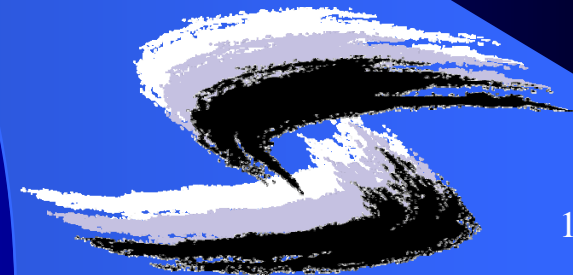


Bilski Guidance to Examiners; What Attorneys Should Know

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PTO Announces Interim Guidance

- On July 27, 2010, Robert Barr, Acting Associate Commissioner for Patent Examination Policy, sent out a Memorandum with Interim Guidance for determining subject matter eligibility for process claims in view of *Bilski v. Kappos*.
- The Interim Guidance is for use by USPTO personnel in determining subject matter eligibility under 35 U.S.C. §101 in view of the recent decision by the U.S. Supreme Court in *Bilski v. Kappos*, 561 US___ (2010) (Bilski).

PTO Announces Interim Guidance

- The July 27, 2010 Fed. Reg. Notice and Memorandum to the Examining Corps is a supplement to the previously issued interim examination instructions for evaluating subject matter eligibility under 35 U.S.C. §101 dated August 24, 2009 and supplements the June 28, 2010 memorandum to patent Examiners; in accordance with the Supreme Court decision in *Bilski* dated June 28, 2010.



Brief Summary

- Under the Bilski guidance:

Factors are provided for consideration by Examiners in determining whether a claim is patent eligible under § 101.

1) factors that are in favor of patent-eligibility satisfy the machine-or-transformation test or provide evidence that the abstract idea has been practically applied, and
2) factors that weigh against patent-eligibility neither satisfy a criteria of the machine-or-transformation test nor provide evidence that the abstract idea has been practically applied.



Brief Summary

- A summary sheet of these factors is attached to the interim guidance.
- The factors are provided to aid Examiners in their determination of whether a claimed method that fails the machine-or-transformation test is nonetheless patent eligible (i.e., is not an abstract idea) and also whether a claimed method that meets the machine-or-transformation test is nonetheless patent ineligible (i.e., as being drawn to an abstract idea).

Brief Summary

- The interim guidance recognizes that “in some cases factors beyond those relevant to the machine-or-transformation test may weigh for or against deciding that a claim is directed to an abstract idea.”
- The guidance instructs the Examiners that they should state all non-cumulative reasons and bases for rejecting claims in the first Office Action, and to avoid focusing on issues of patent eligibility under §101 to the detriment of considering an application for compliance of the requirements of 35 U.S.C. §§102, 103 and 112, and also avoid treating an application solely on the basis of 35 U.S.C. §101, except in the most extreme cases.

Brief Summary

- The Examiners are instructed that the factors should be considered when analyzing a claim as a whole to evaluate whether a method claim is directed to an abstract idea.
- When it is determined that the claim is patent eligible, the analysis may be concluded.
- Where patent eligibility cannot be easily determined, every relevant factor should be weighed before making a conclusion.

Brief Summary

- No factor is conclusive by itself, and the weight accorded each factor is based upon the facts of the application.
- The factors are not intended to be exclusive or exhaustive as there may be more pertinent factors depending on the technology.

Request for Comments

- To be considered, written comments must be received on or before September 27, 2010.
- No public hearing will be held.
- The request for comments states that the Office is particularly interested in receiving comments in response to the following questions:
 - 1) What examples of claims do not meet the machine-or-transformation test but nevertheless remain patent eligible because they do not recite an abstract idea?



Request for Comments

- 2) What are examples of claims that meet the machine-or-transformation test but nevertheless are not patent eligible because they recite an abstract idea?
- 3) The decision in *Bilski* suggested it might be possible to “define a narrower category or class of patent applications that instruct how business should be conducted,” such that the category itself would be unpatentable as “an attempt to patent abstract ideas.” Do any such “categories” exist? If so, how does the category itself represent an “attempt to patent abstract ideas?”

Overview of Interim Guidance

- *Bilski v. Kappos* redefined the abstract idea exception to subject matter that is eligible for patenting.
- A claim to an abstract idea is not a patent-eligible process.
- The Interim Guidance contains five sections.
- Section I of the Interim Guidance is simply an overview and provides factors to consider in determining subject matter eligibility of method claims in view of the abstract idea exception.



Overview of Interim Guidance

- Section II provides a summary acknowledging that the text of § 101 is expansive and that congress plainly contemplated that the patent laws would be given wide scope.
- Section III provides guidance on the abstract idea exception to subject matter eligibility.

Overview of Interim Guidance

- Section IV provides guidance on factors relevant to reviewing method claims for subject matter eligibility. The factors are provided in the summary sheet.
- Section V discusses how to make the determination of eligibility.



Interim Guidance: Section I

- Subject matter eligibility determinations will not affect many examiners who do not routinely encounter claims affected by Bilski.
- Under the principles of compact prosecution, each claim should be reviewed for compliance with every statutory requirement for patentability in the initial review of the application, even if one or more claims are found to be deficient with respect to the patent eligibility requirement of §101.



Interim Guidance: Section II

- Business methods are not categorically outside of § 101's scope. Business methods are one kind of method that, at least in some circumstances, is eligible for patenting under §101.
- Examiners were reminded that §101 is not the sole tool for determining patentability; where a claim encompasses an abstract idea, §§102, 103 and 112 provide additional tools for determining whether a claim meets the condition for patentability.

