UNITED STATES PATENT AND TRADEMARK OFFICE

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MEMORANDUM

DATE: July 27, 2010

TO: Patent Examining Corps

FROM: Robert W. Bahr
Acting Associate Commissioner
For Patent Examination Policy

SUBJECT: **Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos***

The attached Federal Register notice entitled **Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of *Bilski v. Kappos*** (*Interim Bilski Guidance*) is for use by USPTO personnel in determining subject matter eligibility under 35 U.S.C. § 101 in view of the recent decision by the United States Supreme Court (Supreme Court) in *Bilski v. Kappos*, 561 U.S. ___ (2010) (Bilski). The *Interim Bilski Guidance* is a supplement to the previously issued *Interim Examination Instructions for Evaluating Subject Matter Eligibility Under 35 U.S.C. § 101* dated August 24, 2009 (*August 2009 Interim Instructions*) and the memorandum to the Patent Examining Corps on the Supreme Court Decision in *Bilski* dated June 28, 2010. The *August 2009 Interim Instructions* are to be consulted for determining subject matter eligibility under 35 U.S.C. § 101 of machine, composition, and manufacture claims.

The *Interim Bilski Guidance* provides factors to consider in determining whether a claim is directed to an abstract idea and is therefore not patent-eligible under 35 U.S.C. § 101. Under the *Interim Bilski Guidance*, factors that weigh in favor of patent-eligibility satisfy the criteria of the machine-or-transformation test or provide evidence that the abstract idea has been practically applied, and factors that weigh against patent-eligibility neither satisfy the criteria of the machine-or-transformation test nor provide evidence that the abstract idea has been practically applied. A summary sheet of these factors is also attached to this memorandum. The machine-or-transformation test remains an investigative tool and is a useful starting point for determining whether a claimed invention is a patent-eligible process under 35 U.S.C. § 101. The *Interim Bilski Guidance* provides additional factors to aid in the determination of whether a claimed method that fails the machine-or-transformation test is nonetheless patent-eligible (*i.e.*, is not an abstract idea), and also whether a claimed method that meets the machine-or-transformation test is nonetheless patent-ineligible (*i.e.*, is an abstract idea). Since claims directed to abstract ideas were not patent-eligible prior to *Bilski*, subject matter eligibility outcomes based on the *Interim Bilski Guidance* are not likely to change in most cases. The difference is that in some rare cases, factors beyond those relevant to machine-or-transformation may weigh for or against a finding that a claim is directed to an abstract idea.

Finally, under the principles of compact prosecution, Office personnel should state all non-cumulative reasons and bases for rejecting claims in the first Office action, and should avoid focusing on issues of patent-eligibility under 35 U.S.C. § 101 to the detriment of considering an application for compliance with the requirements of 35 U.S.C. §§ 102, 103, and 112, and also avoid

101 Method Eligibility Quick Reference Sheet

The factors below should be considered when analyzing the claim **as a whole** to evaluate whether a method claim is directed to an abstract idea. However, not every factor will be relevant to every claim and, as such, need not be considered in every analysis. When it is determined that the claim is patent-eligible, the analysis may be concluded. In those instances where patent-eligibility cannot easily be identified, every relevant factor should be carefully weighed before making a conclusion. Additionally, no factor is conclusive by itself, and the weight accorded each factor will vary based upon the facts of the application. These factors are not intended to be exclusive or exhaustive as there may be more pertinent factors depending on the particular technology of the claim. For assistance in applying these factors, please consult the accompanying "Interim Guidance" memo and TC management.

Factors Weighing Toward Eligibility:

- Recitation of a machine or transformation (either express or inherent).
  - Machine or transformation is particular.
  - Machine or transformation meaningfully limits the execution of the steps.
  - Machine implements the claimed steps.
  - The article being transformed is particular.
  - The article undergoes a change in state or thing (e.g., objectively different function or use).
  - The article being transformed is an object or substance.
- The claim is directed toward applying a law of nature.
  - Law of nature is practically applied.
  - The application of the law of nature meaningfully limits the execution of the steps.
- The claim is more than a mere statement of a concept.
  - The claim describes a particular solution to a problem to be solved.
  - The claim implements a concept in some tangible way.
  - The performance of the steps is observable and verifiable.

