

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 42

[Docket No. PTO-P-2011-0087]

RIN 0651-AC75

**Transitional Program for Covered Business Method Patents - Definitions of
Covered Business Method Patent and Technological Invention**

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Final rule.

SUMMARY: The United States Patent and Trademark Office (Office or USPTO) is revising the rules of practice to implement the provision of the Leahy-Smith America Invents Act (“AIA”) that requires the Office to issue regulations for determining whether a patent is for a technological invention in a transitional post-grant review proceeding for covered business method patents. The provision of the AIA will take effect on September 16, 2012, one year after the date of enactment. The AIA provides that this

provision and any regulations issued under the provision will be repealed on September 16, 2020, with respect to any new petitions under the transitional program.

DATES: Effective Date: The changes in this final rule take effect on September 16, 2012.

Applicability Date: The changes in this final rule apply to any covered business method patent issued before, on, or after September 16, 2012.

FOR FURTHER INFORMATION CONTACT: Sally C. Medley, Administrative Patent Judge; Michael P. Tierney, Lead Administrative Patent Judge; Robert A. Clarke, Administrative Patent Judge; and Joni Y. Chang, Administrative Patent Judge; Board of Patent Appeals and Interferences, by telephone at (571) 272-9797.

SUPPLEMENTARY INFORMATION:

Executive Summary: Purpose: On September 16, 2011, the AIA was enacted into law (Pub. L. 112-29, 125 Stat. 284 (2011)). The purpose of the AIA and this final rule is to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs. The preamble of this notice sets forth in detail the definitions of the terms “covered business method patent” and “technological invention” that the Board will use in conducting transitional covered business method patent review proceedings. The USPTO is engaged in a transparent process to create a timely, cost-effective alternative to litigation. Moreover, this

rulemaking process is designed to ensure the integrity of the trial procedures. See 35 U.S.C. 326(b).

Summary of Major Provisions: This final rule sets forth the definitions of the terms “covered business method patent” and “technological invention” that the Office will use in conducting transitional covered business method patent review proceedings.

Costs and Benefits: This rulemaking is not economically significant, but is significant, under Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 13258 (Feb. 26, 2002) and Executive Order 13422 (Jan. 18, 2007).

Background: To implement sections 6 and 18 of the AIA, the Office published the following notices of proposed rulemaking: (1) Rules of Practice for Trials before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 FR 6879 (Feb. 9, 2012), to provide a consolidated set of rules relating to Board trial practice for inter partes review, post-grant review, derivation proceedings, and the transitional program for covered business method patents, and judicial review of Board decisions by adding new parts 42 and 90 including a new subpart A to title 37 of the Code of Federal Regulations (RIN 0651-AC70); (2) Changes to Implement Inter Partes Review Proceedings, 77 FR 7041 (Feb. 10, 2012), to provide rules specific to inter partes review by adding a new subpart B to 37 CFR part 42 (RIN 0651-AC71); (3) Changes to Implement Post-Grant Review Proceedings, 77 FR 7060 (Feb. 10, 2012), to provide rules specific to post-grant review by adding a new subpart C to 37 CFR part

42 (RIN 0651-AC72); (4) Changes to Implement Transitional Program for Covered Business Method Patents, 77 FR 7080 (Feb. 10, 2012), to provide rules specific to the transitional program for covered business method patents by adding a new subpart D to 37 CFR part 42 (RIN 0651-AC73); (5) Transitional Program for Covered Business Method Patents—Definition of Technological Invention, 77 FR 7095 (Feb. 10, 2012), to add a new rule that sets forth the definition of technological invention for determining whether a patent is for a technological invention for purposes of the transitional program for covered business method patents (RIN 0651-AC75); and (6) Changes to Implement Derivation Proceedings, 77 FR 7028 (Feb. 10, 2012), to provide rules specific to derivation proceedings by adding a new subpart E to 37 CFR part 42 (RIN 0651-AC74).

Additionally, the Office published a Patent Trial Practice Guide for the proposed rules in the Federal Register to provide the public an opportunity to comment. Practice Guide for Proposed Trial Rules, 77 FR 6868 (Feb. 9, 2012) (Request for Comments) (hereafter “Practice Guide” or “Office Patent Trial Practice Guide”). The Office envisions publishing a revised Patent Trial Practice Guide for the final rules. The Office also hosted a series of public educational roadshows, across the country, regarding the proposed rules for the implementation of the AIA.

In response to the notices of proposed rulemaking and the Practice Guide notice, the Office received 251 submissions offering written comments from intellectual property organizations, businesses, law firms, patent practitioners, and others, including a United States senator who was a principal author of section 18 of the AIA. The comments

provided support for, opposition to, and diverse recommendations on the proposed rules. The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. The Office's responses to the comments are provided in the 124 separate responses based on the topics raised in the 251 comments in the Response to Comments section infra.

Section 18 of the AIA provides that the Director may institute a transitional proceeding only for a patent that is a covered business method patent. In particular, section 18(d)(1) of the AIA specifies that a covered business method patent is a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.

Section 18(d)(2) of the AIA provides that the Director will issue regulations for determining whether a patent is for a technological invention. Consistent with these statutory provisions, this rulemaking provides regulations for determining whether a patent is for a technological invention. The AIA provides that the transitional program for the review of covered business method patents will take effect on September 16, 2012, one year after the date of enactment, and applies to any covered business method patent issued before, on, or after September 16, 2012. Section 18 of the AIA and the regulations issued under this provision will be repealed on September 16, 2020. Section 18 of the AIA and the regulations issued will continue to apply after September 16, 2020, to any petition for a transitional proceeding that is filed before September 16, 2020.

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