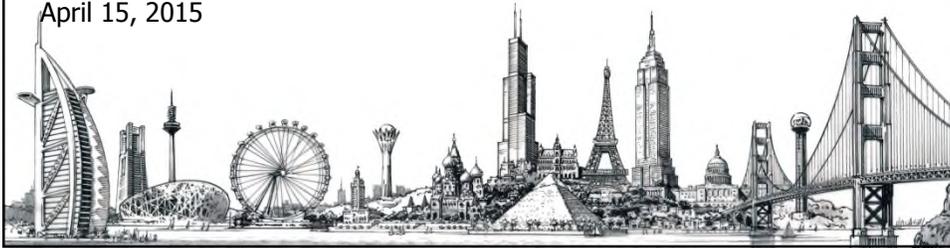
Where We're Going

1. The *Alice* Decision

2. Post-Alice Federal Circuit Developments

3. Stats From the District Courts

4. Post-*Alice* Guidance from the PTO

5. Strategies From the Trenches: What Patent Prosecutors are Doing

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THE *ALICE* DECISION

The Statute (35 U.S.C. § 101)

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

The "important implicit exception"

> "Laws of nature, natural phenomena, and **abstract ideas** are not patentable."

> *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014)

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The Alice Two-Step: Step One of *Alice*

"*First,* we determine whether the claims at issue are directed to one of those patent-ineligible concepts."

- *Alice's* intermediated settlement was an abstract idea analogous to *Bilski's* risk hedging.

- "abstract ideas" include: "***fundamental economic practices***," "***method[s] of organizing human activity***," and "***an idea of itself***."

  Alice Corp., 134 S. Ct. at 2355–57 (quotations, citations, and alterations omitted)

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The Alice Two-Step: Step Two of *Alice*

"We have described ***step two*** of this analysis as a search for an ***inventive concept***—*i.e.*, an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself."

- "***[M]ere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.***"

  Alice Corp., 134 S. Ct. at 2355, 2358

The method, system, and computer readable medium claims were all invalidated.

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POST-*ALICE* FEDERAL CIRCUIT DEVELOPMENTS

All but 1 have held patent claims ineligible

Ineligible:

- *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014)
- *Digitech Image Techs. v. Elecs. for Imaging, Inc.*, 758 F.3d 1344 (Fed. Cir. 2014)
- *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014)
- *Planet Bingo, LLC v. VKGS LLC*, 576 F. App'x 1005 (Fed. Cir. 2014)
- Univ. of Utah Res. Fdn. V. Ambry Genetics Corp., 774 F.3d 755 (Fed. Cir. 2014)
- *CET LLC v. Wells Fargo*, 776 F.3d 1343 (Fed. Cir. 2014)
- *DietGoal Innovations LLC v. Bravo Media LLC*, No. 14-1631 (Fed. Cir. Apr. 8, 2015) (per curiam)
- ***Eligible:*** *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)
  - Not decided until December 5, 2014

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Ultramercial: The Representative Claim

1. A method for *distribution of products over the Internet* … :

a first step of *receiving*, from a content provider, *media products that are covered by intellectual-property rights protection*…;

a second step of *selecting a sponsor message to be associated with the media product* …;

a third step of *providing the media product for sale* at an Internet website;

a fourth step of *restricting general public access* to said media product;

a fifth step of *offering to a consumer access* to the media product without charge to the consumer *on the precondition that the consumer views the sponsor message*;

a sixth step of *receiving* from the consumer *a request to view the sponsor message* …,

a seventh step of, … *facilitating the display of a sponsor message* to the consumer;

an eighth step of, if the sponsor message *is not an interactive message, allowing said consumer access* to said media product …;

a ninth step of, if the sponsor message *is an interactive message, presenting at least one query* to the consumer and *allowing said consumer access to said media product after receiving a response* … ;

a tenth step of *recording the transaction event to the activity log* …

an eleventh step of *receiving payment from the sponsor* …

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Ultramercial: The *Alice* Two-Step

Step 1 – Abstract Idea: "a method of *using advertising as an exchange or currency*."

Ultramercial, 772 F.3d at 715

Step 2 – Inventive Concept: "Adding routine … steps such as:

- updating an activity log,
- requiring a request from the consumer to view the ad,
- restrictions on public access, and
- use of the Internet

does not transform an otherwise abstract idea into patent-eligible subject matter."

Ultramercial, 772 F.3d at 716

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Ultramercial: On Invoking the Internet

Using the Internet is not enough to create patentable subject matter.

- The method steps are routine, conventional activities.

- "That some of the eleven steps were not previously employed in this art is not enough—standing alone—to confer patent eligibility."

Ultramercial, 772 F.3d at 716

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DDR Holdings: The Eligible Concept

Composite web pages that display product information from a thirty-party merchant and have the host website's "look and feel."
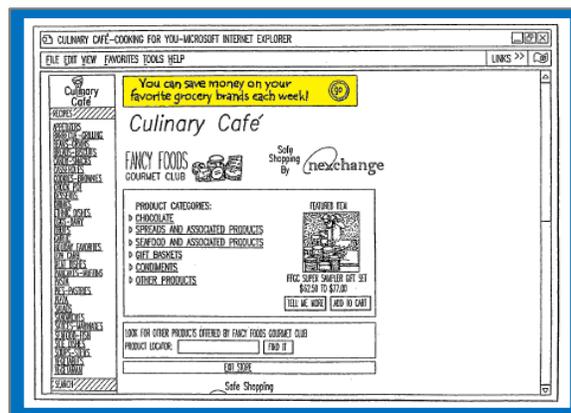
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DDR Holdings: The Eligible Claim

19. A system useful in an outsource provider serving web pages offering commercial opportunities, the system comprising:

(a) a computer store containing data, for each of a plurality of **first web pages**, defining a plurality of **visually perceptible elements** ...;

   (i) wherein each of the first web pages belongs to one of a plurality of web page owners;

