

USPTO Roundtable 2 Presentation

By Neil Thomas
InternetPatents@gmail.com
Dec. 5, 2016

Alice changed the definition of "abstract"

"Abstract" = "existing in thought or as an idea but not having a physical or concrete existence."

"fundamental economic practice[s] long prevalent in our system of commerce" are "abstract;"

In other words, "our system of commerce" has "no physical or concrete existence."

This is *absurdly laughable*.

Alice did NOT follow *Bilski*

Benson "a [mathematical] formula for converting . . . numerals to pure binary numerals" *Flook* "mathematical algorithm", *Diehr* "a mathematical formula", and *Bilski* all dealt with 'mathematical formulas' as "abstract ideas."

Bilski, "steps instructing how to hedge risk...puts the concept articulated ...into a simple mathematical formula...the Court resolves this case *narrowly* on the basis of this Court's decisions in *Benson*, *Flook*, and *Diehr*...Claims 1 and 4 in petitioners' application explain the basic concept of hedging, or protecting against risk: "Hedging is a fundamental economic practice long prevalent in our system of commerce...The concept of hedging, ...reduced to a mathematical formula ...is an unpatentable abstract idea, just like the algorithms at issue in *Benson* and *Flook*..." (Emphasis Supplied)

Alice did not follow *Bilski*

"...Like the risk hedging in *Bilski*, the concept of intermediated settlement is "a fundamental economic practice long prevalent in our system of commerce.'...Thus, intermediated settlement, like hedging, is an "abstract idea" beyond the scope of §101...all of the claims at issue [in *Bilski*] were abstract ideas in the understanding that risk hedging was a 'fundamental economic practice.'"

This is clearly *NOT* what *Bilski* decided.....;

Bilski, *Besons*, *Flook* and *Diehr* were ALL decided on "mathematical algorithms."

Ergo, in light of *Alice*

According to *Alice*,....advertising, negotiating, selling, inventorying, ordering, banking, shipping, paying, pledging, communicating, keeping records, trading, packaging, performing most business services, etc., etc. are all 'fundamental economic practices,' ergo they are ALL "abstract" and patent ineligible existing in thought or as an idea .

According to examiners: "displaying information," "collecting and comparing known information," "receiving, processing and storing data," "electronic record keeping" and "receiving or transmitting data over a network" are ALL patent *ineligible* existing in thought or as an idea .

Even "home sale transactions" are "existing in thought or as an idea but not having a physical or concrete existence."

This is absolutely ludicrous!!!!

Wait, there's more!

Alice then uses *Mayo's* awkward "two step" test to search for totally undefined:

"an inventive concept?"

"significantly more?"

"nothing of substance?"

Are these all the same, or different? Or simply:

"a new and useful [unobvious] process, machine,...or new and useful [unobvious] improvement thereof..." needed for 'patentability?'

Alice is Bad Law

- *Alice* is unnecessary simply adding confusion.
- *Alice* could have simply been decided using Secs. 101 and 103; i.e.

performing a well-known “fundamental economic practice” using a “generic computer” is likely “obvious” and not a patentable “new and useful process, machine...or new and useful improvement thereof.”

The *Alice* aftermath 2 ½ years later

- Despite issuing numerous PTO guidelines FOR OVER 2 YEARS, examiners are still using copy/paste “boiler-plate” rejections simply to get applications off their desks and to meet their production goals (particularly for 705 Class in TC 3600).

