

Nearly All Post-*Alice* Eligibility Rejections are Affirmed in Whole by the PTAB

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Frequently, the fate of a patent application lies with a single patent examiner. This power frustrates applicants when an impasse has been reached in terms of interpretation of the claims, cited art, or patent statutes. However, the applicant has the opportunity to change the decision-maker by appealing a rejection. Then, the decision-maker changes from the patent examiner to a panel of Patent Trial and Appeal Board (PTAB) administrative law judges (ALJs). This strategy may appear to be particularly advantageous when the applicant believes that allowance prospects with the examiner are slim to non-existent.

Over the last decade, various companies (e.g., LexisNexis Patent Advisor) have begun tracking individual examiners' allowance rates. An applicant can thus use these generalized probabilities to guide their specific situation and choose prosecution strategy. But the appeal opportunity presents an alternative-choice test: should the applicant remain with Decision-Maker A (the examiner) or Decision-Maker B (the PTAB panel).¹ Statistics with regard to individual panels are not easily available, nor can an applicant predict which ALJs will be on a panel. So how is this decision to be made? Which decision-maker is more favorable for achieving a patent?

This question became all the more pertinent after the 2014 *Alice v. CLS Bank* decision. In various art units, the prevalence of eligibility rejections skyrocketed as allowance rates plummeted. Many applicants began embarking upon the appeal strategy either in hopes that different decision-makers would more favorably interpret the new case law or that more favorable case law would develop during the appeal-induced delay.

Only recently have decisions been issued on these post-*Alice* appeals of subject matter rejections, which allows us to evaluate whether these appeals resulted an applicant-favorable decision. While we began this inquiry last year, at that time (as of July 2016), there were only 162 *ex parte* appeal decisions for which (1) an appeal brief was filed after September 1, 2014 (a date in which *Alice* was likely to be considered by the Applicant), and (2) a PTAB decision was issued.² Our analysis showed that only 16% of the decisions on eligibility rejections were fully reversed.

Now, there are over 10,000 *ex parte* appeals matching these criteria. We thus reviewed a sample to determine whether similar statistics characterize this thicker data set. More specifically, we reviewed a total of 500 decisions from four Technology Center (TC) groups: TCs 2100, 2400, 2600, and the Business Methods art units (125 decisions from each TC group) to

¹ Notably, abandoning the application or involving the Supervisor are other options. However, the examiner's allowance rate is generally correlated with the art unit's allowance rate, which is associated with the Supervisor. Thus, we will assume that the Decision-Maker-A option encompasses Supervisor-involved options and that the applicant wishes to continue the pursuit of patent protection.

² <http://www.ipwatchdog.com/2016/08/02/ex-parte-appeals-post-alice/id=71562/>.

identify which rejections were at issue and rejection-specific PTAB decisions. We additionally reviewed more recent decisions from the larger dataset that had appeal briefs filed after October 2015 for business method art units and after July 2016 for TCs 2100, 2400, and 2600 ($n=68$ for the business method AUs, $n=48$ for TC 2100, $n=56$ for TC 2400 and $n=42$ for TC 2600). Many applicants would hope that the more recent decisions would have more favorable case law to potentially rely upon.

Most Ex Parte Appeals for Computer-Related Applications Result in Full Affirmances

Across our data sample, 65% of the appeals resulted in full affirmances of the examiner's rejections (with another 12% being affirmed-in-part). (See FIG. 1.) Full affirmances were much more common for applications assigned to a business-method art unit (full affirmances=80%) as compared to TC 2100 (61%), TC 2400 (55%) or TC 2600 (66%).

