

Overcoming Subject Matter Rejections: The Berkheimer Shift

By **Karam Saab** August 6, 2018, 1:12 PM EDT

Subject matter eligibility rejections under 35 U.S.C. §101 have plagued applicants in numerous technology fields since the [U.S. Supreme Court](#)'s *Alice Corp. v. CLS Bank International* decision in 2014.[1] Over the next few years, a bevy of Federal Circuit decisions provided additional fodder for the [U.S. Patent and Trademark Office](#) to assert that a wide swath of claimed subject matter was patent-ineligible.



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As part of the subject matter eligibility test set forth by *Alice*, in assessing whether a claim is directed to an abstract idea, a determination is made as to whether claim limitations involve “well-understood, routine, [and] conventional activities previously known to the industry.”[2] The USPTO adopted a broad view of what qualifies as well-understood, routine and conventional. Rejections issued by examiners across art units frequently involved assertions unsupported by evidence that various components of an applicant’s claimed arrangement were conventional.

Optimism in view of such subject matter rejections grew among applicants when a February 2018 Federal Circuit decision, *Berkheimer v. HP Inc.*, hinted at the pendulum swinging back toward patent eligibility.[3] *Berkheimer* clarified that “The question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact.”[4] Further, *Berkheimer* raised the bar on what constitutes a well-understood, routine and conventional concept, distinguishing it from a concept that is merely disclosed in a piece of prior art.[5]

In response to the *Berkheimer* decision, the USPTO issued a memorandum providing guidance on how subject matter eligibility rejections should be evidenced in a proper rejection.[6] Whereas previously examiners had wide latitude to assert that a claim element was well-understood, routine and conventional, examiners now are required to set forth a factual rationale using a four-prong analysis. In short, examiners now have the increased burden of: (1) citing an applicant’s own statement indicating that the claim element at issue

is conventional; (2) citing a court decision listed in Manual of Patent Examining Procedure §2106.05 indicating that the claim element is conventional; (3) citing a publication that indicates the claim element "widely prevalent or in common use"; or (4) taking official notice, based on the examiner's personal knowledge, that the claim element is conventional.[7]

On seeing the USPTO's updated subject matter eligibility procedures, many practitioners saw reasons to temper their optimism.[8] While examiners were now required to provide a factual basis for asserting that a claim element was well-understood, routine and conventional, would official notice or overbroad interpretations of previous court decisions become the de facto path through which examiners could continue to assert large swaths of claimed subject matter as patent-ineligible? Or would the Berkheimer memo's required factual analysis help applicants that have been stymied by subject matter eligibility rejections?

Early results suggest that the USPTO's Patent Trial and Appeal Board is using Berkheimer as a basis for a significant increase in the number of 35 U.S.C. § 101 subject matter eligibility rejections being overturned. From March 1, 2018, until July 10, 2018, 57 appeal decisions by the PTAB cited to Berkheimer for the proposition that the determination of whether a claim element is well-understood, routine and conventional is a question of fact.[9] Of these 57 decisions, 19 overturned the examiner's § 101 rejections, resulting in a reversal rate of 33.3 percent.[10] Of the 57 appeal decisions made by the PTAB citing the requirement of a factual inquiry into conventionality, 43 appeal decisions were in Technology Center 3600, which sees the largest number of appeals at the USPTO due in large part to the abundance of subject matter eligibility rejections.[11] Of the 43 appeals in TC 3600 involving § 101, 13 reversed the examiner's rejection on § 101, resulting in a 30.2 percent reversal rate.

The reversal rate on § 101 when Berkheimer is cited for whether a claim element is well-understood, routine and conventional is a question of fact represents a meaningful shift from appeal decisions that preceded Berkheimer. For comparison, 286 appeal decisions that issued between Oct. 1, 2017, and Jan. 31, 2018, were analyzed in which a § 101 rejection was appealed. Of these 286 appeal decisions, 31 overturned the examiner on § 101, resulting in a reversal rate of 10.8 percent. Showing an even greater contrast, in TC 3600, 177 appeal decisions in which a § 101 rejection was appealed were issued during this time period. Of the 176 appeal decisions, only 12 reversed the examiner on § 101, for a reversal rate of 6.8 percent.[12]

An increase in reversal rate of over 23 percent in TC 3600 when Berkheimer is cited is a significant applicant-friendly shift with regard to § 101 subject matter eligibility rejections. At minimum, these numbers should serve as an impetus for applicants to use Berkheimer-based arguments during prosecution to force examiners to substantiate subject matter eligibility rejections with evidence and on appeal.

While the PTAB quickly began citing Berkheimer after it was issued by the Federal Circuit, there will still be some time before we start to see PTAB decisions in which the applicant and examiner have specifically considered Berkheimer and the Berkheimer memo. Due to Berkheimer and the Berkheimer memo issuing within the last six months, while the post-Berkheimer appeal decisions drafted by the PTAB take into account Berkheimer, neither the examiners' rejections nor the applicants' arguments took into account the USPTO's four-prong analysis due to the typical extended duration between briefing by the parties and the PTAB issuing a decision. For example, in TC 3600, there is an average 17.9 months between the PTAB receiving a briefed appeal and the PTAB issuing a final decision.[13] Therefore, we can expect about a year to pass before the majority of PTAB decisions in TC 3600 are decided on records in which the parties have had the opportunity to consider Berkheimer.

In subject matter eligibility rejections where the examiner has asserted that a claim limitation is well-understood, routine and conventional, arguing the four-prong analysis of the Berkheimer memo in appeals to the PTAB represents a winnable path for the applicant compared to previous § 101 lines of argument, especially in TC 3600. Time will reveal whether examiners are able to strengthen their subject matter eligibility rejections in view of Berkheimer or whether Berkheimer will serve as a basis for overcoming subject matter eligibility rejections, both at the board and with examiners.

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[1] [Alice Corp. v. CLS Bank Int'l](#) (573 US ___, 134 S. Ct. 2347)

[2] Alice, 15 citing Mayo v. Prometheus, 566 U.S. 66 (2012)

[3] [Berkheimer v. HP Inc.](#) (881 F.3d 1360)

[4] Berkheimer, at 1368.

[5] Id., at 1369.

[6] Bahr, Robert W.; “Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (Berkheimer v. HP. Inc.), April 19, 2018.

[7] Id.

[8] See., e.g., Curylo, Robert; Law360, “Loopholes in the USPTO’s Berkheimer Memo”; May 1, 2018

[9] Search of USPTO’s Final Decisions of the Patent Trial and Appeal Board database; <https://e-foia.uspto.gov/Foia/PTABReadingRoom.jsp>

[10] During this same March 1, 2018 – July 10, 2018 timeframe, a sample of 300 PTAB decisions in which § 101 rejections were appealed were reviewed (regardless of whether Berkheimer was cited). Of the 300 PTAB decision reviewed, 45 were reversed, for a reversal rate of 15 percent. Search performed through Anitipat’s appeal decision database, anticipat.com.

[11] Technology Center 3600 saw 1537 appeals between Oct. 1, 2017 and May 31, 2018; USPTO May 2018 statistics.

[12] Search performed through Anitipat’s appeal decision database, anticipat.com

[13] “Appeal and Interference Statistics, Patent Trial and Appeal Board, May 2018”, <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/statistics>

