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The Eligibility Pendulum for Patents – Another Shift

Over the past decade, the pendulum of how patents are assessed for eligible subject matter, under Section 101 of the *U.S. Patent Code*, has swung dramatically through a series of landmark patent rulings in the U.S. Federal and Supreme Courts. It has swung from extremes – but in the latest court rulings in addition to the U.S. Patent & Trademark Office's (USPTO) guidance, it has swung to somewhere in between. That does not mean any software related patent or business method related patent is automatically eligible, but it does change the threshold at which an Examiner can argue the patent claims relate to an "abstract idea".

The latest guidance aligns the U.S. increasingly with the European viewpoint and looks towards a substantial shift in how patents, particularly software patents, are examined. With the dominance of software and microprocessor based devices and systems, this thorny subject impacts a substantial portion of the pending patent applications and patents issued in the past two decades.

The latter point is important to remember as whilst a patent is issued based upon the USPTO rules and laws then in effect, when it gets into court for enforcing those rights it is the rules at this point in time that apply. As a result, patents issued 15 years ago were subject to dramatically different tests and rules than are applied today. This also means that as the pendulum shifts so can the timing for when to seek enforcement of patent rights.

So how did we get here? Well, software, microprocessors, digital memory, systems, processes, etc. that we exploit today were simply not in the minds of those drafting the original patent rules. Those previously drafted were defined as "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement." All was well with processes for making things. But is software code executed by microprocessors, a new process, or is moving electrons around in a memory a different composition of matter? The result, a proverbial, dynamically shifting minefield, has evolved and is centered on the issue of what is an "abstract idea". As such, ideas fall outside the scope of eligible patentable concepts.

Importantly, the new guidance emphasizes judicial precedents on what is eligible and downplays those where the claims were ineligible. At this point, it is still unclear whether the new guidance will achieve its stated goals to "increase predictability and consistency in the patent eligibility analysis", and "increase consistency in examination practice." The continued examination we are seeing on patents rejected before the new guidance seems to indicate it is – as does the fact that in the past six months since its issuance, the automatic rejection as an abstract idea of software and business patents has reduced substantially.

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This shift in the swing of the eligibility pendulum was achieved through several adjustments. Firstly, it defines three groups of ineligible abstract ideas and claims that anything outside those groupings should not be treated as too abstract except in “rare” circumstances – these three groups being mathematical concepts, certain methods of organizing human activity, and mental processes. Secondly, it requires Examiner find claims eligible if they “integrate” any abstract ideas into a “practical application”, and does not require the practical application itself to be unconventional. Thirdly, it provides examples of how elements can be integrated into eligible practical applications, such as by implementing or using abstract ideas with a particular object “that is integral to the claim” and emphasizes those provided are not an exclusive list.

The guidance then proceeds to instruct Examiners not to shortcut the process by simply labeling claim elements “well-understood, routine, conventional activity” early in their analysis, but to address this question only in the last step of their analysis. Further, the guidance instructs Examiners to “re-evaluate” several aspects of claims if they find them ineligible in a previous analytical step, thereby providing more pathways to eligibility.

Accordingly, the result is that it is now easier and faster for Examiners to find claims eligible unless they are very broad and very abstract.

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