



First PTAB Reversals Under New Subject Matter Eligibility Guidance



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Since having been sworn in as the new director of the U.S. Patent and Trademark Office (USPTO) in February 2018, Andrei Iancu has led the charge to improve predictability of patent-eligible subject matter. In his [speech at the Intellectual Property Owners’ \(IPO\) Association’s](#) annual meeting in

Chicago in late September 2018, the director told IPO’s membership that the USPTO is “contemplating revised guidance to help categorize the exceptions [to patent eligibility]—and indeed to name them—and instruct examiners on how to apply them.” Moreover, Director Iancu had created a new post that coordinates between the Patent Trial and Appeal Board (PTAB) of the USPTO and the examining corps, and he installed former PTAB Chief Judge David Ruschke to that post in August 2018.

True to his word, on January 7, 2019, Director Iancu issued “2019 [Revised Patent Subject Matter Eligibility Guidance](#),” which explains how U.S. Patent Examiners should analyze patent-eligibility questions under the judicial exception to 35 U.S.C. § 101. See 84 Fed. Reg. 50-57 (Revised Guidance). With former Chief Judge Ruschke in a new post tasked with eliminating

inconsistencies in the interpretation and implementation of the two-part *Alice* test among different branches of the USPTO, unsurprisingly the PTAB also seemingly embraced the Revised Guidance. In less than two weeks since the Revised Guidance, the PTAB issued two decisions reversing examiners' 35 USC § 101 rejections based on the Revised Guidance—*ex parte Rockwell*, Appeal No. 2018-004973, Jan. 16, 2019; and *ex parte Fanaru*, Appeal No. 2017-002898, Jan. 22, 2019.

Ex Parte Fanaru

In *ex parte Fanaru*, Microsoft had filed a U.S. patent application titled “Extensibility Model For Usage Analytics Used With A System” on November 2, 2011. As explained in the appeal brief, the application describes methods and systems for configuring usage events to collect usage information and integrating the usage information into a system to provide, for example, a search service that provides search results based on the collected usage information.

During prosecution, the applicant overcame rejections under 35 U.S.C. §§ 101, 102, and 103, and a notice of allowance was issued on April 7, 2014. Then, following the Supreme Court's *Alice Corp. Pty. Ltd. v. CLS Bank Intern.* decision on June 19, 2014, the examiner issued a non-final Office Action withdrawing the allowance on July 30, 2014. The Office Action included only a new Section 101 rejection alleging that the claims were directed to an abstract idea under *Alice*. After several additional amendments and office actions, the applicant filed a notice of appeal, on May 17, 2016, appealing the Section 101 rejection as to all claims.

Representative claim 1 recites:

1. A method for providing services corresponding to productivity applications comprising:
 - collecting usage information from devices connected to a computing system in response to inputs to the devices, the usage information including occurrences of usage events generated by the devices, the usage events being associated with activities related to content encoded on a data store;
 - providing an interface for configuring the usage events and to provide the usage information;
 - receiving by an analytics engine the usage information and aggregating the usage information for a specified period of time; and
 - automatically altering operations of the computing system based on the aggregated usage information, the operations including at least one of a retention time of the content, a crawl policy of the content, a backup policy of the content, a restore schedule of the content, and one or more storage tier levels of the content.

In the Examiner's Answer to appellant's appeal brief, the examiner asserted that "[t]he claims are directed towards a method for collecting usage information which includes an abstract idea" and "[t]he claims do not include limitations that are 'significantly more' than the abstract idea." The PTAB disagreed.

On January 22, 2019, a panel of three judges of the PTAB issued its Decision on Appeal overturning the examiner's rejection. The PTAB's analysis begins with an in-depth look at patent eligibility, including a detailed discussion of the two-part *Alice/Mayo* framework. The PTAB then, *sua sponte*, turned to the Revised Guidance. Under the Revised Guidance, step 2A of the previous framework has been revised to include two prongs:

