



**IN THE MATTER OF REQUEST FOR COMMENTS ON DETERMINING WHETHER
A CLAIM ELEMENT IS WELL-UNDERSTOOD, ROUTINE, CONVENTIONAL FOR
PURPOSES OF SUBJECT MATTER ELIGIBILITY**

Docket No. PTO-P-2018-0033

COMMENTS OF THE ELECTRONIC FRONTIER FOUNDATION

The Electronic Frontier Foundation (“EFF”) welcomes this opportunity to provide comments on the United States Patent and Trademark Office’s (“USPTO”) Request for Comments on Determining Whether a Claim Element Is Well-Understood, Routine, Conventional for Purposes of Subject Matter Eligibility. Docket No. PTO-P-2018-0033, published Friday, April 20, 2018 (“Request”).

EFF is a nonprofit civil liberties organization that has worked for more than 25 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 40,000 dues-paying members care deeply about ensuring that intellectual property law in this country serves the goal set forth in the Constitution: promoting the progress of science and technological innovation. EFF’s involvement on behalf of the public’s interest is one of few exceptions to the rule of insularity in patent litigation, where “[a]s a general matter, the only interests represented are those of the patent holder and its competitors or potential licensees.”¹ To ensure the voices of consumers, end users, and developers are heard, EFF has often provided comments on behalf of the public’s interest in the patent system to the USPTO, including on Section 101’s requirements for patent-eligibility and the impact of those requirements on innovation in the software industry.²

¹ The Honorable Timothy B. Dyk, *Ten Prescriptions for Patent Law*, 17 Stan. Tech. L. Rev. 345, 352 (2014); *see also id.* at 353 (“The Electronic Frontier Foundation has also been involved in a number of cases.”) (citing Brief of Amicus Curiae Electronic Frontier Foundation in Support of Defendant, *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 693 F.3d 1301 (Fed. Cir. Aug. 9, 2011) (No. 2009-1372)).

² *See, e.g.*, Comments of EFF Regarding Request for Comments Regarding Subject Matter Eligibility, Docket No. PTO-P-2016-0041 (January 18, 2017), at https://www.uspto.gov/sites/default/files/documents/Comments_EFF_jan172017.pdf; Comments of EFF Regarding Guidance 2014 Interim Guidance on Patent Subject Matter Eligibility, Docket No. PTO-P-2014-0058 (April 2, 2015), at https://www.uspto.gov/sites/default/files/documents/2014ig_a_eff_2015apr02.pdf; Comments of EFF Regarding Guidance Pertaining to Patent-Eligible Subject Matter, Docket No. PTO-P-2014-0036 (July 31, 2014), at https://www.eff.org/files/2014/08/11/eff_comments_regarding_patentable_subject_matter_and_alice_corp.pdf.

I. Introduction

EFF appreciates the USPTO's call for public comment regarding patentable subject matter. The Supreme Court's decision in *Alice Corp. v. CLS Bank Intern.*, 134 S. Ct. 2347 (2014) radically altered the standards for computer-implemented inventions, holding that a conventional computer "configured" to achieve nothing more than a generic data processing function was not enough to confer eligibility on a patent claim directed to an abstract idea. Since then, the Federal Circuit's decisions have clarified the bounds of *Alice* in decisions finding claims eligible and ineligible. Examiners should have comprehensive guidance so that they can follow and apply the law of patent-eligibility post-*Alice*.

But the Request asks about only one case which does not even conclusively resolve the eligibility question it considers, instead remanding for fact-finding. That case, *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018), holds that fact-finding and extrinsic evidence *may* be necessary to consider during the § 101 analysis in some cases. But it does not hold or suggest that extrinsic evidence is necessary in all—or even most—cases. To the contrary, *Berkheimer* confirms that § 101 issues may be resolved without any fact-finding or extrinsic evidence at all, including by relying on statements in the specification itself.

Moreover, Federal Circuit decisions have come out since *Berkheimer*, affirming ineligibility rulings made by district courts without any fact-finding or extrinsic evidence, and thus confirming the propriety of doing so. EFF respectfully urges the USPTO to incorporate in any new guidance the full force of the Supreme Court's *Alice* decision as well as the Federal Circuit's recently-issued decisions in *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335 (Fed. Cir. 2018) and *SAP America, Inc. v. InvestPic, LLC*, --- F.3d. ----, 2018 WL 3656048 (Fed. Cir. Aug. 2, 2018). Otherwise, the USPTO runs the risk of issuing new guidance that is inconsistent with Supreme Court precedent and fails to help ensure that examiners properly implement the new eligibility standard set forth in *Alice*.