   (ii) wherein each of the first web pages displays at least **one active link associated with a commerce object associated with a buying opportunity** of a selected one of a plurality of merchants; and

   (iii) wherein the selected merchant, the outsource provider, and the owner of the first web page displaying the associated link are each third parties with respect to one other;

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DDR Holdings: The Eligible Claim

(b) a computer server at the outsource provider, which computer server is coupled to the computer store and programmed to:

   (i) receive from the web browser of a computer user a signal indicating activation of one of the links displayed by one of the first web pages;

   (ii) automatically identify as the source page the one of the first web pages on which the link has been activated;

   (iii) in response to identification of the source page, automatically retrieve the stored data corresponding to the source page; and

   (iv) using the data retrieved, automatically generate and transmit to the web browser **a second web page** that displays:

     (A) **information associated with the commerce object** associated with the link that has been activated, and

     (B) the plurality of **visually perceptible elements visually corresponding to the source page**.

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DDR Holdings: The Alice Two-Step?

- "[I]dentifying the precise nature of the abstract idea is not as straightforward as in *Alice*…."

- "[T]hese claims… do not merely recite the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet."

- "Instead, the claimed solution is **necessarily rooted in computer technology** in order to overcome a problem **specifically arising in the realm of computer networks**."

DDR Holdings, 773 F.3d at 1257

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DDR Holdings: Step Two of Alice

The *DDR* claims are different from *Ultramercial* because:

- They don't claim routine, conventional use of the Internet.

- Instead, they recite a specific way to create a composite webpage:

  - Presenting product information from the merchant with the "look and feel" from the host website.

- They are directed to solving an Internet-centric problem.

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SECTION 03

STATS FROM THE DISTRICT COURTS

District Court Scorecard

There are *fifty-two (52)* District Court decisions applying *Alice:*

- *Forty-one (41)* determined one or more of the patents at issue claimed ineligible subject matter

- *Four (4)* deny defendants' attempt to invalidate, but without prejudice to raising again later (*e.g.*, after claim constructions)

Breakdown of *Alice* decisions

- Patents Ineligible ■ Patents Eligible
- Patents Eligible, For Now ■ Split Decision

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District Courts decisions finding eligibility post-*DDR*

Intellectual Ventures I, LLC, et al. v. Motorola Mobiility LLC, **2015 WL 846532 (D. Del. Feb. 24, 2015)**

- **Rejects '054 patent**: "presenting," "sending," and "receiving" are "specified at high level of generality" and "generic computer components"

- **Finds '450 patent eligible:**

  1. A method comprising:

  coupling one or more subscriber customer premise equipment (CPE) stations with a base station over a shared wireless bandwidth using a packet-centric protocol; and

  allocating said wireless bandwidth and system resources based on contents of packets to be communicated over said wireless bandwidth, wherein the contents of each packet include a packet header and wherein the allocating is responsive to at least one field in the packet header.

- Claim "'expressly ties the method' to a tangible machine in the form of CPE stations coupled to a base station over a shared wireless bandwidth"

- Solves "problem specifically arising in the realm of computer networks," and "specifies how interactions with the [network] are manipulated to yield a desired result" – "inventive concept lies in the limitation of using packet headers to allocate bandwidth"

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District Courts decisions finding eligibility post-*DDR*

Trading Techs. Int'l, Inc. v. CQG, Inc. et al., **2015 WL 774655 (N.D. Ill. Feb. 24, 2015)**

- **Step 1**: **"**This Court concludes…from the apparent differences between the analog versions of trading and electronic trading that the claims…are not directed to the abstract idea of 'placing an order for a commodity on an electronic exchange.'"
  - "The asserted claims similarly do not preempt every way of [placing such an order,] as systems for doing so existed before this invention, and systems exist now that allow traders to buy and sell commodities on electronic exchanges without infringing the claims of the patents in suit."
- **Step 2:** "at least the 'static price axis' element of the patents in suit was an 'inventive concept,' which eliminated some problems of prior GUIs relating to speed, accuracy and usability.…"
  - "the claims are directed to a technological improvement of GUIs"

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District Courts decisions finding eligibility post-*DDR*

3. A data access terminal for retrieving data from a data supplier and providing the retrieved data to a data carrier, the terminal comprising:	code to receive payment validation data from the payment validation system;
a first interface for communicating with the data supplier;	code responsive to the payment validation data to retrieve data from the data supplier and to write the retrieved data into the data carrier; and
a data carrier interface for interfacing with the data carrier; a program store storing code; and	
a processor coupled to the first interface, the data carrier interface, and the program store for implementing the stored code, the code comprising: code to read payment data from the data carrier and to forward the payment data to a payment validation system;	code responsive to the payment validation data to receive at least one access rule from the data supplier and to write the at least one access rule into the data carrier, the at least one access rule specifying at least one condition for accessing the retrieved data written into the data carrier, the at least one condition being dependent upon the amount of payment associated with the payment data forwarded to the payment validation system.

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District Courts decisions finding eligibility post-*DDR*

Smartflash LLC, et al. v. Apple Inc., et al., **2015 WL 661174 (E.D. Tex. Feb. 13, 2015)**

- **Step 1:** "conditioning and controlling access to data based on payment" is "abstract and a fundamental building block of the economy in the digital age."

- **Step 2:** "The asserted claims contain meaningful limitations that transform the abstract idea… into a patent-eligible invention."
    - "[DRM] is a technology that was developed after widespread use of the Internet. Entry into the Internet Era presented new and unique problems for digital content providers in combatting unauthorized use and reproduction of protected media content."
    - "The patents also address the unique problem of controlling a user's access to data that the user already possesses by tracking use data and restricting access according to use rules. This sort of access control was also unknown in the pre-Internet era"
    - "the claims…improve the functioning of the computer itself by providing protection for proprietary digital content."
    - No preemption of all inventions re exchanging access to data for payment on the Internet: "the claims recite specific ways of combining system components and method steps beyond the routine use of the Internet."

