

Loopholes In The USPTO's Berkheimer Memo

By **Robert Curylo** (May 1, 2018)

Rejections of patent claims under 35 U.S.C. § 101 are often criticized when examiners take an “I know when I see it” approach rather than applying any objective standards for assessing patent eligibility. However, in an April 19, 2018, memorandum, the U.S. Patent and Trademark Office imposes new limitations on rejecting patent claims as ineligible for being directed to abstract ideas without significantly more. The memorandum provides guidance for complying with the Federal Circuit’s evidentiary requirements for the “significantly more” step of the eligibility analysis, which the court articulated in its recent *Berkheimer v. HP Inc.*[1] decision. According to the USPTO’s interpretation of the *Berkheimer* decision, examiners are now required to support a finding that a claim feature is “well-understood, routine, or conventional” with statements from the specification, court decisions involving conventional claim features, publications, or official notice. But given recent history, practitioners should view this new eligibility guidance with an “I’ll believe it when I see it” approach rather than expecting a dramatic shift in their clients’ favor.



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For instance, previous USPTO guidance ostensibly imposed similar limitations on the “significantly more” analysis, but, in practice, was interpreted by many examiners as imposing little to no burden on them to offer evidentiary support for eligibility rejections. For instance, a pair of USPTO memoranda from May 2016 and November 2016 stated that “[e]xaminers should not go beyond those concepts that are similar to what the courts have identified as abstract ideas”[2] when determining whether claims are directed to abstract ideas. But broadly worded court decisions, such as *Electric Power Group*,[3] have frequently diminished the impact of this requirement on eligibility rejections. Similarly, the November 2016 memorandum emphasized that, under *Bascom*,[4] an inventive concept “may be found in the nonconventional and non-generic arrangement of known, conventional elements.” However, examiners often proceed as if *Bascom* only applies to claims involving an unconventional combination of multiple devices, and ignore this guidance when faced with an unconventional combination of operations performed by a single device.

Although appeals and petitions may provide avenues for addressing improper eligibility rejections, timing and budget restraints faced by many applicants, which sometimes curb their appetites for seeking such remedies, can allow examiners to avoid any penalty for deviating from USPTO guidance. Therefore, many examiners will likely continue their liberal approach to eligibility rejections based on the “significantly more” prong of the analysis, even when faced with the latest guidance regarding the more stringent requirement to offer specific evidence in support of a finding of conventionality.

It would certainly behoove applicants and practitioners to respond to the USPTO’s request for comments on this guidance, as solicited in the April 20, 2018, notice announcing the *Berkheimer* guidance.[5] But practitioners should also prepare for the following hurdles when relying on the USPTO’s *Berkheimer* guidance.

Overreliance on Official Notice

Under the *Berkheimer* guidance, an examiner must support a rejection with, for example, “[a] statement that the examiner is taking official notice of the well-understood, routine,

conventional nature of the additional element.” Consistent with the requirements laid out in the Manual of Patent Examining Procedure, the Berkheimer guidance further states that official notice “should be used only when the examiner is certain, based upon his or her personal knowledge, that the additional element(s) represents well-understood, routine, conventional activity.” Presumably, the “certainty” requirement should limit examiners’ reliance on personal knowledge to establish that a claim element is conventional.

However, the language above echoes similar language from the USPTO’s May 2016 eligibility guidance, which stated that “[a] rejection should be made only if it is readily apparent to an examiner relying on his or her expertise in the art ... that the additional elements do not amount to” significantly more than an abstract idea. The flood of eligibility rejections that continued unabated after May 2016 suggests that examiners are not plagued with an abundance of uncertainty regarding the conventionality of a wide variety of claim elements. Thus, the Berkheimer guidance requires little more of examiners’ initial rejections than simply applying a new “official notice” label to the same line of reasoning that was already required.

However, the Berkheimer guidance provides a stronger tool for challenging insufficiently unsupported findings of conventionality. If an applicant rebuts an eligibility rejection predicated on official notice by “specifically stating that [a claim element] is not well-understood, routine, [or] conventional,” examiners must cite an express statement in the specification, a publication, or a court decision establishing the conventionality of the element. This new requirement for objective support, beyond the examiners’ “personal knowledge,” sharply contrasts with previous USPTO guidance, which merely required examiners to “reevaluate” findings of conventionality following an applicant’s response. Thus, provided that practitioners promptly traverse these findings of official notice, the Berkheimer guidance is arguably the first true restriction on examiners’ ability to rely on unsubstantiated assertions that claim elements are well-understood, routine, or conventional.

However, practitioners should be cognizant that, in prior-art contexts, MPEP § 2144.03 treats a failure to traverse an assertion of official notice as an admission of the noticed fact. The Berkheimer guidance, while not explicitly addressing whether the same result applies to a failure to traverse official notice in eligibility rejections, does note that “[p]rocedures for taking official notice and addressing an applicant’s challenge to official notice are discussed in MPEP § 2144.03.” This indicates that failing to traverse a finding of conventionality will be treated as an admission that the relevant claim element is conventional. Therefore, practitioners should err on the side of caution by traversing every finding of official notice during examination.

Overgeneralizing Court Decisions on Conventional Claim Features

The Berkheimer guidance also allows examiners to support a finding of conventionality with “[a] citation to one or more of the court decisions discussed in MPEP § 2106.05(d)(II)” that note “the well-understood, routine, conventional nature of the additional element(s).” This is consistent with current USPTO guidance, as MPEP § 2106.07(a)(III) currently states that court decisions can be used as evidence that a claim element is conventional. However, the new restrictions on using examiners’ personal knowledge to support such rejections may increase examiners’ reliance on court decisions at the “significantly more” stage.