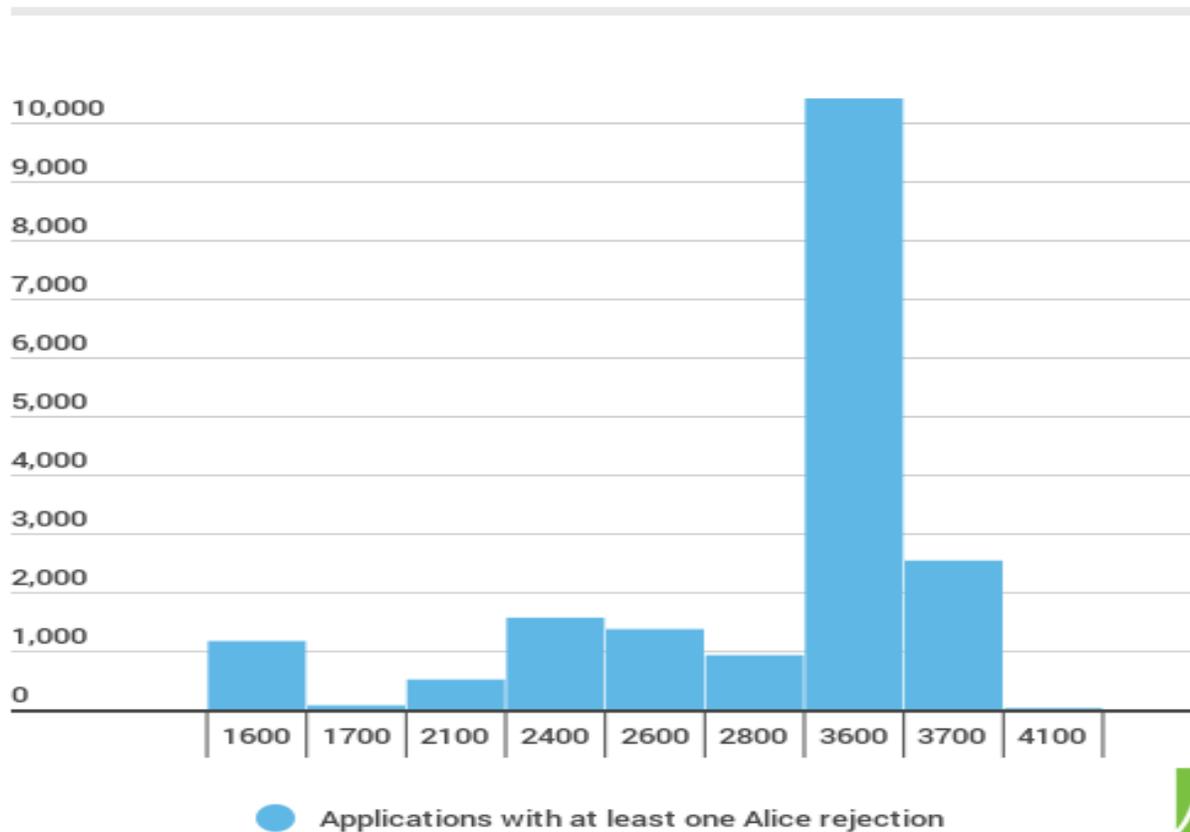
Biased Report Chastises USPTO for Insufficient Quality Control, By Gene Quinn, April 15, 2015, ipwatchdog.com; <http://www.ipwatchdog.com/2015/04/15/biased-report-chastises-uspto-for-insufficient-quality-control/id=56851/>

- There are continuing allegations that TC 3600 managers and supervisors REQUIRE examiners to issue rejections ...reopening of cases to issue rejections after a complete reversal by the PTAB

Are patent examiners instructed to issue frivolous rejections?, By Gene Quinn, IPWatchdog, July 18, 2016; <http://www.ipwatchdog.com/2016/07/18/patent-examiners-frivolous-rejections/id=70999/>

The Impotence of the Patent Trial and Appeal Board, By Gene Quinn, IPWatchdog.com, July 17, 2016; <http://www.ipwatchdog.com/2016/07/17/impotence-patent-trial-and-appeal-board/id=70952/>

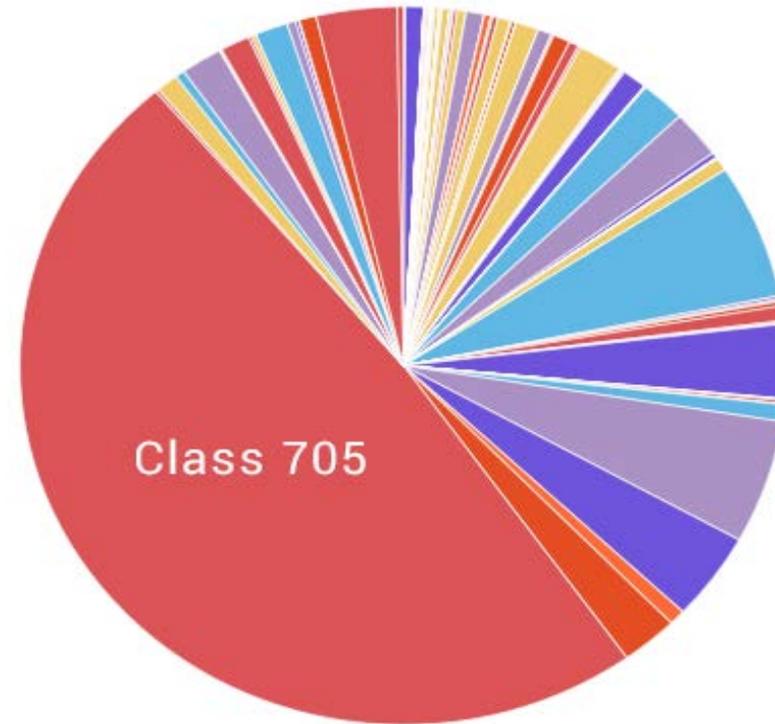
Applications with Alice Rejections (by tech center)



>90% rejections in Electronic Commerce art units (3620, 3680, 3690), while <20% rejections in Computer Architecture, Networks, & Communications art units (2100, 2400, 2600)