Factors Weighing Against Eligibility:

- **No recitation of a machine or transformation (either express or inherent).**
- Insufficient recitation of a machine or transformation.
  - Involvement of machine, or transformation, with the steps is merely nominally, insignificantly, or tangentially related to the performance of the steps, e.g., data gathering, or merely recites a field in which the method is intended to be applied.
  - Machine is generically recited such that it covers any machine capable of performing the claimed step(s).
  - Machine is merely an object on which the method operates.
  - Transformation involves only a change in position or location of article.
  - "Article" is merely a general concept (see notes below).
- The claim is not directed to an application of a law of nature.
  - The claim would monopolize a natural force or patent a scientific fact; e.g., by claiming every mode of producing an effect of that law of nature.
  - Law of nature is applied in a merely subjective determination.
  - Law of nature is merely nominally, insignificantly, or tangentially related to the performance of the steps.
- The claim is a mere statement of a general concept (see notes below for examples).
  - Use of the concept, as expressed in the method, would effectively grant a monopoly over the concept.
  - Both known and unknown uses of the concept are covered, and can be performed through any existing or future-devised machinery, or even without any apparatus.
  - The claim only states a problem to be solved.
  - The general concept is disembodied.
  - The mechanism(s) by which the steps are implemented is subjective or imperceptible.

NOTES:

1) Examples of general concepts include, but are not limited, to:

- Basic economic practices or theories (e.g., hedging, insurance, financial transactions, marketing);
- Basic legal theories (e.g., contracts, dispute resolution, rules of law);
- Mathematical concepts (e.g., algorithms, spatial relationships, geometry);
- Mental activity (e.g., forming a judgment, observation, evaluation, or opinion);
- Interpersonal interactions or relationships (e.g., conversing, dating);
- Teaching concepts (e.g., memorization, repetition);
- Human behavior (e.g., exercising, wearing clothing, following rules or instructions);
- Instructing "how business should be conducted."

2) For a detailed explanation of the terms machine, transformation, article, particular, extrasolution activity, and field-of-use, please refer to the Interim Patent Subject Matter Eligibility Examination Instructions of August 24, 2009.

3) When making a subject matter eligibility determination, the relevant factors should be weighed with respect to the claim **as a whole** to evaluate whether the claim is patent-eligible or whether the abstract idea exception renders the claim ineligible. When it is determined that the claim is patent-eligible, the analysis may be concluded. In those instances where patent-eligibility cannot be easily identified, every relevant factor should be carefully weighed before making a conclusion. Not every factor will be relevant to every claim. While no factor is conclusive by itself, the weight accorded each factor will vary based upon the facts of the application. These factors are not intended to be exclusive or exhaustive as there may be more pertinent factors depending on the particular technology of the claim.

4) Sample Form Paragraphs:

a. Based upon consideration of all of the relevant factors with respect to the claim as a whole, claim(s) [1] held to claim an abstract idea, and is therefore rejected as ineligible subject matter under 35 U.S.C. § 101. The rationale for this finding is explained below: [2]

1. In bracket 2, identify the decisive factors weighing against patent-eligibility, and explain the manner in which these factors support a conclusion of ineligibility. The explanation needs to be sufficient to establish a *prima facie* case of ineligibility under 35 U.S.C. § 101.

b. Dependent claim(s) [1] when analyzed as a whole are held to be ineligible subject matter and are rejected under 35 U.S.C. § 101 because the additional recited limitation(s) fail(s) to establish that the claim is not directed to an abstract idea, as detailed below: [2]

1. In bracket 2, provide an explanation as to why the claim is directed to an abstract idea; for instance, that the additional limitations are no more than a field of use or merely involve insignificant extrasolution activity; e.g., data gathering. The explanation needs to be sufficient to establish a *prima facie* case of ineligibility under 35 U.S.C. § 101.

administrative review. As a result of our review, we determine that a weighted-average dumping margin of 2.43 percent exists for Far Eastern Textile Limited for the period May 1, 2008, through April 30, 2009.

Assessment Rates

The Department shall determine and U.S. Customs and Border Protection (CBP) shall assess antidumping duties on all appropriate entries. Although Far Eastern Textile Limited indicated that it was not the importer of record for any of its sales to the United States during the period of review, it reported the names of the importers of record for all of its U.S. sales. Because Far Eastern Textile Limited also reported the entered value for all of its U.S. sales, we have calculated importer-specific assessment rates for the merchandise in question by aggregating the dumping margins we calculated for all U.S. sales to each importer and dividing this amount by the total entered value of those sales.

The Department clarified its "automatic assessment" regulation on May 6, 2003. This clarification will apply to entries of subject merchandise during the period of review produced by Far Eastern Textile Limited for which it did not know its merchandise was destined for the United States. In such instances, we will instruct CBP to liquidate unreviewed entries at the all-others rate if there is no rate for the intermediate company(ies) involved in the transaction. For a full discussion of this clarification, see *Antidumping and Countervailing Duty Proceedings: Assessment of Antidumping Duties,* 68 FR 23954 (May 6, 2003).

The Department intends to issue assessment instructions directly to CBP 15 days after publication of these final results of review.

