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PTO Updates Guidelines Concerning Subject Matter Eligibility

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February 8, 2019) On January 7, 2019, the USPTO issued its latest guidance on patent-eligibility. 2019 Revised Patent Subject Matter Eligibility Guidance, USPTO, 84 Fed. Reg. 50 (Jan. 7, 2019), *available at*, https://www.govinfo.gov/content/pkg/FR-2019-01-07/pdf/2018-28282.pdf ("the 2019 Guidance"). The 2019 Guidance explains that the USPTO is revising its examination procedure with respect to step one of the Alice test (referred to as Step 2A in USPTO guidance) to address public concerns and requests for "increase[d] clarity and consistency in how Section 101 is currently applied."

The 2019 Guidance says that it is revising the prior USPTO guidance by "(1) Providing groupings of subject matter that is considered an abstract idea; and (2) clarifying that a claim is not ''directed to'' a judicial exception if the judicial exception is integrated into a practical application of that exception."[1]

With respect to the first change made by the 2019 Guidance, the USPTO explains that it is making the change because the previous practice of "compar[ing] claims at issue to those claims already found to be directed to an abstract idea in previous cases" "has since become impractical" in view of the "growing body of precedent" on patent-eligibility at the Federal Circuit. The 2019 Guidance thus identifies the following enumerated groupings of abstract ideas, to be used in analyzing patent-eligibility at step one of the *Alice* test:

(a) **Mathematical concepts**—mathematical relationships, mathematical formulas or equations, mathematical calculations;

(b) **Certain methods of organizing human activity**—fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions); and

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(c) **Mental processes**—concepts performed in the human mind (including an observation, evaluation, judgment, opinion).

Under the 2019 Guidance, these groupings define the full scope of abstract ideas at step one, except for in "the rare circumstance in which a USPTO employee believes a claim limitation that does not fall within the enumerated groupings of abstract ideas should nonetheless be treated as reciting an abstract idea." In that "rare circumstance," the Technology Center Director must approve any rejection and "must provide a justification for why such claim limitation is being treated as reciting an abstract idea."

With respect to the second change made by the 2019 Guidance, the *Alice* step one test is now broken into two prongs under USPTO examination guidance. Examiners will first determine whether a claim recites an abstract idea by

(a) "[i]dentify[ing] the specific limitation(s) in the claim under examination (individually or in combination) that the examiner believes recites an abstract idea; and

(b) determine whether the identified limitation(s) falls within the subject matter groupings of abstract ideas" listed above.

In the second prong of *Alice* step one (i.e., Step 2A), "examiners should evaluate whether the claim as a whole integrates the recited judicial exception into a practical application of the exception." The 2019 Guidance explains:

A claim that integrates a judicial exception into a practical application will 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 judicial exception.

. . . Examiners evaluate integration into a practical application by: (a) Identifying whether there are any additional elements recited in the claim beyond the judicial exception(s); and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application, using one or more of the considerations laid out by the Supreme Court and the Federal Circuit . . . .

[R]evised Step 2A specifically excludes consideration of whether the additional elements represent well-understood, routine, conventional activity. Instead, analysis of well-understood, routine, conventional activity is done in Step 2B. Accordingly, in revised Step 2A ***examiners should ensure that they give weight to all additional elements, whether or not they are conventional, when evaluating whether a judicial exception has been integrated into a practical application***.

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The 2019 Guidance provides a non-exclusive list of examples of additional elements that may have integrated the exception into a practical application. The 2019 Guidance emphasizes that "examiners consider the claim as a whole when evaluating whether the judicial exception is meaningfully limited by integration into a practical application of the exception."

The 2019 Guidance then reiterates that examiners must consider the additional elements of the claim again in *Alice* step two to see whether an additional element or combination of elements "[a]dds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field" such that the claim includes an inventive concept sufficient for patent-eligibility.

This 2019 Guidance, which applies the Federal Circuit's most recent decisions (*Finjan* , *Core Wireless*, *Data Engine*, and *Ancora*) focusing on how patent-eligibility can be found at *Alice* step one, provides further support that specific methods directed to making technical improvements to solve technical problems are patent-eligible under § 101.

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[1] Despite these changes that supersede the USPTO's prior guidance, the 2019 Guidance makes clear that "any claim considered patent eligible under prior guidance should be considered patent eligible under this guidance."

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