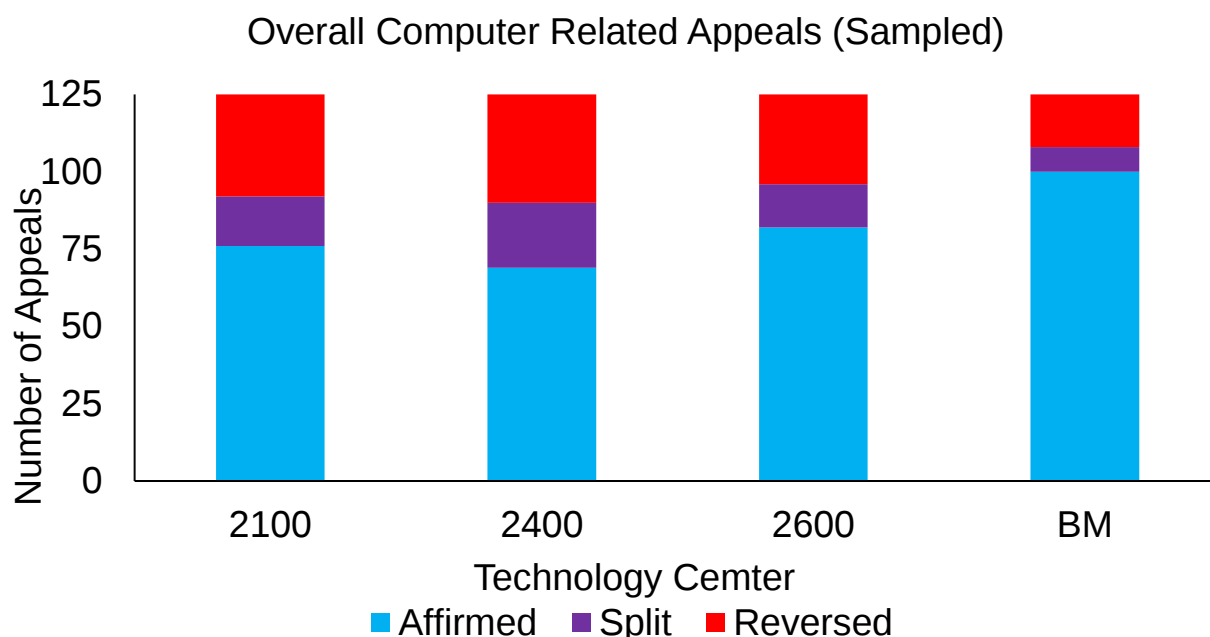


FIG. 1. Distribution of overall decisions of ex parte appeals per technology decision.

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We manually reviewed each post-*Alice* appeal decision in our sample to identify each particular type of rejection that was at issue and how the PTAB resolved the particular type of rejection. Specifically, we classified each rejection as being one of the following particular types of rejections: subject matter eligibility under 35 U.S.C. § 101 ("101, Elig"), anticipation under 35 U.S.C. § 102 ("102"), obviousness under 35 U.S.C. § 103 ("103"), written description under 35 U.S.C. § 112(a) ("112, WD"), enablement under 35 U.S.C. § 112(a) ("112, Enab"), indefiniteness

under 35 U.S.C. § 112(b) (“112, Indef”) or double patenting under 35 U.S.C. § 101 (“101, DP”). In addition, for those appeals with a rejection under 35 U.S.C. § 101, we identified the type of rejection (e.g. abstract idea, computer readable media under *In re Nuijten*, software per se, or natural phenomena). For each particular type of rejection, we identified if the PTAB affirmed, reversed, affirmed in-part, or added a new rejection *sua sponte*. Generally, prior-art rejections and eligibility rejections were well represented in our data set, as 459 and 127 (respectively) of the 500 decisions included these rejection types. Rejections under § 112 were far less common, with 24, 8, and 35 of the 500 decisions including written-description, enablement and indefiniteness rejections, respectively.