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District Court Takeaways

- Courts are applying *Alice* to invalidate abstract idea patents that are:
    - ***Commonplace business function***
    - ***Aspirational in nature*** (*i.e.*, they recite the function without any improvement other than a computer)
    - A ***generic computer*** for performing generic computer operations
        - *Loyalty Conversion Sys. Corp. v. Am. Airlines, Inc.,* --- F. Supp. 2d ----, 2014 WL 4364848, at *13 (E.D. Tex. Sept. 3, 2014) (Bryson, J.)

- Need more Federal Circuit opinions to determine exact contours of software eligibility

- Strategies for Defeating Challenges
    - Show limitations cannot be performed by mental steps/pen & paper
    - Show abstract idea cannot be articulated
    - Show no preemption of abstract idea
    - Expressly tie method to tangible machine and/or show claims necessarily rooted in computer technology to overcome a specific computer/network problem
   - Argue claim construction required first

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SECTION 04

POST-*ALICE* GUIDANCE FROM THE PTO

Post-*Alice* Landscape at the PTO

Post-*Alice* PTAB Statistics (11/114 eligible)

1%
10%
89%

■ Patent Ineligible
■ Patent Eligible
■ Other (split decision)
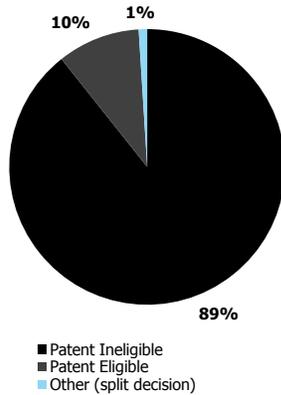
101 Rejection Form Paragraphs

7.05.01 **Rejection, 35 U.S.C. 101, Non-Statutory (Not One of the Four Statutory Categories)** [REVISED] the claimed invention is directed to non-statutory subject matter. The claim(s) does not fall within at least one of the four categories of patent eligible subject matter because [1]

7.05.015 **Rejection, 35 U.S.C. 101, Non-Statutory (Directed to a Judicial Exception without Significantly More)** [NEW] the claimed invention is directed to a judicial exception (i.e., a law of nature, a natural phenomenon, or an abstract idea) without significantly more. Claim(s) [1] is/are directed to [2]. The claim(s) does/do not include additional elements that are sufficient to amount to significantly more than the judicial exception because [3].

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Overview

- **PTO's Post-*Alice* Guidance Documents**

- **PTO's Subject Matter Eligibility Test**

- **A Hidden Path: Refining the PTO's Test**

- **Applying the PTO's Test**

- **Takeaways**

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PTO's Post-*Alice* Guidance Documents

1. 06/25/14 -> "Preliminary Examination Instructions in view of … *Alice"*
   a) Instructs Examiners to use the same analysis for all judicial exceptions (e.g., abstract ideas and laws of nature) and all categories of claims (e.g., product and process claims)
2. 12/15/14 -> "2014 Interim Guidance on Patent Subject Matter Eligibility"
   a) Comment period ended 03/16/15
   b) Supplements the June 2014 Preliminary Instructions
   c) Instructs Examiners to continue applying MPEP 2103(I)-2103(VI), MPEP 2104, and MPEP 2106(I)-2106(III) (excluding subsections (II)(A) and (II)(B))
   d) Flowchart test for analyzing judicial exceptions
   e) Analysis of landmark Supreme Court decisions using the flowchart
   f) Summaries of court decisions relating to the judicial exceptions
3. 01/21/15 -> PTO's Public Forum on the Interim Guidance
4. 01/27/15 -> "Examples: Abstract Ideas"
   a) Four examples of eligible subject matter (one hypothetical claim, *DDR Holdings* claim, and two modified claims based on Fed. Cir. cases) and four examples of ineligible subject matter
5. 02/2015 -> Examiner Training Materials (CBT Slides and Quick Reference Sheet)
6. 03/25/15-03/26/15 -> Patent Quality Summit
   1. PTO quality improvement proposals, including Proposal #1 – applicant request for prosecution review

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The PTO's Subject Matter Eligibility Test

**PTO's Flowchart of the Test**

The *Alice* Two-Step
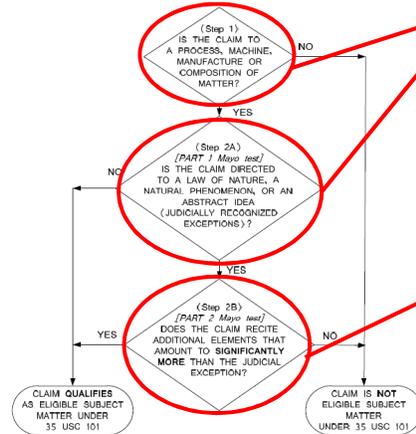
Step 1 -> *"*determine whether the claims at issue are directed to one of those patent-ineligible concepts."

Step 2 -> "search for an ***inventive concept***—*i.e.*, an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself."

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A Hidden Path: Refining the PTO's Test
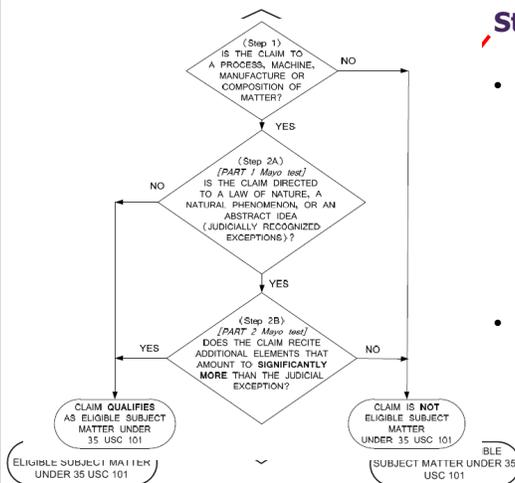
Streamlined Eligibility?

