



COMMENTS OF THE ELECTRONIC FRONTIER FOUNDATION REGARDING 2014 INTERIM GUIDANCE ON PATENT SUBJECT MATTER ELIGIBILITY

Docket No. PTO–P–2014–0058

The Electronic Frontier Foundation (“EFF”) is grateful for this opportunity to respond to the request by the United States Patent and Trademark Office (“PTO”) for comments regarding the PTO’s 2014 Interim Guidance on Patent Subject Matter Eligibility.

EFF is a nonprofit civil liberties organization that has worked for more than 20 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its approximately 25,000 dues-paying members have a strong interest in helping the courts and policy-makers in striking the appropriate balance between intellectual property and the public interest. As an established advocate for consumers and innovators, EFF has a perspective to share that might not be represented by other persons and entities who submit comments in this matter, where such other commentators do not speak directly for the interests of consumers or the public interest generally.

I. Introduction

EFF welcomes the PTO’s call for public comment regarding its interim guidance on patentable subject matter. Correctly determining patent-eligibility is critical to ensure that improper abstract software patents do not issue. On July 31, 2014, EFF submitted comments regarding the PTO’s preliminary instructions on patentable subject matter.¹ In that submission, we argued that any guidance should clarify that the Supreme Court’s decision in *Alice* radically alters the standards for computer-implemented inventions. We also urged the PTO to do more to ensure that examiners apply *Alice* and cease allowing applications directed to abstract ideas claimed on a computer.

EFF believes that the PTO’s latest interim guidance on patentable subject matter suffers from similar defects. While the interim guidance provides more detail about recent case law, it

¹ Available at: <http://www.uspto.gov/sites/default/files/patents/law/comments/al-a-eff20140731.pdf>

² See, e.g., John M. Golden, *Flook Says Qne Thing, Diehr Says Another: A Need for*

fails to provide much *guidance*. Examiners are being left to muddle through on their own without a clear statement regarding how the law has changed. The PTO's guidance must reflect this change and ensure that examiners properly implement the new legal standard.

II. The PTO's summary of decisions does not provide adequate guidance for examiners.

As drafted, the interim guidance includes a very high-level overview of eligibility analysis and then summaries of a number of cases. While the high-level overview (and flowchart) is broadly correct, it will not do much to ensure accuracy and consistency in examination. The most difficult steps in the decision tree will usually be Step 2A and Step 2B of the *Mayo* test. The interim guidance addresses these steps with specific examples from particular cases. But there is little discussion of how examiners should analogize or apply these examples to new patent applications.

For similar reasons, the case summaries in the interim guidance do not provide much help to examiners. Examiners are unlikely to see many claims as broad as the one rejected in *O'Reilly v. Morse*, 56 U.S. (15 How.) 62 (1853). And back-to-back summaries of *Parker v. Flook*, 437 U.S. 584 (1978) and *Diamond v. Diehr*, 450 U.S. 175 (1981) provide little help given the well-known tension between these decisions.² While the PTO obviously cannot make Supreme Court doctrine more consistent, it should do more than simply summarize cases and leave the task of reconciling the two cases to examiners. Most helpful would be a discussion of how the law has *changed* since the superseded sections of the MPEP were published. Without such a discussion, examiners are likely to simply continue previous practices.

Given that the law has changed, EFF objects to the inclusion of pre-*Alice* cases such as *Research Corp. Tech. v. Microsoft Corp.*, 627 F.3d 859 (Fed. Cir. 2010). It is far from clear that the claims in the patent at issue in that case are patent-eligible under *Alice*. Indeed, then Chief Judge Rader's opinion in *Research Corp.* is strikingly similar to his now overruled opinion in *Ultramercial, LLC v. Hulu, LLC*, 657 F.3d 1323, 1325 (Fed. Cir. 2011), *vacated* 132 S. Ct. 2431 (2012). In *Ultramercial*, the court found the claims patent eligible because the steps "clearly require specific application to the Internet and a cyber-market environment." 657 F.3d at 1328.

² See, e.g., John M. Golden, *Flook Says One Thing, Diehr Says Another: A Need for Housecleaning in the Law of Patentable Subject Matter*, 82 Geo. Wash. L. Rev. 1765 (2014).

In *Research Corp.*, the court found the claims patent eligible because they related to “specific applications or improvements to technologies in the marketplace.” 627 F.3d at 869. This holding has, at the very least, been brought into question by the Supreme Court’s ruling in *Alice*. Including a summary of the facts and holding in *Research Corp.* can serve only to confuse examiners and dilute the impact of *Alice*. The PTO should remove it from the interim guidance.

III. The PTO should clarify how *Alice* changed the law of patent eligibility.

As discussed above, EFF believes the most important aspect of any patent eligibility guidance will be an explanation of recent changes in the law. Thus, the PTO should clarify and explain that *Alice* establishes a markedly different substantive framework. For example, the MPEP previously cited *In re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994) (en banc) for the principle that a general purpose computer becomes “a special purpose computer once it is programmed to perform particular functions pursuant to instructions from program software.” MPEP 2106(II)(B)(1)(a). The MPEP also cited the now vacated decision in *Ultramercial v. Hulu*, 657 F.3d 1323, 1329 (Fed. Cir. 2011) for a similar proposition. After *Alice*, these statements are no longer good law.