Cash-Deposit Requirements

The following deposit requirements will be effective upon publication of this notice of final results of administrative review for all shipments of PSF from Taiwan entered, or withdrawn from warehouse, for consumption on or after the date of publication, as provided by section 751(a)(1) of the Act: (1) The cash-deposit rate for Far Eastern Textile Limited will be 2.43 percent; (2) for merchandise exported by manufacturers or exporters not covered in this review but covered in the original less-than-fair-value investigation or previous reviews, the cash-deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a prior review, or the original investigation but the manufacturer is, the cash-deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; (4) the cash-deposit rate for all other manufacturers or exporters will continue to be 7.31 percent, the all-others rate established in *Notice of Amended Final Determination of Sales at Less Than Fair Value: Certain Polyester Staple Fiber From the Republic of Korea and Antidumping Duty Orders: Certain Polyester Staple Fiber From the Republic of Korea and Taiwan,* 65 FR 33807 (May 25, 2000). These cash-deposit requirements shall remain in effect until further notice.

Notifications

This notice serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of doubled antidumping duties.

This notice also serves as a reminder to parties subject to the administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely notification of the destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

We are issuing and publishing these results and this notice in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: July 19, 2010.

Ronald K. Lorentzen.

Deputy Assistant Secretary for Import Administration.

Appendix

1. Exchange Rates.

2. Selection of Normal Value.

[FR Doc. 2010–18391 Filed 7–26–10; 8:45 am]

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DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

[Docket No. PTO–P–2010–0067]

Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of Bilski v. Kappos

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Notice; Request for comments.

SUMMARY: The United States Patent and Trademark Office (USPTO or Office) has prepared *Interim Guidance for Determining Subject Matter Eligibility for Process Claims in view of Bilski* v. *Kappos* (*Interim Bilski Guidance*) for its personnel to use when determining subject matter eligibility under 35 U.S.C. 101 in view of the recent decision by the United States Supreme Court (Supreme Court) in *Bilski* v. *Kappos,* No. 08–964 (June 28, 2010). It is intended to be used by Office personnel as a supplement to the previously issued *Interim Examination Instructions for Evaluating Subject Matter Eligibility Under 35 U.S.C. 101* dated August 24, 2009 (*Interim Instructions*) and the memorandum to the Patent Examining Corps on the Supreme Court Decision in *Bilski* v. *Kappos* dated June 28, 2010. This guidance supersedes previous guidance on subject matter eligibility that conflicts with the *Interim Bilski Guidance.* Any member of the public may submit written comments on the *Interim Bilski Guidance.* The Office is especially interested in receiving comments regarding the scope and extent of the holding in *Bilski.*

DATES: The *Interim Bilski Guidance* is effective July 27, 2010. This guidance applies to all applications filed before, on or after the effective date of July 27, 2010.

Comment Deadline Date: To be ensured of consideration, written comments must be received on or before September 27, 2010. No public hearing will be held.

ADDRESSES: Comments concerning this *Interim Bilski Guidance* should be sent by electronic mail message over the Internet addressed to *Bilski_Guidance@uspto.gov* or facsimile transmitted to (571) 273–0125. Comments may also be submitted by mail addressed to: Mail Stop Comments—Patents, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313–1450. Although comments may be submitted by facsimile or mail, the Office's facsimile machines are not

The comments will be available for public inspection at the Office of the Commissioner for Patents, located in Madison East, Tenth Floor, 600 Dulany Street, Alexandria, Virginia, and will be available via the USPTO Internet Web site, (*address: http://www.uspto.gov*). Because comments will be available for public inspection, information that is not desired to be made public, such as an address or phone number, should not be included in the comments.

FOR FURTHER INFORMATION CONTACT: Caroline D. Dennison, Legal Advisor, Office of Patent Legal Administration, Office of the Associate Commissioner for Patent Examination Policy, by telephone at (571) 272–7729, or by mail addressed to: Mail Stop Comments—Patents, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313–1450, marked to the attention of Caroline D. Dennison.

SUPPLEMENTARY INFORMATION: The USPTO has prepared interim guidance (*Interim Bilski Guidance*) for its personnel to use when determining subject matter eligibility under 35 U.S.C. 101 in view of the recent decision by the United States Supreme Court (Supreme Court) in *Bilski.* It is intended to be used by Office personnel as a supplement to the previously issued *Interim Examination Instructions for Evaluating Subject Matter Eligibility Under 35 U.S.C. 101* dated August 24, 2009 (*Interim Instructions*) and the memorandum to the Patent Examining Corps on the Supreme Court Decision in *Bilski* v. *Kappos* dated June 28, 2010. The *Interim Bilski Guidance* is based on the USPTO's current understanding of the law and is believed to be fully consistent with the decision in *Bilski,* the binding precedent of the Supreme Court, the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) and the Federal Circuit's predecessor courts. The USPTO has also posted the *Interim Bilski Guidance* on its Internet Web site (*http://www.uspto.gov*).