- "A claim is **directed to a judicial exception when a law of nature, a natural phenomenon, or an abstract idea is recited (i.e., set forth or described)** in the claim. Such a claim **requires closer scrutiny for eligibility because of the risk it will "tie up" the excepted subject matter and pre-empt others** from using the law of nature, natural phenomenon, or abstract idea." Dec. Guidelines at 11 (citing Mayo).

- "[A] **streamlined eligibility analysis can be used 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. Dec. Guidelines at 24-25.

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Applying Step 1

Step 1: Yes (Continue Analysis)

- Process
  - "a series of acts for protecting a computer from an electronic communication containing malicious code." Abstract Idea Example #1.
  - "a series of acts for generating a blue noise mask and using that blue noise mask to halftone a gray scale image." Abstract Idea Example #3.
  - "a series of steps including calculating pseudo-ranges and wirelessly transmitting those pseudo-ranges." Abstract Idea Example #4.
- Manufacture
  - "[a] non-transitory computer-readable medium." Abstract Idea Example #3.
- Machine
  - "[a] system comprising a computer server and a computer store." Abstract Idea Example #2.
  - "a system comprising a processor, a first memory and a second memory." Abstract Idea Example #3.
  - "a portal" with a user interface, a transaction management portal engine, and a management database. *Ex Parte Martin Khang Nguyen*, 2015 Pat. App. Lexis 55, *3.

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Step 1: No (Ineligible)

- transitory forms of signal transmission (for example, a propagating electrical or electromagnetic signal *per se*), *In re Nuijten,* 500 F.3d 1346, 1357 (Fed. Cir. 2007);
- a legal contractual agreement between two parties, see *In re Ferguson,* 558 F.3d 1359, 1364 (Fed. Cir. 2009)
- a game defined as a set of rules
- a computer program *per se, Gottschalk v. Benson,* 409 U.S. at 72, 175 USPQ at 676-77
- a company, *Ferguson,* 558 F.3d at 1366, USPQ at 1040
- a mere arrangement of printed matter, *In re Miller,* 418 F.2d 1392, 1396 (CCPA 1969).
- a naturally occurring organism, *Chakrabarty.*
- a human *per se,* The Leahy-Smith America Invents Act (AIA), Public Law 112-29, **sec. 33**, 125 Stat. 284 (September 16, 2011)

{All of the above are from MPEP 2106(I)} **31**

Applying Step 2A: Comparing Examples #1 and #4

Example #1 (PTO's Hypo)

A computer-implemented method for **protecting a computer from an electronic communication containing malicious code**, comprising executing on a processor the steps of:

receiving an electronic communication containing malicious code in a computer with a memory having a boot sector, a quarantine sector and a non-quarantine sector;

storing the communication in the quarantine sector of the memory of the computer, wherein the quarantine sector is isolated from the boot and the non-quarantine sector in the computer memory, where code in the quarantine sector is prevented from performing write actions on other memory sectors;

extracting, via file parsing, the malicious code from the electronic communication to create a sanitized electronic communication, wherein the extracting comprises

scanning the communication for an identified beginning malicious code marker,

flagging each scanned byte between the beginning marker and a successive end malicious code marker,

continuing scanning until no further beginning malicious code marker is found, and

creating a new data file by sequentially copying all non-flagged data bytes into a new file that forms a sanitized communication file;

transferring the sanitized electronic communication to the non-quarantine sector of the memory; and

deleting all data remaining in the quarantine sector.

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Example #4 (*Sirf Technology*)

A method for **calculating an absolute position of a GPS receiver and an absolute time of reception of satellite signals** comprising:

calculating pseudo-ranges, at a mobile device comprising a GPS receiver, a microprocessor, a display, and a wireless communication transceiver, by averaging PN codes received by the GPS receiver from a plurality of GPS satellites;

wirelessly transmitting the calculated pseudo-ranges from the mobile device to a server, wherein the server comprises a central processing unit (CPU);

calculating, by the server CPU, absolute time that the PN codes were sent from the GPS satellites to the GPS receiver using the pseudo-ranges and an estimated position of the GPS receiver;

using a mathematical model to calculate, by the server CPU, absolute position of the GPS receiver based on the pseudo-ranges and calculated absolute time;

transmitting the absolute position from the server to the mobile device; and

displaying a visual representation of the absolute position on the display of the mobile device.

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Applying Step 2A

Analyze Example #1 (2A-No, Eligible)

- "**performing isolation and eradication of computer viruses**, worms, and other malicious code, [is] **a concept inextricably tied to computer technology and distinct** from the types of concepts found by the courts to be abstract." PTO Examples at 3.

- Thus, the claim in Example #1 is eligible.

Analyze Example #4 –(2A-Yes, Continue Analysis)

- "the claim recites **mathematical operations** (e.g., calculating pseudo-ranges and absolute times, and the mathematical model), which the courts have considered to fall within the judicial exceptions, e.g., as abstract ideas. Because these **mathematical operations are recited in the claim, the claim is directed to a judicial exception.**" PTO Examples at 12.

- Thus, the claim in Example #4 requires further analysis in Step 2B (see slides 31-32).

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Escaping Step 2A

- **Not "Directed To" an Exception**
  - "If the invention is merely **based on or involves** an exception, **but** the **exception is not set forth or described in the claim**, the claim is not directed to an exception and is eligible." Examiner Training Slides at 11.

- **Hypothetical Claim**
  - A **teeter-tooter comprising an elongated member pivotably attached to a base member**, having seats and handles attached at opposing sides of the elongated member.

  - **Analysis**
    - "This claim is **based on the concept of a lever** pivoting on a fulcrum, which involves the natural principles of mechanical advantage and the law of lever," **but** "the claim **does not recite these natural principles**." *Id.*

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Other Ways to Escape: Streamlined Eligibility

PTO's Hypothetical Claim

A **robotic arm assembly** comprising:

a robotic arm having an end effector that is capable of movement along a predetermined motion path,

a sensor that obtains movement information about the end effector, and

a control system that <u>uses the movement information from the sensor to adjust the velocity</u> of the end effector in order to achieve a smooth motion along the predetermined motion path.