II. Any New USPTO Guidance Must Recognize *Berkheimer's* Limited Holding

A. The Federal Circuit has *not* held the question of whether a claim element is routine, conventional, well-understood to be a question of fact requiring extrinsic evidence in all cases.

Any new guidance must make clear, as *Berkheimer* does, that "not every § 101 determination contains genuine disputes over the underlying facts material to the § 101 inquiry." *Berkheimer*, 881 F.3d at 1368 (citing *Content Extraction & Transmission LLC v. Wells Fargo Bank Nat'l Assn.*, 776 F.3d 1343, 1349 (Fed. Cir. 2014) and *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1370 (Fed. Cir. 2015)). Unless a factual dispute arises, evidence outside the patent is not necessary to establish ineligibility under § 101. That is true even in district courts, where the presumption of validity and the clear and convincing evidentiary standard make such showing harder to establish than in USPTO proceedings. EFF urges the USPTO not to overstate *Berkheimer's* reach by stating or implying that extrinsic evidence is always necessary when making § 101 determinations.

The Federal Circuit was crystal clear that *Berkheimer* did not undermine district courts' ability to find patents ineligible at these early stages of litigation, where no factual disputes based on evidence may yet be resolved. As it explained: "Patent eligibility has in many cases been resolved on motions to dismiss or Summary judgment. Nothing in this decision should be viewed as casting doubt on the propriety of those cases." *Berkheimer*, 881 F.3d at 1368. Given that neither the presumption of validity nor the Federal Rules of Civil Procedure apply during patent examination, the USPTO must provide guidance that empowers examiners to find patents ineligible under § 101 based on the intrinsic record of the patent application. At the very least, the USPTO must not require that examiners provide more evidence to reject an application on eligibility grounds than district courts would require from private parties attempting to do so in litigation.

B. Extrinsic evidence is *not* necessary where statements in the specification establish claim elements as routine, conventional, well-understood.

The USPTO should provide examiners with the guidance the Federal Circuit provided in the concurrence supporting the court's denial of the petition for *en banc* rehearing in *Berkheimer*. The author of the panel decision in *Berkheimer* authored that concurrence, which explains that, "where the specification admits the additional claim elements are well-understood, routine, and conventional, it will be difficult *if not impossible, for a patentee* to show a genuine dispute." *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1371 (Fed. Cir. 2018) (*en banc*) (Moore, J., concurring) (emphasis added). Unlike any other post-*Alice* opinions on eligibility from the Federal Circuit, five judges voted their agreement with that statement. The USPTO should therefore include that statement in any new guidance on § 101 so that examiners know they do not need to obtain extrinsic evidence to buttress conclusions that a patent application independently supports.

C. The USPTO should provide guidance to examiners based on decisions finding claims ineligible on the ground that generic and conventional computer implementation cannot confer eligibility on abstract ideas under *Alice*.

The Federal Circuit's decisions following *Berkheimer* confirm that decision does not have the effect of making extrinsic evidence necessary to prove ineligibility under § 101. Of particular relevance are *Interval Licensing LLC* and *SAP*,³ which held patents invalid as ineligible abstract ideas under § 101 without turning to evidence outside the patent to determine that particular claim elements were conventional, routine, well-understood—as the Supreme Court did in *Alice*. The USPTO should issue guidance that discusses these recent ineligibility decisions instead of putting a thumb on the scale in favor of eligibility by assuming that an ineligibility ruling "*must* be based upon a factual determination that is supported" by material outside the patent. Request at 17536 (emphasis added).

³ See also *BSG Tech LLC v. Buyseasons, Inc.*, No. 2017-1980, 2018 WL 3862646 (Fed. Cir. Aug. 15, 2018); *Voter Verified, Inc. v. Election Sys. & Software LLC*, 887 F.3d 1376 (Fed. Cir. Apr. 20, 2018); and *Automated Tracking Sols., LLC v. Coca-Cola Co.*, 723 F. App'x 989 (Fed. Cir. Feb. 16, 2018).