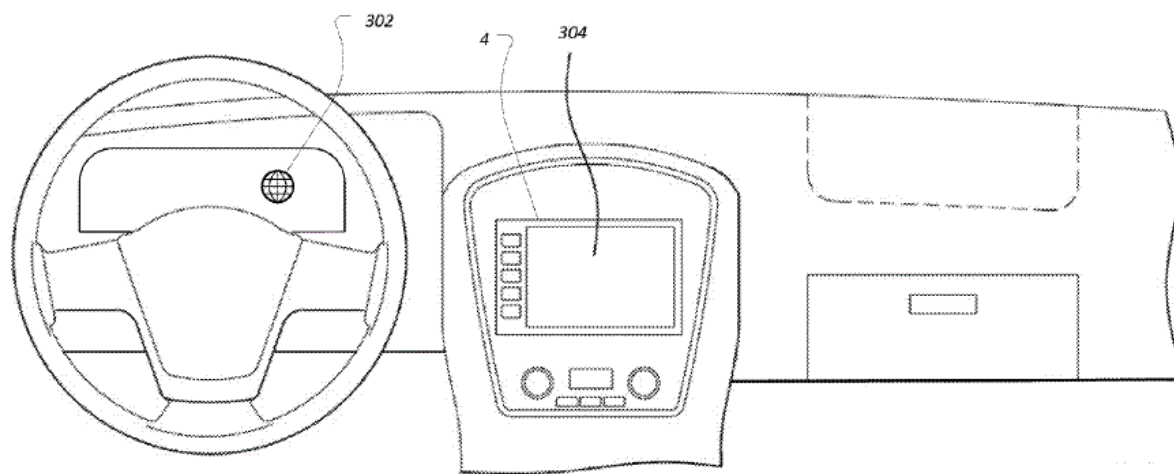
- Prong One: evaluate whether a claim recites a judicial exception including identifying specific limitation(s) that are believed to recite an abstract idea and determining whether the identified limitation(s) fall within an enumerated abstract idea grouping
- Prong Two: evaluate whether the claim integrates the judicial exception into a practical application.

The PTAB took note of these new prongs, and in particular, the three abstract idea groupings: (i) mathematical concepts, (ii) certain methods of organizing human activity, and (iii) mental processes. The PTAB then found that "[i]n light of our guidance, because collecting usage information is not a mathematical concept, an identified method of organizing human activity,

or a mental process, we conclude ‘collecting usage information’ it [sic] is not an abstract idea.” Accordingly, the PTAB reversed the Section 101 rejection as to all claims.

Ex Parte Rockwell

In *ex parte Rockwell*, which predates *ex parte Fanaru* by about one week, the PTAB also reversed the examiner’s 35 USC § 101 rejection as to all claims. In that case, Ford Global Technologies, LLC, had filed a patent application relating to a module interface, as illustrated in figure 3 (below) from the patent application, for facilitating wireless over-the-air software updates to modules of a receiving vehicle.



The PTAB reasoned that the patent claims were not directed to an abstract idea under the Revised Guidance because “the claims as a whole integrate the asserted abstract ideas (i.e., updating software and organizing human activity) into specific practical applications of those ideas.” See *ex parte Rockwell*, Appeal No. 2018-004973, p. 8 (PTAB Jan. 16, 2019). Applying the second prong of step 2A of the two-part *Alice/Mayo* framework, the PTAB explained that “claim 1 is directed to a practical application of updating software specifically for a vehicle module, in which user consent is required and in which lack of receipt of user consent is communicated to a user via an icon within the gauge cluster of a vehicle.” And in addition, “[c]laim 1 also is directed to providing in a head unit display of the vehicle an indication of an optional status of the software update and a request for consent to install the optional update and upon receipt of user consent sends an update command over the vehicle bus and installs the update to a memory of the vehicle module.” Accordingly, the PTAB reversed the 35 USC § 101 rejection as to all claims.

The *ex parte Rockwell* and *ex parte Fanaru* decisions mark the first times that the PTAB has reversed a 35 USC § 101 rejection under the recently issued Revised Guidance. In future PTAB opinions, we await a decision reversing an examiner’s Section 101 rejection in which the PTAB

finds the first and second prongs of step 2A of the Revised Guidance to have not been satisfied, yet still holds the claims to be patent eligible subject matter based on an analysis of step 2B under the Revised Guidance. Notably, none of the USPTO's hypothetical examples #37 – 42, which were published immediately subsequent to the Revised Guidance, cover the aforementioned reasoned outcome.

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