Analysis

- "The claim **operates using certain mathematical relationships**, e.g., velocity is a relationship between the position of an object with respect to time." Examiner Training Slides at 32.

- "However, the **claim <u>clearly</u> does not seek to tie up these mathematical relationships**. For example, **others are clearly free to use velocity in other applications** such as in a radar gun." *Id.*

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Applying Step 2B: Comparing Examples #4 and #7

Example #4 (*Sirf Technology*)

A method for **calculating an absolute position of a GPS receiver and an absolute time of reception of satellite signals** comprising:

calculating pseudo-ranges, at a mobile device comprising a GPS receiver, a microprocessor, a display, and a wireless communication transceiver, by averaging PN codes received by the GPS receiver from a plurality of GPS satellites;

wirelessly transmitting the calculated pseudo-ranges from the mobile device to a server, wherein the server comprises a central processing unit (CPU);

calculating, by the server CPU, absolute time that the PN codes were sent from the GPS satellites to the GPS receiver using the pseudo-ranges and an estimated position of the GPS receiver;

using a mathematical model to calculate, by the server CPU, absolute position of the GPS receiver based on the pseudo-ranges and calculated absolute time;

transmitting the absolute position from the server to the mobile device; and

displaying a visual representation of the absolute position on the display of the mobile device.

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Example #7 (*buySAFE*)

A method, comprising:

receiving, by at least one computer application program running on a computer of a safe transaction service provider, **a request from a first party for obtaining a transaction performance guaranty service** with respect to an online commercial transaction following closing of the online commercial transaction;

processing, by at least one computer application program running on the safe transaction service provider computer, **the request by underwriting the first party** in order to provide the transaction performance guaranty service to the first party,

wherein **the computer of the safe transaction service provider offers, via a computer network, the transaction performance guaranty service** that binds a transaction performance guaranty to the online commercial transaction involving the first party to guarantee that performance of the first party following closing of the online commercial transaction.

NO

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Applying Step 2B

{Step 2B}
DOES THE CLAIM RECITE ADDITIONAL ELEMENTS THAT AMOUNT TO SIGNIFICANTLY MORE THAN THE JUDICIAL EXCEPTION?

Analyze Example #4 (2B- Yes, Eligible)

- **CPU** for performing mathematical operations, **location data stored in a memory** and **time data from a clock** = significantly more than the abstract mathematical operations?
  - **NO, "limiting performance of mathematical calculations to a general purpose CPU" is not enough**. PTO Examples at 12.

- The **programmed CPU also** "acts in concert with [] recited features of **the mobile device to determine and display its absolute position** through interaction with a remote server and multiple remote satellites" = "**meaningful limitations placed** upon application of the claimed mathematical operations." **Also, improves "signal-acquisition sensitivity of the receiver** to extend the usefulness of the technology into weak-signal environment." *Id.* at 12-13.
  - This is enough to satisfy Step 2B = eligible.

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Analyze Example #7 (2B- No, Ineligible)

- "The **claim amounts to no more than stating create a contract on a computer and send it over a network**. These generic computing elements alone do not amount to significantly more than the judicial exception [abstract idea of creating a contractual relationship]." PTO Examples at 18.

- Not patent eligible.

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Another Tip: Make the Examiner Establish a *Prima Facie* Case of Ineligibility under 101

- Make the Examiner establish a prima facie case of ineligibility under 101
  - MPEP 2103(VI): "review all the proposed rejections and their bases to **confirm that they ... set forth a *prima facie* case of unpatentability ...** The **Office action should clearly communicate the findings, conclusions and reasons** which support them." *See also* MPEP 2016(111).
  - MPEP 2142 confirms the meaning of "prima facie case" in the context of obviousness: "[t]he examiner bears the initial burden of factually supporting any prima facie conclusion of obviousness." *See also In re Oetiker*, 977 F.2d 1443, 1445.

- The PTAB has reversed at least one 101 rejection on this basis. *Ex parte Poisson*, Appeal 2012-011084 (PTAB, February 26, 2015) ("**absent supporting evidence in the record**- of which there is none, the **Examiner's opinion is an inadequate finding of fact** on which to base the *Alice* analysis")

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Takeaways

- **Find a path to streamlined eligibility**
  - Demonstrate that your claims do not pre-empt all applications of the alleged abstract idea
  - Analogize your claims to the PTO's robotic arm assembly hypothetical

- **Use the PTO's examples to your advantage**
  - Find ways to analogize your claims to the examples of eligible claims (#1-#4)

- Demonstrate that your **claims are merely "based on or involving" an exception**
  - Analogize your claims to the PTO's teeter-totter hypothetical

- **Force the examiner to base any *Alice* rejection on facts and evidence, not opinion**
  - Cite *Ex parte Poisson*

- Stay Tuned -> PTO's final *Alice* guidelines should be out soon!

