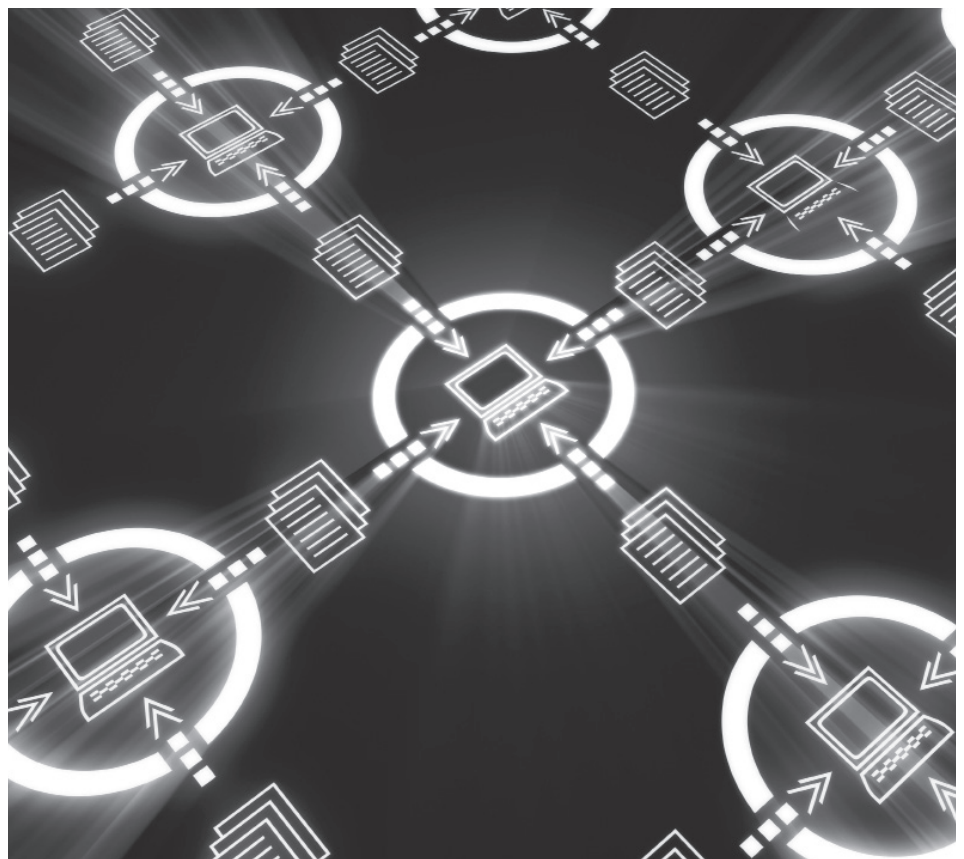


INTELLECTUAL PROPERTY

'Alice' in 2017: Does the PTO's Latest Guidance Clear the Minefield?

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The 2014 decision in *Alice Corp. v. CLS Bank International*, 134 S.Ct. 2347 (2014), provided examiners at the United States Patent and Trademark Office (USPTO) with ample ammunition to find financial, computer, software and even medical applications ineligible under 35 U.S.C. §101. Software patents are under particular duress, and the challenges patent practitioners currently face at the PTO and in the courts continue to evolve. Recent Federal Circuit decisions, and updated Guidance issued by the USPTO (available online at www.uspto.gov) have provided practitioners with a new roadmap to navigate the minefield left in *Alice's* wake.



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New Case Law Leads to New PTO Guidance

Current decisions of importance to software practitioners that have led to revisions to the PTO's eligibility Guidance include *Enfish v. Microsoft*

Corp.; *TLI Communications v. AV Automotive*; *McRO v. Bandai Namco Games America*; *Amdocs v. Openet Telecom* and *BASCOM v. AT&T*.

By way of brief review, the *Enfish* court found software claims

to be patent-eligible. The court's reasoning was founded on the patent's specification providing ample support for addressing and improving existing technology. However, five days after issuing the *Enfish* decision, the court in *TLI Communications* invalidated software claims because they failed the two-part test put forth in *Alice* because, inter alia, they simply recited "well-understood, routine, conventional activities."

Based on *Enfish* and *TLI*, the USPTO issued a new Memorandum on May 19, 2016, to the patent examining corps for reviewing eligibility. Examiners were advised to compare the claims at issue to claims already found to be directed to an abstract idea in previous cases; were reminded that an invention's ability to run on a general purpose computer does not automatically doom the claim; and were directed to an application's specification for evidence that the claimed invention achieves benefits over conventional approaches. Examiners were also instructed to give deference to the specific language of the claims and not to simply describe the claim at a high level of abstraction "untethered from the language of the claim." In contrasting *TLI*, the Memo stated that the *Enfish* claims were found eligible because they "improved computer functionality," while the *TLI* claims just recited "generalized steps using conventional computer activity."

In *McRO*, the court appeared to bring the concept of preemption back into focus with regard to §101.

The court found the claims to be a "specific implementation" with "specific features" that limited the claim to a "specific process" that did not "preempt approaches that use rules of a different structure or different technique."