The rejection type with the highest affirmance rate was the subject matter eligibility rejection. Appeals of eligibility rejections were very unlikely to be successful, with 84% of eligibility rejections being affirmed (or new). (See Fig 2) Most of the eligibility appeals were received from business method art units where 89% of eligibility appeals were affirmed.³ For the more recent appeals (the 214 additional decisions with appeal briefs filed between July 2016 and January 2017) 93% of the eligibility appeals from business-method art units were affirmed. Thus, the affirmance rate remains high despite the availability of more case law. While the affirmance rates of eligibility rejections were more varied for other TCs, this higher variation may be due to the thin number of eligibility-associated appeals. For example, there were only 5 eligibility appeals in our data set from TC 2600. By contrast, there were roughly 106 eligibility appeals from business method art units.⁴

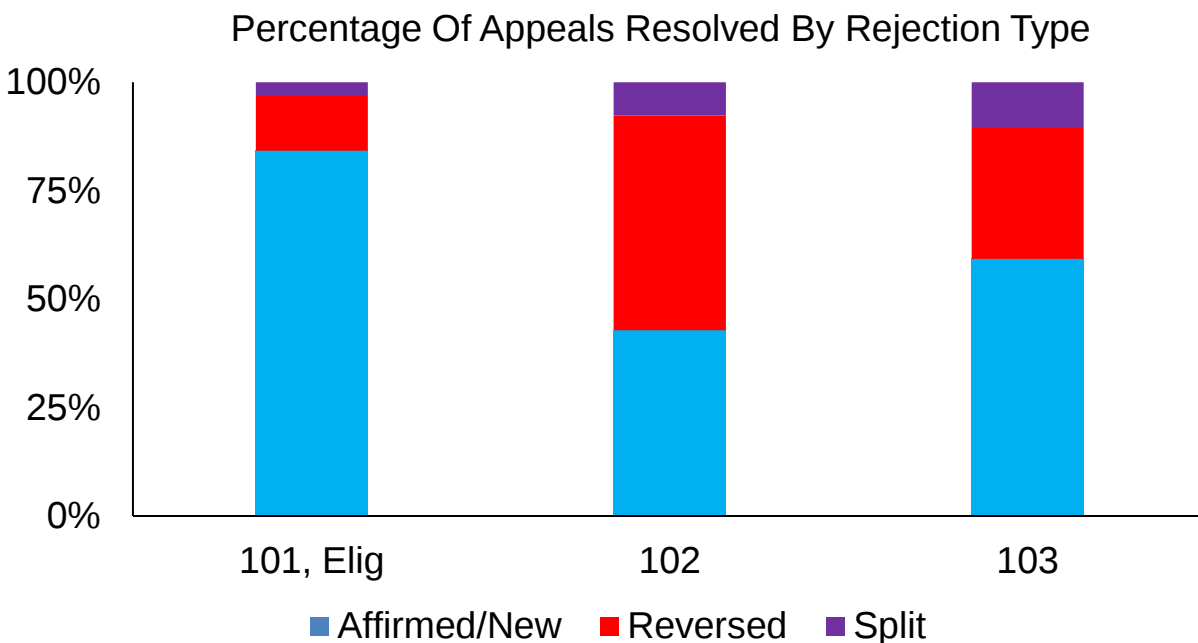


FIG. 2. Ex parte appeal decision distributions per rejection type.

³ Cross-Cite: second article “Volume Of Appeals With Eligibility Rejections Varies Across Technology Centers”

⁴ Cross-Cite: third article “Eligibility Rejections Are Creating A Substantial Processing Burden At The PTAB”

The data set shows some notable variances with respect to other appealed rejection types (e.g., art-based rejections, 112, and double patenting). Appeals for 102 rejections were significantly more successful than appeals under 103. The difference between art-based rejection types may be due to the more relaxed standards to show obviousness relative to anticipation.

Conclusions

Despite Applicants' potential frustration with examiners' eligibility analysis (particularly in the business-method art units), appealing may not offer much relief. Although the Federal Circuit has developed more case law since *Alice* that identified eligible subject matter (e.g., *Bascom*, *McRO*, *Core Wireless*, etc.), this has not translated into more appeals being successful. Overall, only 16% of subject matter eligibility appeals were successful. For eligibility appeals from business-method art units, that number drops to 7%. While appeals may be an attractive mechanism to present arguments to a new decision-maker, the statistical tendency of the PTAB "decision-maker" may not seem so attractive with respect to § 101 rejections. Thus, appealing § 101 rejections is typically not likely to result in a favorable eligibility decision unless an applicant is equipped with exceptionally strong arguments.