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STRATEGIES FROM THE TRENCHES:
WHAT PATENT PROSECUTORS ARE DOING

Strategies for Prosecutors Post Alice

- **Arguments**
- **Application Drafting**
- **Prosecution at USPTO and Beyond**

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The Subject Matter Eligibility Test
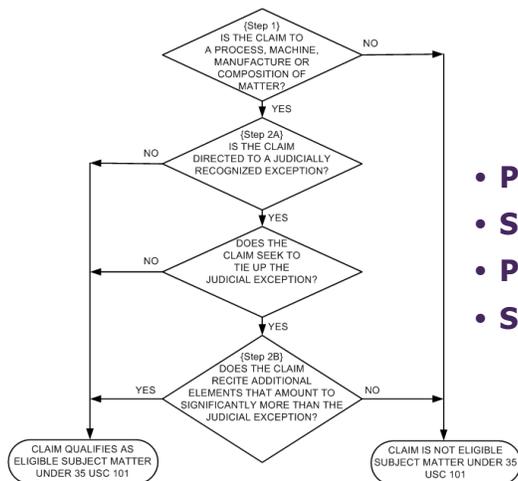
- **Prima Facie Case**
- **Step 2A: Abstract Idea**
- **Pre-Emption**
- **Step 2B: Significantly More**

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Prima Facie Case

- Abstract Ideas
  - fundamental business practices
  - methods of organizing human activities
  - an idea of itself
  - a mathematical relationship or formula
- Alleged Abstract Ideas with Little or No Proof
  - characterization of the claims
    - specific to the claims, specific to the context
  - characterization of the abstract idea
    - over-simplifying
  - characterization of "fundamental"

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Step 2A: Abstract Idea & Pre-Emption

- Abstract ideas
  - fundamental economic practices
  - certain methods of organizing human activities
  - an idea of itself
  - mathematical relationships/formulas
- Arguments
  - address "a challenge **particular** to the Internet", not "routine or conventional" (DDR)
  - "a concept **inextricably tied to computer technology** and distinct from the types of concepts found by the courts to be abstract" (PTO Example)
  - "the claimed solution is **necessarily rooted in computer technology** in order to **overcome a problem specifically arising in the realm of computer networks**" (Alice)
  - claims do not wholly pre-empt the field, post no risk of pre-emption, non-infringing alternatives are significant and substantial (Alice)

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Step 2B: Significantly More

- Alice:
  - mere recitation of a generic computer is not "significantly more"
  - "a claim that recites an abstract idea must include **additional features** to ensure that the [claim] **is more than a drafting effort designed to monopolize** the [abstract idea]"
- PTO Guidance Examples:
  - improvements to another technology or technical field
  - improvements to the functioning of the computer itself
  - 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
  - other meaningful limitations beyond generally linking the use of the judicial exception to a particular technological environment
- PTO Guidance: "[A] streamlined eligibility analysis can be used 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."

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Application Drafting

- Alice: "the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks"

- Written Description, Claims, Drawings
  - unique to computer context
    - title
    - technical field
    - background
  - steps and examples to show components and interactions
  - claims directed to systems
  - avoid using terms associated with business/financial transactions
  - drawings

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Prosecution at USPTO and Beyond Prosecution

- Unwritten policy: all claims reciting financial or business methods are presumed to be directed to "abstract ideas"
  - Any subject matter relating to banking, investments, or payment transactions would be categorized as either a matter of "fundamental economic practices" or "methods of organizing human activities"
- "Very hard" for applications related to financial subject matter to escape the designation of "abstract ideas."
- Best bet may be demonstrating the invention is "significantly more" than the abstract idea itself

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Prosecution at USPTO and Beyond Prosecution (Cont')

- Within PTO
  - File continuation with strategically-drafted claims (for assignment to different art unit)
  - Appeal to PTAB
    - Park application while law in flux
    - Provides time for new court decisions
    - Provides time for new PTO process
    - Try same arguments with more receptive audience
    - Build up backlog of appeals.
- Beyond PTO
  - Courts (lots of open questions: meaning of: "abstract idea" and "significantly more," relationship to claim construction, . . .)
  - Lobby (AIPLA, IPO, Congress, Rulemaking/comments, PTO: Patent Quality Summit, Surveys, . . .)

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Art Units 3600 (Business Method)
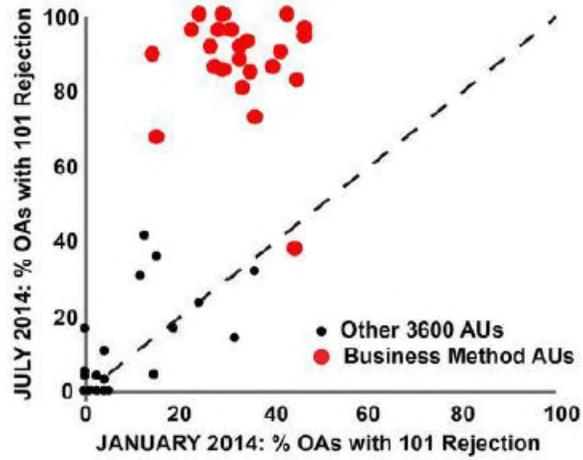
See Kate Gaudry, Post-Alice Exam Stats In Software Art Units: A Bleaker Road, IPLaw360, Oct. 3, 2014

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Art Units 3600 (Cont')
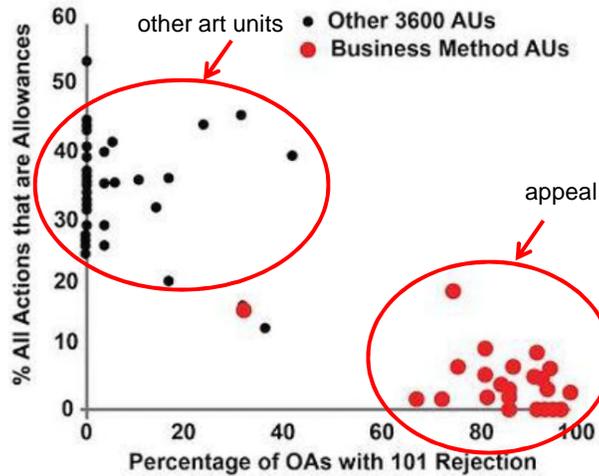
See Kate Gaudry, Post-Alice Exam Stats In Software Art Units: A Bleaker Road, IPLaw360, Oct. 3, 2014

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Post Alice Withdrawn Allowances by Class