In *BASCUM* the court held that while certain elements in the claims were generic computer, network and Internet components that did not amount to significantly more when considered individually, when combined an "inventive concept" may be found in the non-conventional and non-generic arrangement of elements.

The USPTO thus issued further guidance in a Nov. 2, 2016, Memorandum. Relying on the holdings in *McRO* and *BASCUM*, examiners were again instructed to consider a claim as a whole, and not to "over-generalize the claim and simplify it into its 'gist' or core principles, when identifying a concept as a judicial exception." Examiners were further instructed that solutions or improvements in performing computerized tasks can be evidenced in the application when it describes the tools for performing a task, rather than just reciting a desired result. Examiners were instructed to consider all the elements of the claims individually and as an ordered combination, and whether such arrangement can be found to be non-conventional and non-generic, i.e. "something more" than a mere abstraction.

Additionally, the Nov. 2 Memorandum emphasized that examiners should "avoid relying upon or citing non-precedential decisions

(e.g., *SmartGene*, *Cyberfone*) unless the facts of the application under examination uniquely match the facts at issue in the non-precedential decision."

In *Amdocs*, the court not only confirmed a favorable preemption trend set in *McRO*, but also reinforced a finding of eligibility if it can be shown that the claims "solve a technological problem" or "improve the performance of the system itself." As of the time of this writing, the PTO has yet to issue any Guidance reliant on *Amdocs* or whether preemption will play a more prominent role in an examiner's analysis.

New Guidance, New Roadmap?

As each instructional Memorandum is issued by the PTO, more information is revealed about how examiners should be examining cases for eligibility. Practitioners can use this same information to respond to an *Alice* rejection by using direct quotes and case analogies from the PTO's publications to bolster their positions.

For example, as mentioned above, examiners are now cautioned that an "over-generalized" summation of the claims or a "gist" is not a proper result of *Mayo* Step One (PTO Step 2A). *Mayo* Step One appears to be the hardest for examiners to apply in light of the varied case law. Many rejections seen by the authors seem to suffer from the over-simplification shortcoming cautioned against by the PTO.

In such cases, practitioners' responses should bring this error to the examiner's attention and

perform a detailed comparison of the recited claims to the alleged “abstraction,” with a particular focus on the claim elements’ technical components, their functionality and their achieved results. The goal is to demonstrate that the claims are not directed to the overbroad “gist” put forth by the examiner, but is rather an affirmative recitation of a technical solution. When examiners “overgeneralize” the claims, their rejections are at odds with the PTO’s Guidance, and such remarks may guide the examiner to give the required preferential treatment to the technical components in the claims, or give solid grounds for appeal if the examiner fails to do so.

Examiners also typically declare the claims at issue “similar” to claims in Guidance examples. While the Nov. 2 Memorandum instructs examiners to rely on non-precedential decisions only when they “uniquely match” the facts at issue in the claims, it is not uncommon to see boilerplate rejections still relying on *SmartGene* and *Cyberphone*. When an examiner relies on a non-precedential case, it is important to explain why it is not applicable to your claims, again performing a detailed, element-by-element comparison between your claims and those in the cited example. Then, practitioners should cite to precedential cases finding eligibility and explain why their claims should be

found eligible for similar reasons. Analogizing your claims to those of claims already found patent-eligible in the Guidance gives the examiner ammunition to find your claims eligible as well.

Another tool to fight ineligibility is to rely on your specification to point out how your claims are an improvement in the art, and how and why they solve problems in the art in a novel way. This comports with the *Enfish* Guidance and can demonstrate that your claims contain an “inventive concept” that is “something more” than a mere abstraction. This is an important factor in drafting new applications, as the disclosure should contain a detailed discussion of the problem and solution addressed by the claims for later reliance in an ineligibility challenge.

With regard to the *Mayo* Step Two (PTO Step 2B) analysis, innovative combinations of elements are to be considered and weighted accordingly. As in the May 19 Memorandum, examiners are required to determine, while relying on the disclosure, whether the claims recite improvements, combinations and/or inventive concepts in line with the recent case law.

In order to counter claims allegedly failing *Mayo* Step Two, practitioners are advised to explain how the claims recite the computerized tools for performing a task. One should explain how the

claims, as an ordered combination, perform a function or yield a result not known in the art in an unconventional way. Again, reliance on the specification to support solutions or improvements in performing the claimed computerized tasks is in order, and is in line with key cases in the PTO’s Guidance such as *DDR Holdings*, *BASCOM*, *Enfish* and *Amdocs*.

Another argument practitioners can use is to demonstrate that the claims are directed to a *specific* process that solves a *specific* problem in a *specific* way, as per the Nov. 2 Memorandum’s reliance on *McRO*. This type of argument should involve an explanation of how each claim element performs a particular, technical, non-generic computerized step as part of an ordered combination. The Nov. 2 Memorandum explained that a claim that recites a specific process for a specific result, which is non-preemptive of all ways of achieving what the examiner has cited as the alleged abstraction, should be found eligible. A practitioner’s arguments in this regard should closely track the Nov. 2 Memorandum’s language arguing for eligibility.

Conclusion

While computer and software patents remain under pressure, practitioners now have new tools in the form of the PTO’s own Memoranda and Guidance to use in the fight for eligibility. ■