When the Federal Circuit considered Alice’s patent *en banc*, the judges debated whether *Alappat* remained good law. See *CLS Bank Intern. v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, *passim* (Fed. Cir. 2013). In his concurrence in part, Chief Judge Rader argued that the Federal Circuit should continue to follow *Alappat* and therefore should hold the system claims patentable. See *id.* at 1305, 1316 (urging that “the Supreme Court has never cast doubt on the patentability of claims such as those at issue in *In re Alappat* or the system claims at issue in this case”). In contrast, five judges voted to invalidate the system claims, reasoning that, in light of subsequent Supreme Court authority, they could no longer rely on *Alappat*. Judge Lourie wrote:

We are faced with abstract methods coupled with computers adapted to perform those methods. And that is the fallacy of relying on *Alappat*, as the concurrence in part does. Not only has the world of technology changed, but the legal world has changed. The Supreme Court has spoken since *Alappat* on the question of patent eligibility, and we must take note of that change.

Id. at 1305.

The Supreme Court’s decision in *Alice* confirmed that Judge Lourie’s concurrence was correct. As Chief Judge Rader noted, if *Alappat* remained good law then Alice’s system claims would have been upheld. To the contrary, the Supreme Court held that “generic computer components” do *not* become patent eligible simply upon being “configured” to perform “specific computerized functions.” *Alice*, 134 S. Ct. at 2360. This is an express rejection of *Alappat*’s holding. The PTO’s guidance should reflect this change and clearly state that a programmed general purpose computer implementing abstract ideas does not satisfy 35 U.S.C. § 101.

EFF’s previous comments include a detailed discussion of how *Alice* impacts step 1 and 2 of the *Mayo* analysis for computer-implemented inventions.³ We continue to believe that interim guidance should include this information and reiterate those comments here. Ultimately, examiners should be told that when claims recite only generic computer components—such as a memory or a processor—for their conventional operations, such claims are almost certainly invalid.

IV. The PTO must do more to ensure that *Alice* is applied to all pending applications.

In our previous comments, EFF noted patents issuing post-*Alice* that we believe are plainly ineligible under the Supreme Court’s ruling.⁴ EFF remains concerned that many invalid patents are issuing despite the *Alice* decision.

For example, on Nov. 12, 2014, U.S. Pat. App. No. 11/091,200 received a notice of allowance.⁵ However, claims of its parent patent, U.S. Pat. No. 7,096,003⁶ were invalidated by a district court for failing to claim patentable subject matter. *See Joao Bock Transaction Systems, LLC v. Jack Henry & Assoc., Inc.*, Case No. 12-1138-SLR, slip op. (D. Del. Dec. 15, 2014). A comparison of a claim from the allowed patent and from a claim invalidated by the Delaware

³ See *Comments of the Electronic Frontier Foundation Regarding Guidance Pertaining to Patent-Eligible Subject Matter 3-6*, Docket No. PTO–P–2014–0036, July 31, 2014, available at: <http://www.uspto.gov/sites/default/files/patents/law/comments/al-a-eff20140731.pdf>

⁴ See *id.* at 6-7.

⁵ The applicant has since filed a Request for Continued Examination (RCE), the 12th RCE filed since the application was first filed in 2005.

⁶ U.S. App. No. 11/091,200 is a continuation of U.S. Pat. No. 7,096,003.

Court fails to show how the recently allowed claims could possibly meet *Alice* given the Delaware Court’s ruling (differences between the claims emphasized):

Claim 78 of U.S. Pat. App. No. 11/091,200 (issued)	Claim 31 of U.S. Pat. No. 7,096,003 (invalidated) ⁷
a memory device, wherein the memory device stores a limitation or restriction <i>on the use of an account,</i>	a memory device, wherein the memory device stores a limitation or restriction <i>regarding a banking transaction,</i>
<i>wherein the account is a credit card account or a charge card account,</i>	<i>wherein the limitation or restriction contains information for prohibiting a withdrawal from a checking account or for prohibiting a cashing of a check on a checking account,</i>
wherein the limitation or restriction is transmitted from a communication device associated with an individual account holder,	wherein the limitation or restriction is transmitted from a communication device associated with an individual account holder,
and further wherein the limitation or restriction is transmitted to a receiver on or over at least one of the Internet and the World Wide Web,	and further wherein the limitation or restriction is transmitted to a receiver on or over at least one of the Internet and the World Wide Web,
wherein the limitation or restriction is automatically received by the receiver,	wherein the limitation or restriction is automatically received by the receiver,
and further wherein the limitation or restriction is automatically stored in the memory device;	and further wherein the limitation or restriction is automatically stored in the memory device; []
a processing device, wherein the processing device processes <i>an authorization request for a transaction on the account,</i>	a processing device, wherein the processing device processes <i>information regarding a banking transaction,</i>
wherein the processing device utilizes the limitation or restriction automatically stored in the memory device in processing the <i>authorization request,</i> wherein the processing device generates a <i>first</i> signal containing information for <i>authorizing or disallowing the transaction,</i>	wherein the processing device utilizes the limitation or restriction automatically stored in the memory device in processing the <i>banking transaction,</i> <i>and further</i> wherein the processing device generates a signal containing information for <i>allowing or disallowing the banking transaction,</i> [and]
<i>and further wherein the processing devices generates a second signal regarding the transaction; and</i>	
a transmitter, wherein the transmitter transmits <i>the</i> second signal to the communication device or to a second communication device	a transmitter, wherein the transmitter transmits <i>a</i> second signal to the communication device or to a second communication device

