USPTO Offers Additional Guidance in Preliminary Examination Instructions Following Supreme Court Decision in CLS Bank

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By David Powsner and Derek Roller and Rory Pheiffer on 06.26.2014 | Posted in Patents, Rules and Regulations

Following closely on the heels of the United States Supreme Court decision in Alice Corporation Pty. Ltd. v. CLS Bank International, 573 U.S. ___ (2014) (CLS Bank), the United States Patent and Trademark Office (USPTO) has issued guidelines for the examination of patent applications claiming abstract ideas, particularly, as those implemented on computers. The guidelines went into effect yesterday, but are preliminary: the USPTO indicates that it will issue additional guidance after further consideration of the Court’s decision and public feedback.

As discussed in our advisory last week, “Supreme Court Ruling Renders Future Uncertain for Patenting ‘Abstract’ Software Inventions,” the CLS Bank decision held that patent claims for computer-implemented systems and methods of mitigating settlement risk in financial transactions were, for the most part, merely directed to abstract ideas and not eligible for patenting. Following its own summary of the decision, the USPTO was quick to note that it does not create any per se categories of patent ineligible subject matter, e.g., software or business methods:

The Court determined that [the method claims] were ineligible because "the claims at issue amount to ‘nothing significantly more’ than an instruction to apply the abstract idea of intermediated settlement using some unspecified, generic computer." [The] claims to computer systems and computer-readable storage media were held ineligible for substantially the same reasons, e.g., that the generically-recited computers in the claims add nothing of substance to the underlying abstract idea. Notably, [the CLS Bank decision] neither creates a per se excluded category of subject matter, such as software or business methods, nor imposes any special requirements for eligibility of software or business methods.

The new examination guidelines effectively retract those issued by the USPTO, following Bilski v. Kappos, 561 U.S. 593 (2010), with respect to examination of claims directed to abstract ideas. In accord with CLS Bank, the guidelines for such claims are more akin to those for examination of claims to laws of nature under Mayo Collaborative Services v. Prometheus Laboratories, Inc., 566 U.S. ___ (2012) (Mayo), and the new guidelines mandate the same analysis for product and process claims alike.

To paraphrase, the new guidelines instruct examiners to review claims directed to abstract ideas using a two-part analysis patterned after Mayo:

- **Part 1**
  - Determine whether the claim is directed to an abstract idea, e.g., fundamental economic practices; certain methods of organizing human activities; ideas in and of themselves; and mathematical formula/relationships.
Tread carefully, however, in construing this exclusion. At some level, all inventions embody, use, reflect, rest upon or apply abstract ideas and the other exceptions. An invention is not rendered ineligible simply because it involves an abstract concept. Inventions that apply abstract ideas in a meaningful way are patent eligible.

- Part 2

- If an abstract idea is present in the claim, determine whether any of its constituent elements, or combinations thereof, amount to significantly more than the abstract idea itself, e.g., more than a mere instruction to apply the abstract idea.

The "significantly more" standard may be met by claim limitations directed to, for example, improvements to another technology or technical field; improvements to the functioning of the computer itself; meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment.

- The "significantly more" standard is not met merely by adding the words "apply it" (or an equivalent) to the abstract idea; mere instructions to implement the abstract idea on a computer; or 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.\(^3\)

The new guidelines instruct the USPTO examining corps to issue a rejection under 35 U.S.C. 101 to claims that fail this two-part test—that is, claims that are directed to abstract ideas, yet, that do not include limitations that are meaningful enough that transform them into patent eligible subject matter. However, they also instruct the corps to proceed with review of claims for patentability under the other sections of the statute, e.g., 35 USC 102, 103 and 112, regardless of the outcome of the two-part eligibility analysis.

Like the \textit{CLS Bank} decision that they parallel, the USPTO’s newly issued guidelines are both measured and vague. Those hoping for more concrete guidance will have to wait until the USPTO issues final guidelines in the coming months or, more likely, until that agency and the courts have developed a fuller body of case law defining both abstract ideas and the claim limitations that transform them into patent-eligible subject matter.

The full text of the newly issued USPTO guidelines can be found here. Any potentially affected or interested parties should consult with a Nutter attorney and continue to follow the developments in this area.


\(^2\) \textit{Id.}

\(^3\) \textit{Id.} at pp. 2-3
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