Request for Comments

The Office has received and considered the comments regarding the *Interim Instructions* submitted in response to the *Request for Comments on Interim Examination Instructions for Evaluating Patent Subject Matter Eligibility,* 74 FR 47780 (Sept. 11, 2009), 1347 Off. Gaz. Pat. Office 110 (Oct. 13, 2009). *See also Additional Period for Comments on Interim Examination Instructions for Evaluating Patent Subject Matter Eligibility,* 74 FR 52184 (Oct. 9, 2009), 1348 Off. Gaz. Pat. Office [illegible] comment period until November 9, 2009).

Members of the public are invited to review the *Interim Bilski Guidance* (below) and provide comments. The Office is particularly interested in receiving comments in response to the following questions:

1. What are examples of claims that do not meet the machine-or-transformation test but nevertheless remain patent-eligible because they do not recite an abstract idea?

2. What are examples of claims that meet the machine-or-transformation test but nevertheless are not patent-eligible because they recite an abstract idea?

3. The decision in *Bilski* suggested that it might be possible to "defin[e] a narrower category or class of patent applications that claim to instruct how business should be conducted," such that the category itself would be unpatentable as "an attempt to patent abstract ideas." *Bilski* slip op. at 12. Do any such "categories" exist? If so, how does the category itself represent an "attempt to patent abstract ideas?"

Interim Guidance for Determining Subject Matter Eligibility for Process Claims in view of *Bilski* v. *Kappos* (*Interim Bilski Guidance*)

I. *Overview:* This *Interim Bilski Guidance* is for determining patent-eligibility of process claims under 35 U.S.C. 101 in view of the opinion by the Supreme Court in *Bilski* v. *Kappos,* 561 U.S. ___ (2010), which refined the abstract idea exception to subject matter that is eligible for patenting. A claim to an abstract idea is not a patent-eligible process.

This *Interim Bilski Guidance* provides factors to consider in determining subject matter eligibility of method claims in view of the abstract idea exception. Although this guidance presents a change in existing examination practice, it is anticipated that subject matter eligibility determinations will not increase in complexity for the large majority of examiners, who do not routinely encounter claims that implicate the abstract idea exception.

Under the principles of compact prosecution, each claim should be reviewed for compliance with every statutory requirement for patentability in the initial review of the application, even if one or more claims are found to be deficient with respect to the patent-eligibility requirement of 35 U.S.C. 101. Thus, Office personnel should state all non-cumulative reasons and bases for [illegible] in the first Office

Section III of this *Interim Bilski Guidance* provides guidance on the abstract idea exception to subject matter eligibility as set forth in *Bilski,* and section IV of this *Interim Bilski Guidance* provides guidance on factors relevant to reviewing method claims for subject matter eligibility in view of *Bilski.* To aid examiners in implementing this guidance, a summary sheet of factors which may be useful for determining subject matter eligibility of a method claim is provided at the end of this *Interim Bilski Guidance.*

Section V of this *Interim Bilski Guidance* discusses how to make the determination of eligibility. To summarize, in order for the examiner to make a proper *prima facie* case of ineligibility, the examiner will evaluate the claim as a whole and weigh the relevant factors set forth in *Bilski* and previous Supreme Court precedent and make a determination of compliance with the subject matter eligibility prong of § 101. The Office will then consider rebuttal arguments and evidence supporting subject matter eligibility.

II. *Summary:* The *Bilski* Court underscored that the text of § 101 is expansive, specifying four independent categories of inventions eligible for protection, including processes, machines, manufactures, and compositions of matter. *See* slip op. at 4 ("In choosing such expansive terms * * * modified by the comprehensive 'any', Congress plainly contemplated that the patent laws would be given wide scope.") (quoting *Diamond* v. *Chakrabarty,* 447 U.S. 303, 308 (1980)). The Court also made clear that business methods are not "categorically outside of § 101's scope," stating that "a business method is simply one kind of 'method' that is, at least in some circumstances, eligible for patenting under § 101." *Id.* at 10–11. Examiners are reminded that § 101 is not the sole tool for determining patentability; where a claim encompasses an abstract idea, sections 102, 103, and 112 will provide additional tools for ensuring that the claim meets the conditions for patentability. As the Court made clear in *Bilski:*

> The § 101 patent-eligibility inquiry is only a threshold test. Even if an invention qualifies as a process, machine, manufacture, or composition of matter, in order to receive the Patent Act's protection the claimed invention must also satisfy "the conditions and requirements of this title." § 101. Those requirements include that the invention be novel, see § 102, nonobvious, *see* § 103, and fully and particularly described, see § 112.

Id. at 5.

[illegible]

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