Avoiding Alice Rejections with Predictive Analytics, By Sarah Garber, IPWatchdog, May 31, 2016; <http://www.ipwatchdog.com/2016/05/31/avoiding-alice-rejections-predictive-analytics/id=69519/>

Applications with Alice Rejections (by class)



nearly half of all applications with an *Alice* rejection are assigned to Class 705, DATA PROCESSING: FINANCIAL, BUSINESS PRACTICE, MANAGEMENT, OR COST/PRICE DETERMINATION

Avoiding Alice Rejections with Predictive Analytics, By Sarah Garber, IPWatchdog, May 31, 2016; <http://www.ipwatchdog.com/2016/05/31/avoiding-alice-rejections-predictive-analytics/id=69519/>

Alice and the PTO are deterring innovation in
e-Commerce, financial services,
and consumer protection

- Sec. 101 is still the law;
- Congress has given no directive to exclude whole fields (TC 3600) of “processes or machines;”
- Yet *Alice* and the PTO are inhibiting a whole field of TC 3600 computer innovation for e-Commerce improving consumer protection, increased competition, etc.

Detering innovation in “digital trade.”

- “digital trade is in fact America’s third largest category of exports. Facilitating and supporting American digital exports should be a priority”

Digital trade priorities for the next administration, by Roslyn Layton, American Enterprise Inst., November 22, 2016; http://www.techpolicydaily.com/internet/digital-trade-priorities-next-administration/?utm_source=newsletter&utm_medium=paramount&utm_campaign=cict

- “intellectual property protection is a critical element in making digital trade possible;”
- “digital trade is an increasingly important part of U.S. exports;”
- “the export activity in the software and information services market is an increasingly important part of U.S. trade in services;”

U.S. International Trade Commission Digital Trade in the U.S. and Global Economies, Part 1 July 2013; <https://www.usitc.gov/publications/332/pub4415.pdf>

Trump Administration's stand on “America's intellectual property”

- President-elect Trump states, “improved protection of America's intellectual property in China would produce more than 2 million more jobs right here in the United States.”

Trump-Pence Make America Great Again, <https://www.donaldjtrump.com/policies/trade/>

Will the incoming administration trump patent reform?, by Michael Rosen, American Enterprise Institute, December 2, 2016; http://www.techpolicydaily.com/technology/will-incoming-administration-trump-patent-reform/?utm_source=newsletter&utm_medium=paramount&utm_campaign=cict

The Commission On The Theft Of American Intellectual Property, May 2013;
http://www.ipcommission.org/report/IP_Commission_Report_052213.pdf

The *Alice* aftermath 2 ½ years later

- Inventors (in TC 3600) are being unjustly deprived of their ‘intellectual property.’
- Inventors (in TC 3600) are being unjustly forced to make lengthy and costly appeals.
- Investment capital for (TC 3600) technology has been severely impacted.
- “Contingency-fee” patent enforcement litigators for (TC 3600) small inventors and businesses have disappeared.

Recommendations

- Congress enacted §101, and 103 and are still the law.
- Circuit Court Judge Newman wrote in her separate *Bascom* concurring opinion,

"I propose returning to the letter of Section 101,...A new and useful process or machine...is not an abstract idea..."

- There appears to be a trend to again simply look for “unobvious improvements:” *Bascom* and *Enfish* refer to “improvement” and/or “improve” 11 and 18 times respectively;

Recommendations

- REQUIRE any *Alice*-based office action to “consider the elements of each claim both individually and ‘as an ordered combination,’” “in light of the specification,” and look for an “inventive concept” AND “new and useful improvements;”
- REQUIRE Examiners follow the MPEP and specifically REBUT each of applicants’ remarks and arguments providing reasons, not just simply dismiss “applicant’s arguments are not persuasive;”
- REQUIRE Examiners to consider BOTH the *Alice* “eligibility” AND Sec. 101, and 103 “patentability” tests “in tandem.”

Recommendations

- AUTOMATICALLY AUDIT any Alice-based rejection by an INDEPENDENT “ALICE EXPERT” prior to mailing to applicants;
- REQUIRE an in-person 1 hour interview ($\frac{1}{2}$ to examiner and $\frac{1}{2}$ to applicant) with an INDEPENDENT “ALICE EXPERT” before issuing ANY Alice-based rejection;
- INCETIVISE examiners to produce PROPER office actions;
- There MUST BE CONSEQUENCES for examiners AND their supervisors for incomplete, sloppy work and improper rejections;

Recommendations

- Congress and the new administration need to conduct a FULL INVESTIGATION into the impact of the *Alice* decision, including:
 - How *Alice* has “amended” Secs. 101 and 103.
 - How *Alice* and the PTO disproportionally impact TC 3600 and Class 705 data processing and e-Commerce technologies.
 - NEGATIVELY IMPACTS America’s competitiveness in “digital trade” and American jobs.