⁷ Claim 31 depends from claim 30 and has been written in independent form for purposes of comparison. No substantive modifications have been made.

associated with the individual account holder, wherein the second signal <i>is transmitted on or over at least one of the Internet and the World Wide Web to the communication device or to the second communication device.</i>	associated with the individual account holder, wherein the second signal <i>contains information regarding the banking transaction.</i>
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Despite almost identical claims having been rejected by a federal judge applying *Alice*, the PTO allowed these claims just three days ago, on March 13, 2015. EFF strongly urges that Office to diligently apply current law to this highly litigious serial applicant. Enormous costs are imposed on operating companies when patents such as this issue without adequate review.

As another example, on January 6, 2015, the Patent Office issued U.S. Patent No. 8,930,459, entitled “Elastic logical groups.” Claim 1 of the patent appears to claim the abstract idea of using relationships between various members of a group to determine whether someone belongs in a group. This patent should have been rejected under *Alice*, yet the file history does not indicate any such rejection at any point during prosecution.

As a further example, U.S. Pat. No. 8,949,906 issued on February 3, 2015. Claim 1, in its entirety, consists of the following:

1. A method for selecting a package of videos, the method comprising:
 - receiving a selection of a first package of videos from a user through a display screen;
 - determining whether a second package of videos that is similar to the first package is available; and
 - in response to determining that the second package that is similar to the first package is available, generating for display on the display screen an identifier of the second package.

The ‘906 patent did not receive a single rejection, for failure to claim patentable subject matter or otherwise, before it issued.

Finally, US Patent 8,978,130 issued last Tuesday, March 10, 2015. This patent claims a “method and system for child authentication.” This patent claims a straightforward system for allowing children to communicate after confirming parental permission. Figure 7 illustrates the abstract (and mundane) process at the heart of the patent:

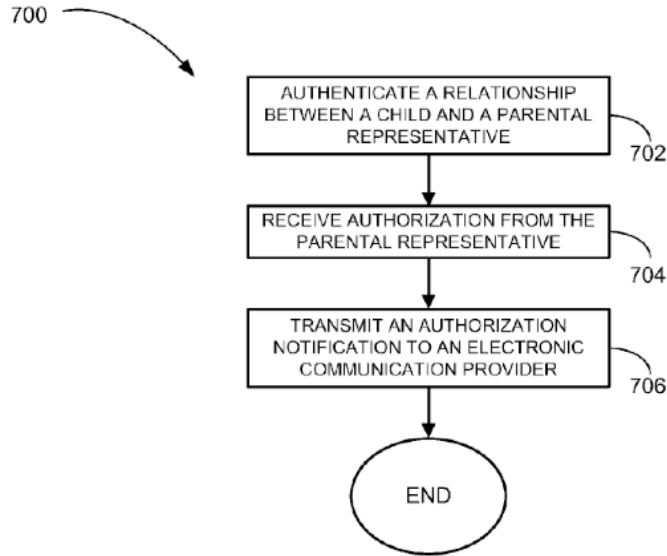


FIG. 7

On March 1, 2013, the examiner issued a non-final rejection of some of the claims under 35 U.S.C. § 101. The examiner noted that these claims were directed to a computer program without any recitation of hardware. The examiner wrote: “Examiner advises [sic] the applicant to add hardware (i.e., micro-processor or computer processor) to the claim language.” While that direction may arguably have been accurate under prior Federal Circuit authority such as *Alappat*, it is no longer correct under *Alice*. The Supreme Court has made it clear that merely adding a processor to an otherwise ineligible claim does *not* render it ineligible. *See Alice*, 134 S. Ct. at 2360. Nevertheless, the examiner did not revisit eligibility after the Supreme Court’s decision and allowed claims that would not survive appropriate scrutiny under existing law.⁸

Given the extraordinary cost of invalidating improperly-issued patents in post-grant review or litigation, it is far more efficient for the PTO to diligently review pending applications to ensure *Alice* is applied.

⁸ For example, claim 19 appears to be no more than the abstract idea of asking for and confirming parental permission but applied using routine computer processes.

V. Conclusion

EFF again thanks the PTO for the opportunity to comment regarding its interim guidance. We urge the PTO to adopt clearer guidance that explains how *Alice* changed the law of patent eligibility and ensure that this new standard is applied diligently.

Respectfully submitted,

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