

USPTO Launches Deferred Approach to Section 101 Eligibility Analysis in Patent Prosecution

Feb 07 2022

Posted By: Thomas A. Miller

Practice Area: Patents & Intellectual Property

When the United States Supreme Court spoke to patent subject matter eligibility under Section 101 of the America Invents Act, the speed of U.S. patent prosecution took a decided downturn. More specifically, in the landmark decision of *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014), the Court opined on whether software was eligible subject matter for a patent. While 35 USC §101 was the governing statute[1], and its application to tangible subject matter ranging from items such as automobile engines to circuit boards to pharmaceuticals, for example, was a clear cut affirmative, whether the ethereal nature of software lent itself to patent protection was subject to debate. The Supreme Court thus created a two-part test to help courts, the U.S. Patent & Trademark Office, patent practitioners, and inventors determine if computer software was patentable. While not the focus of this update, for background purposes it is important to know that the two-part test largely stated the first step was to consider whether the patent claims were directed to patent ineligible concepts like an abstract idea, and if so, the second step was to weigh whether the other elements of the claim transformed the claim into patent eligible subject matter.

Given that the foregoing is by its very nature vague and fraught with subjective interpretations, the ensuing eight years have seen a litany of U.S. District Court and Federal Circuit court cases[2] attempting to apply the two-part test to various fact patterns. The successive nature of these cases has built a body of law leading to further clarity in some aspects of software patents, but by no means anything definitive. The U.S. Patent & Trademark Office, recognizing this confusion, has over time also introduced various Guidelines and augmented the Manual of Patent Examining Procedure (MPEP) to provide the Examining Corps assistance in applying the *Alice* decision and otherwise navigating prosecution through the gates of Section 101 subject matter eligibility.

While helpful, concurrent with this analysis and argument over Section 101, Patent Examiners still need to review such claims for satisfaction of the other requirements of patent eligibility including Sections 102, 103 and 112. For those not active in patent law, the former two address prior art concerns, i.e., whether the claim is new and non-obvious relative to what has been done before, with the latter addressing clarity concerns so that the resulting patent can be clearly understood by patent owners, competitors and licensees alike.

This is where the bottleneck in the patent prosecution process has come into play. Before *Alice*, Section 101 rejections were a relatively rare occurrence in USPTO Office Actions to filed patent applications. Rather, the vast majority of the time invested by Patent Examiners and practitioners was in arguing and amending over prior art cited against a given application. After *Alice*, that same analysis and investment continued, but now with the added burden of Section 101 as well. To put this in more concrete terms, in the immediate aftermath of *Alice*, the USPTO saw a 31% increase in first Office Action rejections based on Section 101[3]. The aforementioned District and Appellate Court cases did help mitigate that number over time, but even as recent as 2020, the USPTO was still issuing subject matter eligibility rejections at a rate 25% beyond pre-*Alice* prosecution. All this while corporate America and other patentees are clamoring for increased throughput by the USPTO and lessened pendency of patent applications as a whole.

In light of this continued drain on the USPTO, two U.S. Senators stepped forward to help alleviate the situation. On March 22, 2021, Senator Thom Tillis (R) of North Carolina and Senator Tom Cotton (R) of Arkansas wrote the Commissioner of the Patent Office with a proposal. After consulting with prior PTO officials and business leaders, they proposed to essentially table Section 101 analysis until the traditional analysis under Sections 102, 103 and 112 was undertaken. Their reasoning was that under this approach, Examiners would have applicants amend their claims to overcome rejections under the more objective standards of patentability before addressing for subject matter eligibility. Quoting their letter, the Senators noted “by bringing the claims into compliance with Sections 102, 103, and 112, Examiners inevitably will bring the claims into compliance with Section 101 as well.”

While that letter started the conversation, the end result was the U.S. Patent & Trademark Office introducing the Deferred Subject Matter Eligibility Response (DSMER) Pilot Program this year. Effective February 1, 2022 and running through July 30, 2022, the DSMER pilot program is designed to evaluate how deferred applicant responses to subject matter eligibility rejections affect examination speed and patent quality. Participation in the program will be by invitation only. In other words, when preparing an Office Action, if an Examiner sees the basis for a Section 101 rejection, he or she will note this in the Office Action but afford the applicant an opportunity to defer 101 analysis until such time that all issues and potential rejections with respect to prior art and clarity have been resolved. In addition, the following criteria must be met for an application to be eligible for inclusion in the DSMER pilot program:

- The application must be an original non-provisional utility application or national stage of an international application;
- The application must not claim the benefit of an earlier filing date of any prior non-provisional application;
- The application must not be advanced out of turn (accorded special status); and
- The first Office Action on the merits must make both subject matter eligibility (SME) and non-SME rejections.

Clearly, it is the hope of the USPTO that the DSMER Pilot Program will improve the efficiency of the patent prosecution process. Speaking as a patent practitioner, I believe that it will. While inventions purely directed to software may have no choice but to undergo Section 101 analysis, many non-software based inventions likely will not. For example, in mechanical and electrical spaces, patent applications are often directed to the apparatus of the invention and the method of operation of the apparatus. Depending on the wording of those method claims, they may at first blush appear to fall squarely on the outside of the *Alice* two-part test. However, through prosecution of such claims under the traditional prior art analysis format, amendments to the claims are often made that both distinguish over that prior art and make the claim eligible subject matter under Section 101. In other situations, traditional mechanical and electrical device manufacturers may be using largely the same apparatus as before, but the inventive concept lies in control of that apparatus remotely or in some other way through the use of software. In those situations, which are replete on many patent dockets, the DSMER Pilot Program may well serve to kill two legal birds with one stone as it were.

We are well versed in all the nuances of patent prosecution, both software and non-software based alike. Should you have any questions with your idea, patent application, or patent portfolio, we invite you to contact us for a conversation.

[1] 35 USC §101 reads: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”

[2] See, e.g., *Enfish LLC v. Microsoft*, 822 F.3d 1327 (Fed. Cir. 2016); *Thales Visionix Inc. v. US*, 850 F.3d 1343 (Fed. Cir. 2017); *Koninklijke KPN NV v. Gemalto M2M GmbH*, 942 F.3d 1143 (Fed. Cir. 2019); and *XY LLC v Trans Ova Genetics, LC*, 968 F.3d 1323 (Fed. Cir. 2020), et al.

[3] See, U.S. Patent and Trademark Office, Office of the Chief Economist, *IP Data Highlights*, Number 3, April 2020

von Briesen & Roper Legal Update is a periodic publication of von Briesen & Roper, s.c. It is intended for general information purposes for the community and highlights recent changes and developments in the legal area. This publication does not constitute legal advice, and the reader should consult legal counsel to determine how this information applies to any specific situation.