1. *Alice*

The Supreme Court's decision in *Alice* is still the leading example of an ineligibility decision that required no evidence outside the patent, including at step two of the analysis. Importantly, the Court did not focus narrowly on whether elements were "conventional, routine, well-understood." The Court instead answered the dispositive question: whether the additional claim elements were enough to "transform a patent-ineligible abstract idea into a patent-eligible invention." *Alice*, 134 S. Ct. at 2358. The Court found that the elements at issue in *Alice* were not enough because they "merely require[d] generic computer implementation" based on the patent alone. *Id.* at 2357.

In *Alice*, the Court emphasized that claims on abstract ideas do not become patent-eligible through the addition of computer-implemented steps if "each step does no more than require a generic computer to perform generic computer functions." *Id.* at 2359. There, the claims required computerized recordkeeping, and the "use of a computer obtain data, adjust account balances, and issue automated instructions," which qualified as "well-understood, routine, conventional activities previously known to the industry." *Id.* (internal quotation marks and alteration in original omitted). But the Court rejected the notion that seemingly technical claim elements—such a "data processing system," "data storage unit," or "communication controller"—could confer eligibility if they remained "purely functional and generic." *Id.* In so doing, it repeated the warning it has long given against "interpreting § 101 in ways that make patent eligibility depend simply on the draftsman's art." *Id.* at 1260 (internal quotation marks and citation omitted).

2. *Interval*

The recent *Interval* decision, issued after *Berkheimer*, confirms that extrinsic evidence is not necessary to find patent claims ineligible when the claim limitations are steps of acquiring and displaying information that any general purpose computer can perform. There, the specification made clear that the relevant "limitations are generic and cover established ways to access information, organize information, and then display information." *Interval*, 896 F.3d at 1345. For example, the "distributed architecture" limitation referred to "a generic network connection, not any specific distributed architecture," and therefore did "not offer a particular solution to a problem," and therefore did not offer more than the abstract, result-defined idea of solving it. *Id.* at 1347-48. But the court did not consider or require extrinsic evidence to make that determination, relying on the statements in the specification instead. USPTO examiners should do the same.

3. *SAP*

Similarly, the Federal Circuit held in *SAP* that computer-implemented steps cannot confer patent-eligibility unless they have "the specificity required to transform a claim from one claiming only a result to one claiming a way of achieving it." *SAP*, 2018 WL 3656048, at *5. The Court affirmed the district court's decision to find the claims ineligible on the pleadings, where no evidence outside the patent can be considered, no factual disputes can be resolved, and all factual questions must be resolved in favor of the patent owner. Given the Federal Circuit's

willingness to affirm an ineligibility ruling by a district court without jurors or experts, the USPTO should encourage its examiners to find claims ineligible without requiring them to obtain evidence that tribunals without technical expertise do not need.

In *SAP*, the patentee pointed to the claim limitation of “parallel processing,” but the court rejected it as generic computer implementation that could not save the claim from abstraction. It explained that, “to the extent that parallel processing is discussed in the specification, it is characterized as generic parallel processing components—not even asserted to be an invention of [the patentee]—on which the claimed method could run.” *Id.* at *7. In other words, the seemingly-technical recitation of “parallel processing” did not change the step two analysis because “the specification ma[de] clear that off-the-shelf computer technology [was] usable to carry out” the parallel processing as claimed. *Id.* at *6. The fact that no particular form or structure was required for the claimed parallel processing step strongly indicated there was nothing inventive to attribute to the named inventor.

Any new guidance based on *Berkheimer* should reiterate the law the Supreme Court set forth in *Alice*: generic computer-implemented steps requiring out-of-the-box computer hardware cannot confer eligibility on patent claims directed to abstract ideas.

III. The USPTO’s *Berkheimer* Memorandum Imposes Unduly Rigid Constraints that Will Lead to the Issuance of Patents that Are Ineligible as a Matter of Law

A. The USPTO should not put its thumb on the scale in favor of issuing patents.

Again, the USPTO is seeking comments in order to revise its patent-eligibility guidance in response to a Federal Circuit decision that does not find claims ineligible. Again, EFF is concerned that this means the USPTO may be approaching its subject matter guidance in a manner that puts a thumb on the scale in favor of eligibility.⁴ EFF respectfully urges the USPTO to ensure that any new guidance reflects the law as set forth not only in *Berkheimer*, but also in decisions finding claims ineligible, such as the Supreme Court’s decision in *Alice* as well as the newly-issued Federal Circuit decisions in *Interval* and *SAP*, discussed above. These decisions, no less than *Berkheimer*, set forth the law of patent-eligibility that examiners must follow.