Rejections by Class:
Raw Number, Percentage
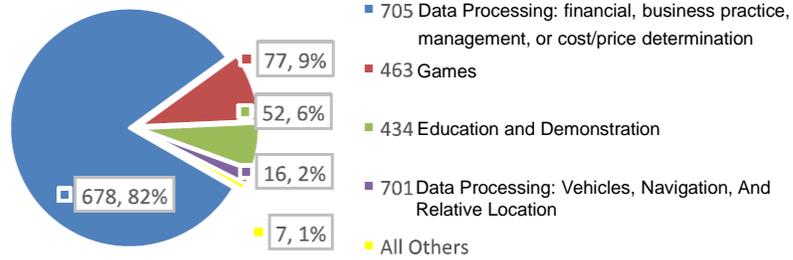
77, 9%

52, 6%

16, 2%

678, 82%

7, 1%

- 705 Data Processing: financial, business practice, management, or cost/price determination
- 463 Games
- 434 Education and Demonstration
- 701 Data Processing: Vehicles, Navigation, And Relative Location
- All Others

See Tristan Gray-Le Coz and Charles Duan, Apply It to the USPTO: Review of the Implementation of Alice v. CLS Bank in Patent, 2014 Patently-O Patent L.J. 1

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Status of Withdrawn from Allowance

As of February 2015

- other art units
- appeal

93%

1%

7%

Patent No. 8,965,784

- Abandoned
- Allowed
- Pending

http://patentlyo.com/patent/2015/02/withdrawn-abstract-patents.html
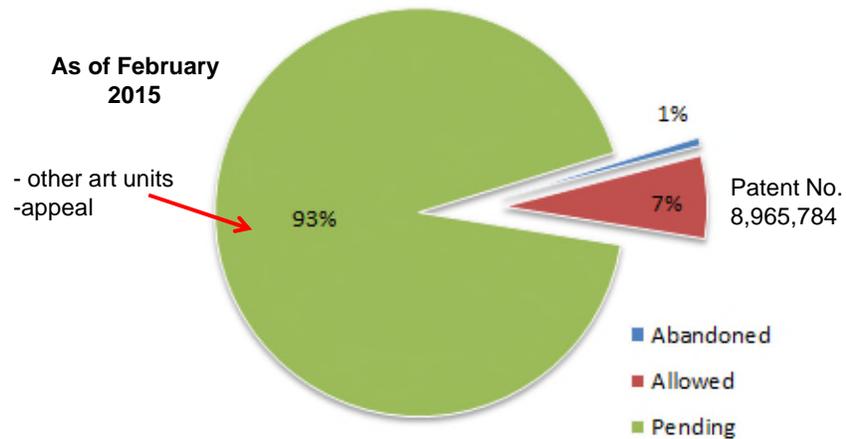
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Chance of Success (Software Applications)
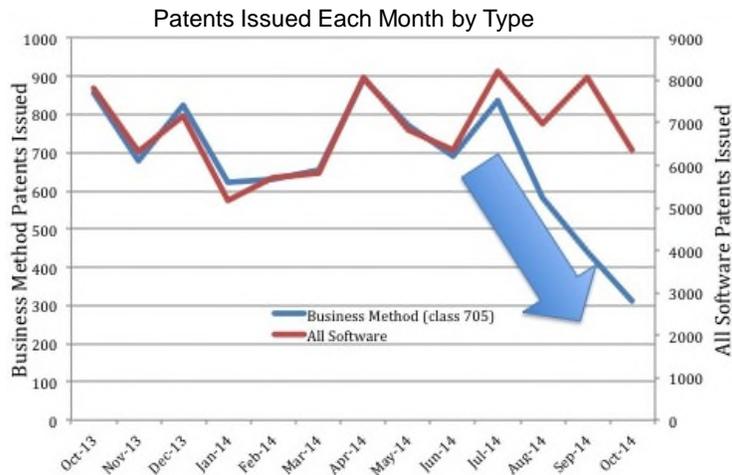
Patents Issued Each Month by Type

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Chance of Success (Software Applications Cont')

**Share of US Patent Office First Final Actions that Were Rejections, FY 2003–FY 2012**
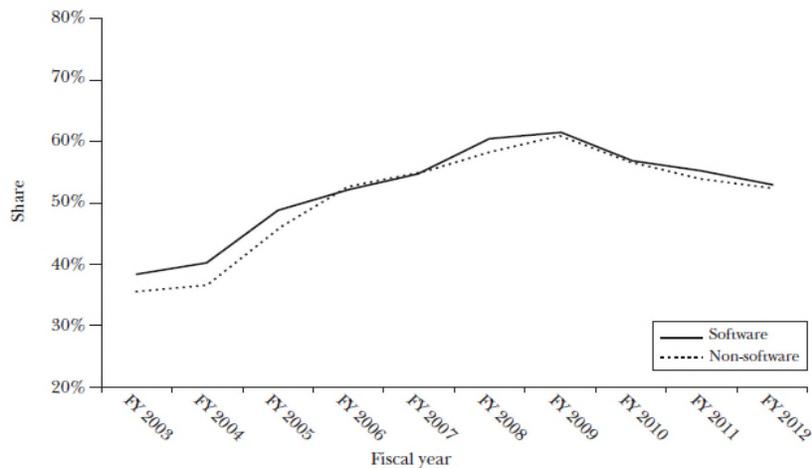
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See Stuart Graham and Saurabh Vishnubhakat, Of Smart Phone Wars and Software Patents, Journal of Economic Perspectives, Vol. 27, No. 1, Winter 2013, pages 67–86

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Chance of Success
(Software Applications Cont')

