

USPTO Issues Revised Patent Eligibility (Section 101) Guidance

On Monday, January 7, 2019, the United States Patent and Trademark Office published its 2019 Revised Patent Subject Matter Eligibility Guidance. *See* 84 Fed. Reg. 4, 50-57 (January 7, 2019) at <https://www.govinfo.gov/content/pkg/FR-2019-01-07/pdf/2018-28282.pdf>. While the Patent Office's revised guidance does not constitute substantive rule making or have the force of law, it sets out the agency's policy and could prove to have the most significant impact thus far on subject matter eligibility determinations before both the Examination Corps and the PTAB. The revised guidance supersedes conflicting sections in the Manual of Patent Examining Procedure and prior Office guidance and represents a major effort under current Director Iancu to bring – at least within the Patent Office – simplicity and greater certainty to one of the most debated and indeterminate areas of patent jurisprudence today.

The revised guidance changes how the first step of the *Alice* analysis (Step 2A) is applied, now requiring a two-prong analysis. The first prong of revised Step 2A requires the Examiner to determine whether a patent claim or patent application claim is directed to a judicial exception (laws of nature, natural phenomena, and abstract ideas). And in particular, a claim is directed to an abstract idea only if it falls into one of the enumerated groups of abstract ideas: (a) mathematical concepts, (b) certain methods of organizing human activity (*e.g.*, economic activity), and (c) mental processes. If the claim does not fall within one of the judicial exceptions (*e.g.*, enumerated abstract ideas), the claim is to be deemed patent eligible (*i.e.*, compliant with §101). Under the second prong of revised Step 2A, the Examiner must determine whether a claim that recites a judicial exception integrates that judicial exception into a practical application. If the subject claim integrates the judicial exception into a practical application, the Examiner should find the claim patent eligible.

On the other hand, if a patent claim that recites a judicial exception is not integrated into a practical application, the Office is still required to evaluate whether the claim contains “significantly more” under Step 2B (the second step of the *Alice* analysis) based on the April 2018 *Berkheimer* Memo. *See* 83 Fed. Reg. 77 (April 20, 2018). While it is too early to tell, we expect that if a claim does not survive Prong 2 of Step 2A (“practical application”), it might be difficult to persuade the Office that the claim survives Step 2B.

The new guidance would seem to be in line with Director's Iancu's remarks delivered at the Intellectual Property Owners Association 46th Annual Meeting last September to “get out of the rut, at least by keeping rejections in their lane and by clearly categorizing the subject matter of any exception.” Overall, there is growing optimism that the new guidance will result in the Patent Office issuing fewer § 101 rejections, particularly in light of new Prong 2 of revised Step 2A.

On February 14, 2019, Sughrue Mion will host a presentation discussing the revised Patent Eligibility Guidance including the meaning of “judicial exception integrated into a practical application” based in part on the new Abstract Idea Examples 37-42.