Interim Guidance: Section III

- The abstract idea exception to subject matter eligibility.
- There are limits on the scope of subject matter eligibility.
- The supreme Court has identified 3 specific exceptions to §101's broad patent eligibility principles: laws of nature, physical phenomena, and abstract ideas.
- The Court stated in *Bilski* that the machine-or-transformation test is a “useful and important clue” and an “investigative tool” for determining whether some claimed methods are statutory processes, but it is “not the sole test for deciding whether an invention is a patent-eligible “process.”



Interim Guidance: Section III

- To date, no court presented with a subject matter eligibility issue, has ever ruled that a method claim that lacked a machine-or-transformation was patent eligible. However, *Bilski* held open the possibility that some claims that do not meet the machine-or-transformation test may nevertheless be patent eligible.
- All members of the Court agreed that the patent application at issue (*Bilski*) falls outside of §101 because it claims an abstract idea.

Interim Guidance: Section III

- Bilski reaffirmed Diehr’s holding that “while an abstract idea, law of nature, or mathematical formula cannot be patented, an application of the law of nature or mathematical formula to a known structure or process may well be deserving of a patent.”
- The recitation of some structure, such as a machine, or the recitation of some transformative component ,will in most cases limit the claim to a patent eligible application.



Interim Guidance: Section III

- Flook established that limiting an abstract idea to one field of use or adding token post-solution components did not make the concept patentable.
- Also, the fact that the steps of a claim might occur in the real world does not necessarily save it from a § 101 rejection.
- Bilski's independent claim would have preempted risk hedging and was non-statutory as an abstract idea.
- The additional narrowing limitations in Bilski's dependent claims were mere field of use limitations or insignificant post solution components



Interim Guidance: Section IV

- Discusses evaluating a method claim for patent eligibility.
- Relevant factors both in favor of patent eligibility and those against patent eligibility should be weighed in making a determination.



Factors Weighing Towards Patent Eligibility under § 101

- The claim is directed toward applying a law of nature.
 - Law of nature is practically applied.
 - The application of the law of nature meaningfully limits the execution of the steps.



Factors Weighing Towards Patent Eligibility under §101

- Recitation of a machine or transformation (either express or inherent).
 - Machine or transformation is particular.
 - Machine or transformation meaningfully limits the execution of the steps.
 - Machine implements the claimed steps.
 - The article being transformed is particular.
 - The article undergoes a change in state or thing (e.g., objectively different function or use).
 - The article being transformed is an object or substance.



Factors Weighing Towards Patent Eligibility under § 101

- The claim is more than a mere statement of a concept.
 - The claim describes a particular solution to a problem to be solved.
 - The claim implements a concept in some tangible way.
 - The performance of the steps is observable and verifiable.



Factors Weighing Against Patent Eligibility under § 101

- Insufficient recitation of a machine or transformation.
 - Involvement of machine, or transformation, with the steps is merely nominally, insignificantly, or tangentially related to the performance of the steps, e.g., data gathering, or merely recites a field in which the method is intended to be applied.



Factors Weighing Against Patent Eligibility under § 101

- Machine is generically recited such that it covers **any** machine capable of performing the claimed step(s).
- Machine is merely **an object** on which the method operates.
- Transformation involves only a change in position or location of article.
- “Article” is merely a **general concept** (see notes below).



Factors Weighing Against Patent Eligibility under § 101

- The claim is not directed to an application of a law of nature.
 - The claim would monopolize a natural force or patent a scientific fact; e.g., by claiming every mode of producing an effect of that law of nature.
 - Law of nature is applied in a merely subjective determination.
 - Law of nature is merely nominally, insignificantly, or tangentially related to the performance of the steps.



Factors Weighing Against Patent Eligibility under § 101

- The claim is a mere statement of a **general concept**.
 - Use of the concept, as expressed in the method, would effectively grant a monopoly over the concept.
 - Both known and unknown uses of the concept are covered, and can be performed through any existing or future-devised machinery, or even without an apparatus.



Factors Weighing Against Patent Eligibility under § 101

- The claim only states a problem to be solved.
- The general concept is disembodied.
- The mechanism(s) by which the steps are implemented is subjective or imperceptible.



Examples of General Concepts Include, But Are Not Limited To:

- Basic economic practices or theories (e.g., hedging, insurance, financial transactions, marketing);
- Basic legal theories (e.g., contract, dispute resolution, rules of law);
- Mathematical concepts (e.g., algorithms, spatial relationships, geometry);
- Mental activity (e.g., forming a judgment, observation, evaluation, or opinion);



Examples of General Concepts Include, But Are Not Limited To

- Interpersonal interactions or relationship (e.g., conversing, dating);
- Teaching concepts (e.g., memorization, repetition);
- Human behavior (e.g., exercising, wearing clothing, following rules or instructions);
- Instructing “how business should be conducted.”



Interim Guidance: Section V

- §101 is merely a course filter and thus a determination of eligibility under §101 is only a threshold question for patentability.
- §§102, 103 and 112 are typically the primary tools provided for patentability unless the claim is truly abstract.
- Making a rejection or presenting reasons for allowance where appropriate, the Examiner should specifically point out the factors that are relied upon in making the determination.



Interim Guidance

- If a claim is rejected under §101 on the basis that it is drawn to an abstract idea, the Applicant then has the opportunity to explain by the claimed method is not drawn to an abstract idea.
- Pursuant to §101, specifically identifying the factors used in the analysis to allow the Applicant to make specific arguments in response to the rejection if applicant believes that the claim is not drawn to an abstract idea.

Interim Guidance

- Bilski guidance is for examination guidance; does not constitute substantive rule making, and does not have the force and effect of law.
- Rejections will continue to be based on the substantive law, and it is these rejections that are reviewable on appeal.
- Consequently, any perceived failure by office personnel to follow this guidance is neither appealable nor petitionable.



● QUESTIONS?



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