B. Patent Examiners must be able to conduct thorough, flexible analyses that take their technical expertise and specialized knowledge into account.

The proposals described in the Request also indicate that the USPTO may be preparing to adopt an unduly rigid approach to patent-eligibility that does not align with *Alice* or its progeny. In particular, the Request suggests that examiners must cite express statements in the specification identifying claim elements as conventional, routine-, well-understood—or as an equivalent to these terms. *See* Request at 17537.

⁴ *See* Comments of EFF Regarding Request for Comments Regarding Subject Matter Eligibility, Docket No. PTO-P-2016-0041 (January 18, 2017) at 5.

Imposing such a rigid requirement would make it far more difficult for examiners with technical backgrounds to find patents ineligible than it is for district court and appellate judges without any equivalent background. That makes no sense. Examiners should have more, not less leeway, to rely on their technical experience and education to make educated judgments based on the applicant's implied and express teachings. Limiting what examiners can rely on to make ineligibility rejections will only ensure that district courts and the Federal Circuit have more agency errors to remedy after patents issue. This approach undermines public confidence in the functioning of the USPTO and overburdens the court system with disputes over patents that should never have issued. If anything, the USPTO should encourage patent examiners to undertake a comprehensive and flexible analysis of subject matter eligibility to ensure that such issues are resolved correctly before a patent can be used to threaten a suit and seek an injunction.

C. The USPTO must not change patent-eligibility criteria based on speculative concerns without making any technological or economic impact assessment.

EFF is concerned that the USPTO may revise its guidance in ways that make it harder for examiners to reject applications on § 101 grounds. Too many developers struggle to innovate or operate because they work in technical fields that have become patent thickets—mobile phone app development, for example. In these fields, the problem is that there are too many patents that should never have issued. Guidance that makes it harder for examiners to reject patents as ineligible abstract ideas will only aggravate that problem.

The patent system is supposed to promote innovation; the USPTO should not adopt changes that undermine innovation or imperil economic and technological growth. Yet that is what will happen if examiners receive guidance that leads them to allow patents on abstract ideas that should not issue. Accordingly, EFF recommends that the USPTO determine what effect, if any, *Alice* has had on the software industry at present, and then assess the effect of any proposed change before implementing it. Otherwise, the agency will be risking the economic and technological progress the patent system exists to protect.

Moreover, all of the evidence EFF has seen indicates that the software industry continues to thrive since the 2014 *Alice* decision. Given the massive investment and growth that industry has borne to date, one might think that trend was set to change, but “[i]t appears not. There is still massive growth in the software industry.”⁵ In fact, investment in the software sector is currently expected to grow by 7% for 2018, more than doubling the 2.8% growth rate for GDP across all sectors.⁶ And that expansion is not just economic; the software industry is continuing to drive technological advances too. For example, next generation wireless communication technologies, such as 5G, are just beginning to be deployed. These technologies can drive further innovation

⁵ <https://www.forbes.com/sites/adrianbridgwater/2017/12/18/the-future-for-software-in-2018/#64d4766070aa> (last visited August 17, 2018).

⁶ <https://markets.businessinsider.com/news/stocks/2018-economic-outlook-forecasts-7-0-expansion-in-equipment-and-software-investment-and-2-8-gdp-growth-1027365800> (last visited August 17, 2018).

and economic growth, but only if the patent law is applied fully and fairly both before and after examination. To ensure that can occur, EFF respectfully requests the USPTO clarify the criteria for patent-eligibility without making it so easy for ineligible patents to issue that they leave little space for the hard work of research and development to be done.

IV. Conclusion

EFF again thanks the USPTO for the opportunity to comment regarding patent-eligible subject matter. A faithful application of the law as set forth in *Alice* and its progeny will prevent thousands of invalid patents from issuing and ensure that the inventors of tomorrow have the freedom to operate they need today.

Respectfully submitted,

Electronic Frontier Foundation

Daniel Nazer

Senior Staff Attorney

Alexandra Moss

Staff Attorney

Michael Barclay, Reg. No. 32,553

EFF Special Counsel

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