Share of US Patent Office First Actions that Were Allowances, FY 2003–FY 2012
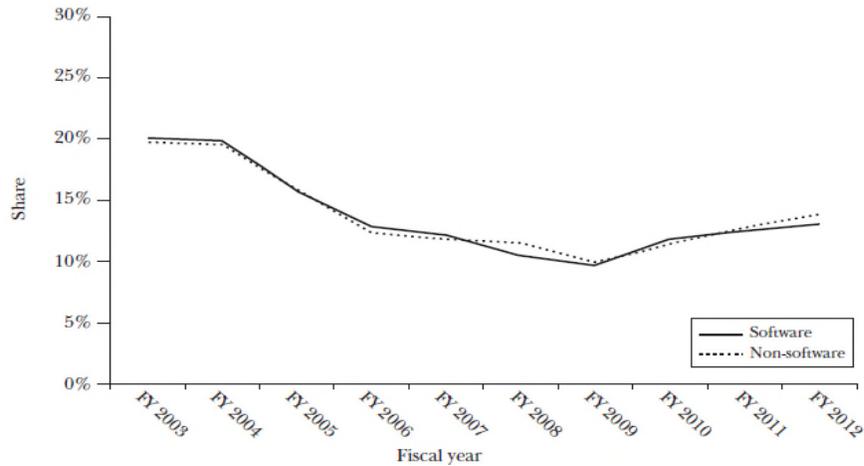
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See Stuart Graham and Saurabh Vishnubhakat, Of Smart Phone Wars and Software Patents, Journal of Economic Perspectives, Vol. 27, No. 1, Winter 2013, pages 67–86

**55**

Chance of Success (PTAB & Courts)
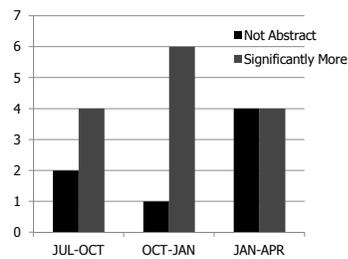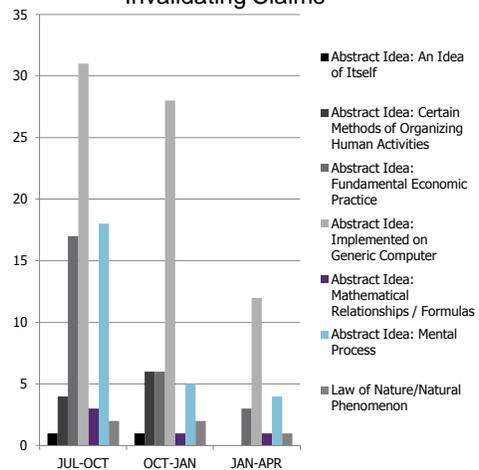
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Post Alice Strategies (Lobby)

Top Applicants with Post-Alice Allowance Withdrawals

Number of allowances withdrawn

Applicant	
INTERNATIONAL BUSINESS MACHINES CORPORATION	
EBAY INC	
MICROSOFT CORPORATION	
IGT	
JPMORGAN CHASE BANK, N.A.	
AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY,INC	
ORACLE INTERNATIONAL CORPORATION	
BANK OF AMERICA CORPORATION	
WMS GAMING INC	
GOOGLE INC	
CHICAGO MERCANTILE EXCHANGE INC	
TRADING TECHNOLOGIES INTERNATIONAL, INC	
FIRST DATA CORPORATION	
YAHOO! INC	
ACCENTURE GLOBAL SERVICES GMBH	
VISA	
AT&T	
BGC PARTNERS, INC	
SAP AG	
HARTFORD FIRE INSURANCE COMPANY	
GOLDMAN, SACHS & CO	
APPLE INC	
NINTENDO OF AMERICA INC	
EBS GROUP LIMITED	
SONY CORPORATION	

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Biography
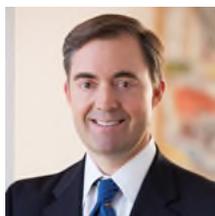
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Douglas J. Crisman brings the perspective of a software designer and intellectual property (IP) director for a leading computer hardware company to his patent law practice, which includes patent preparation, licensing, and prelitigation opinions, as well as IP transactions, due diligence, and counseling. He routinely works with standards-setting bodies and consortia on IP issues, and provides advice on strategic IP management and open source legal issues ranging from software development to code review and licensing.

Because of his technical background, Douglas focuses on projects that relate to software applications, the Internet, computer operating system software and system architecture, computer graphics and visualization, communications systems, memory devices, integrated circuit design and processing, and signal processing.

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Biography

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E rbeyers@morganlewis.com

Robert Beyers, Ph.D., builds worldwide patent portfolios that protect our clients' core technologies. He has prosecuted hundreds of patents covering user interfaces in electronic products, including user interfaces for touch screen displays. Some of these patents were found valid and infringed in litigations in the United States and abroad. More generally, he counsels clients on their intellectual property needs in the semiconductor, computer, Internet, telecommunications, and financial services industries, from start-ups to industry leaders.

His practice integrates patent strategy with a client's overall business strategy via patent portfolio analysis, patent prosecution, licensing, infringement, and invalidity analyses, and due diligence investigations in connection with business transactions.

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Biography

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Lindsey M. Shinn handles intellectual property matters, including patent and trade secret litigation, as well as trademark prosecution and enforcement. She also assists with copyright registration and counseling, with an emphasis on software copyrights. Lindsey serves as the vice chair of the Palo Alto Pro Bono Committee. Prior to joining Morgan Lewis, Lindsey served as a law clerk to Judge Mary Little Cooper of the US District Court for the District of New Jersey.

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Biography

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Alexander B. Stein draws on his engineering background to serve intellectual property (IP) clients, predominantly in patent prosecution and strategy across a range of technologies. Alex works with global tech companies to prosecute patents and protect technological innovations relating to computer software and hardware, memory devices, consumer electronics, and mobile platforms. Having worked as an engineer for medical device and technology corporations, Alex understands the complexities and challenges of technology design and implementation.

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Biography

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Drawing on her in-house experience at a global information technology (IT) company and as a software engineer, Ying Li advises clients in the computer software, computer system architecture, computer graphics and visualization, and electronic devices industries on domestic and foreign patent prosecution and patent strategy. Also, as a pro bono lawyer working with the Asian Law Alliance (ALA), she counsels indigent and limited-English-speaking clients, assisting them on legal issues related to housing, public benefits, and immigration.

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