

UPDATE

FALL/WINTER 2015

IN THIS ISSUE

- 1 Certain Uncertainty:
The Future of Computer
Software Patents
- 4 Maximizing the
Financial Value of
IP Assets
- 8 The Importance of a
Trademark Registration
in a Global Economy
- 12 Which is Better –
Patent Arbitration or
Patent Post-Issuance
Proceedings?

CERTAIN UNCERTAINTY: THE FUTURE OF COMPUTER SOFTWARE PATENTS



BY: RAJIT KAPUR, BINAL J. PATEL, AND
WILLIAM E. WOOTEN

LIFE AFTER ALICE ... THE STORY SO FAR

Since the *Alice* decision¹ came down last June, the world of computer software patents has been upended, both in litigation and in prosecution. In the realm of prosecution, patent applications dealing with e-commerce and business methods have been hit particularly hard at the U.S. Patent and Trademark Office (USPTO) with *Alice* rejections, but even those applications dealing with relatively more “technical” concepts have also been facing a harsh new reality in which eligibility rejections are lurking behind every corner and claim amendment.

Recently, the USPTO issued an update on its Subject Matter Eligibility Guidance in the wake of the many district court and Federal Circuit decisions that have followed *Alice* to provide more clarity as to how Examiners should apply *Alice* and other Supreme Court precedent to

software patent applications. While it remains to be seen how helpful the updated Guidance will be to patent applicants during prosecution, the Guidance does clarify a few points, discussed in greater detail below, that at least provide some constraints on how Examiners can make *Alice* rejections under 35 U.S.C. 101, as well as a framework that applicants can use in responding to such *Alice* rejections.

For most software patent applicants, this is welcome news. Indeed, in the months which have passed since *Alice* was decided, software patent applicants have seen very different types of reactions in different cases dealing with seemingly similar subject matter. For example, in Office Actions and interviews alike, some Examiners and Group Art Units seem to be operating as if nothing has changed since *Alice*. At the same time, others seem to be issuing *Alice* rejections in all cases as a matter of standard operating procedure. Of course, the claims of every application are, for the most part, different, and whether a particular claim is eligible is, or should be, evaluated on a case-by-case basis.

[MORE ▶](#)

1. *Alice Corp. v. CLS Bank Int'l*, 110 USPQ2d 1976 (U.S. 2014) (holding that patent claims directed to an abstract idea that do not amount to significantly more than the abstract idea are ineligible for patent protection under 35 U.S.C. 101).

[CERTAIN UNCERTAINTY, FROM PAGE 1]

Nevertheless, certain cases do seem to fare better than others in a manner that is as inexplicable as it is unpredictable, and oftentimes can at best be chalked up to the particular Examiner or Group Art Unit to which an application is lucky enough (or unlucky enough) to be assigned.

THE UPDATED GUIDANCE, AND HOW IT MIGHT HELP

To date, much of the unpredictability of *Alice* seems to stem from the subjectivity associated with identifying what is or isn't an abstract idea, as well as the lack of definition over what constitutes "significantly more" than an abstract idea. For example, in the experience of many software patent applicants,

case law has shed some light on this second part of the eligibility analysis, it has proven difficult during prosecution to extend the holdings of those cases much further than their specific facts and claim language.

In any event, the updated Guidance may be helpful both in identifying abstract ideas in claims and in evaluating whether a particular claim recites "significantly more" than an abstract idea. In particular, the USPTO's updated Guidance includes two lessons that may be particularly helpful to software patent applicants during prosecution.

First, the updated Guidance provides a discussion that "is meant to guide examiners and ensure that a claimed concept is not

"The USPTO's updated Guidance includes two lessons that may be particularly helpful to software patent applicants during prosecution."

it has seemed as though Examiners have a lot of latitude in identifying a particular concept in a particular claim as being an abstract idea. And while it is true that an Examiner is typically looking for a "fundamental economic practice" or a "method of organizing human activity," among other things, when assessing whether an abstract idea is present in a particular claim, it can sometime be surprising to an unwary applicant what can be analogized to one of these prototypical abstract ideas. For instance, if a particular claim recites user-facing functionality of computer software, it might not be much of a stretch to consider such functionality a "method of organizing human activity," depending on how it is presented in the claim.

Moreover, determining, much less articulating, what constitutes "significantly more" than an abstract idea is as difficult for applicants as it seems to be for Examiners. While the post-*Alice*

identified as an abstract idea unless it is similar to at least one concept that the courts have identified as an abstract idea."² This first point is helpful to software patent applicants because it provides some constraints on what can be identified as an abstract idea. As a result, applicants may be able to use the updated Guidance to push back in cases where a particularly creative abstract idea has been identified or in cases where an *Alice* rejection has been made more as a matter of default than based on the merits of a particular claim.

Second, the updated Guidance emphasizes that "examiners are to consider all additional elements both individually and in combination to determine whether the claim as a whole amounts to significantly more than an exception."³ And, in making a point that is undoubtedly welcomed by many software patent applicants, the updated Guidance indicates that "[i]t is agreed that this

2. U.S. Patent and Trademark Office, July 2015 Update: Subject Matter Eligibility. Available at <http://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf>. Page 3.

3. U.S. Patent and Trademark Office, July 2015 Update: Subject Matter Eligibility. Available at <http://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf>. Pages 1-2.

instruction is vital to ensuring the eligibility of many claims, because even if an element does not amount to significantly more on its own (e.g., because it is merely a generic computer component performing generic computer functions), it can still amount to significantly more when considered in combination with the other elements of the claim.” Like the first point, this second point is also helpful to software patent applicants as many software claims often can be boiled down to “merely a generic computer component performing generic computer functions.” Indeed, many software patent applicants have seen their claims reduced in such a manner while prosecuting their patent applications in the time that has passed since *Alice*. Yet, as applicants have undoubtedly argued, and as the USPTO has now reiterated, a claim that includes these computer functions might still amount to “significantly more” than an abstract idea when such computer functions are considered in combination with the other features that are present in a particular claim.

WHERE DO WE GO FROM HERE?

While the updated Guidance provides some constraints on how abstract ideas are identified, as well as some welcome clarity on how Examiners and applicants can assess what amounts to “significantly more” than an abstract idea, there is still a lot of subjectivity and unpredictability when dealing with *Alice* in practice. Indeed, oftentimes it seems as if it is a matter of luck as to whether or not a given software patent application encounters an *Alice* rejection. Nevertheless, the updated Guidance includes several points and useful examples that may help software patent applicants in addressing the issue of eligibility during prosecution.

In the long run, if the current unpredictability and seemingly uneven application of *Alice* continues, the situation may give rise to a new legislative effort to address the matter of patent eligible subject matter as it relates to software. For now, though, software patent applicants must face the current challenges of addressing *Alice* as they exist, but at least can do so with the lessons provided by the updated Guidance in hand. ■

RICHARD S. STOCKTON FEATURED IN THE 2015 “40 ILLINOIS ATTORNEYS UNDER FORTY TO WATCH”



Richard S. Stockton, a principal shareholder in the Chicago office, was chosen for the Law Bulletin Publishing Co.’s 2015 edition of “40 Illinois Attorneys Under 40 to Watch.” His selection was based on recommendations from his peers and other members of the legal profession, and his commitment to the legal profession.