In theory, restricting this provision to the particular court decisions found in MPEP § 2106.05(d) (II) should limit examiners’ ability to reject claim having features that are different from the features at issue in those decisions. In practice, though, examiners are

frequently untroubled by factual distinctions, no matter how significant, between claims under examination and claims invalidated by the courts. For instance, examiners frequently cite the Federal Circuit's Electric Power Group decision to reject, as abstract ideas, claims involving any form of data analysis. These rejections arguably disregard the unique factual circumstances of Electric Power Group, where the claims recited "analyzing" data at an unacceptably high level of generality rather than reciting a "particular concrete solution to a problem" or "new techniques for analyzing data." (The significance of these factual circumstances to the Electric Power Group ineligibility holding is indicated by the Federal Circuit's subsequent McRO decision, where claims were found to be directed to a technical improvement rather than an abstract idea despite focusing on a novel analytical process of generating certain datasets.)

Practitioners should expect examiners to take a similarly broad view of court decisions cited in support of conventionality findings. For example, just as examiners frequently use Electric Power Group to reject novel, detailed techniques for analyzing data as abstract because they involve some form of data analysis, examiners may simply cite decisions from MPEP § 2106.05(d)(II) to dismiss unconventional communication procedures as merely "receiving or transmitting data over a network," unique data structures as merely "[s]toring and retrieving information in memory," and the like. Therefore, practitioners should be prepared to draw meaningful factual distinctions between the "conventional" claim features in those cases and the claim features under examination.

Evading Evidentiary Requirements via the "Directed To" Step

Alternatively, examiners may attempt to evade the Berkheimer requirements altogether by considering most of the claim features at the "directed to" phase of the eligibility analysis rather than the "significantly more" phase. The USPTO's position (articulated in MPEP § 2106.07(a)(III)) that "there is no requirement for the examiner to rely on evidence, such as publications, to find that a claim is directed to a judicial exception" remains unaffected by the Berkheimer memorandum. And, unfortunately, current USPTO guidance arguably provides a basis for bisecting of a claim into two sets of features, then considering each feature set in isolation at particular stage of the eligibility analysis.

For instance, MPEP § 2106.07(a) states that an eligibility rejection "should identify any additional elements ... recited in the claim beyond the identified judicial exception" and explain why the "additional elements ... do not result in the claim as a whole amounting to significantly more than the judicial exception." Other language in the MPEP similarly characterizes the "significantly more" step as an analysis of these "additional elements." Consequently, examiners frequently isolate any "additional elements" from other claim language, rather than considering the claim as a whole, to determine if the claim involves significantly more than an abstract idea.

Therefore, rather than troubling themselves with citing evidence at the "significantly more" stage, examiners may simply stretch the "directed to" analysis to encompass a larger number of claim features and thereby minimize the number of claim features that invoke the evidentiary requirement from the Berkheimer guidance. Consider an example in which a claim recites "filtering content with software installed on a remote server." In this example, an examiner may characterize operations "filtering content" as an abstract idea, while arguing that the only "additional limitation" to be considered is "installing software on a server." The rejection may then focus on the limited question of whether installing software on a server, rather than filtering content with software installed on a remote server, is conventional. By doing so, the examiner has artificially limited the reach of the evidentiary requirement to the most clearly conventional claim features.

The propriety of this approach arguably runs counter to the view taken by the courts, which often note the need to analyze the claim “as a whole” when determining whether a claim involves significantly more than an abstract idea. Practitioners should be prepared to argue that bisecting a claim in the manner described above is an improper application of the relevant case law, though these procedural arguments may fail to persuade examiners in view of the MPEP’s “additional elements” language discussed above. However, if an examiner stretches the “directed to” inquiry in this manner, the examiner’s reasoning may also sweep in claim features that are clearly technical in nature. Thus, even though the “significantly more” argument may be weakened, thereby reducing the effect of the Berkheimer guidance, a practitioner could more effectively argue that the claim is directed to a technical improvement rather than an abstract idea.

Next Steps

While the USPTO’s new eligibility guidance represents important progress toward applying objective standards to eligibility determinations, examiners who are disinclined to grant patents have multiple options for evading or minimizing the evidentiary requirements in this guidance. Encouragingly, the USPTO is seeking public comments on the guidance in the Berkheimer memorandum. Therefore, in addition to preparing for the loopholes discussed above, applicants and practitioners should also provide suggestions for closing these loopholes and thereby ensuring that examiners comply with the spirit of the Berkheimer decision. These comments should be provided to the USPTO (Eligibility2018@uspto.gov) on or before Aug. 20, 2018.

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[1] 881 F.3d 1360 (Fed. Cir. 2018)

[2] Memorandum from Robert H. Bahr, Deputy Commissioner for Patent Examination Policy, U.S. Patent and Trademark Office, “Formulating a Subject Matter Eligibility Rejection and Evaluating the Applicant’s Response to a Subject Matter Eligibility Rejection” (May 4, 2016); Memorandum from Robert H. Bahr, Deputy Commissioner for Patent Examination Policy, U.S. Patent and Trademark Office, “Recent Subject Matter Eligibility Decisions” (November 2, 2016).

[3] *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016).

[4] *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, 827 F.3d 1341 (Fed. Cir. 2016).

[5] Request for Comments on Determining Whether a Claim Element is Well-Understood, Routine, Conventional for Purposes of Subject Matter Eligibility, 83 Fed. Reg. 17536.