

New USPTO Guidance Has Fewer Limits On Patent Eligibility

By Ryan Davis

Law360, New York (December 15, 2014, 7:06 PM ET) -- The U.S. Patent and Trademark Office released new patent-eligibility guidelines for examiners on Monday, and attorneys say that compared to a controversial earlier version of the guidance, the office has significantly scaled back restrictions on what is patent-eligible.

The USPTO was met with a barrage of criticism when it unveiled the previous guidelines in March on how examiners should evaluate patents related to natural products, in response to the U.S. Supreme Court decisions known as *Myriad* and *Mayo*.

Many attorneys and industry groups argued in public comments and at a contentious hearing that the recommendations went too far and could cause a wide range of inventions to be found ineligible for a patent. USPTO Deputy Commissioner for Patent Examination Policy Drew Hirshfeld said in an interview Monday that the revised guidelines are an attempt to address those concerns.

"We certainly have taken to heart the feedback the public has given," he said. "People will certainly see that we did in fact go and make significant changes. We've been very responsive to the feedback we received."

The main criticism the office received about the *Myriad* and *Mayo* guidance was that it was too broad and funneled too many patent applications into an analysis of whether they are eligible for a patent, Hirshfeld said. In response, he said, "We have modified the guidance to narrow the funnel."

Attorneys who have closely followed the USPTO's guidelines said that the new version, which includes 17 pages of examples applying the guidelines to hypothetical examples, should indeed funnel fewer patent applications into an analysis of whether they are patent-eligible. As a result, the guidelines will allow more inventions to be found patentable than would have been the case under the March version.

"They're definitely scaling back how strict the previous test was," said Aaron Morrow of K&L Gates LLP, who added that under the new version, several types of inventions are "definitely more likely to be found patent-eligible."

For instance, the March guidelines stated that examiners should analyze whether a patent application meets patent-eligibility criteria if it "recites or involves" so-called judicial exceptions, or categories that the courts have ruled are not patent-eligible, like natural material and abstract ideas.

The new guidelines state that such an analysis is necessary only if the claims are "directed to" judicial exceptions. That less stringent interpretation should prevent many patents that simply

involve natural material from being found ineligible, as may have been the case under the March guidance.

"They made it much narrower and give a lot of ways to get out of the exception," said Maria Luisa Palmese of Kenyon & Kenyon LLP.

Similarly, the March guidelines suggested that a claimed invention involving a combination of two or more materials that each exist in nature was likely not eligible for patent. The new guidelines state that if the combination has markedly different characteristics than what exists in nature, it may be patent-eligible, even if all the components are natural.

That is important because many inventions in the life sciences area claim combinations of natural material with medicinal properties or other features that are not present in the individual components, Morrow said.

"Now the question is, is the combination itself found in nature," he said. "That's a big shift."

In general, the revised guidance indicates that if a claimed invention directed to natural material has any markedly different characteristics from what exists in nature, including in its structure, function or other properties, it may be patent-eligible. The previous guidance focused mainly on differences in structure making an invention patent-eligible.

"Even a small change can result in markedly different characteristics from the product's naturally occurring counterpart," the guidelines state. "In accordance with this analysis, a product that is purified or isolated, for example, will be eligible when there is a resultant change in characteristics sufficient to show a marked difference from the product's naturally occurring counterpart."

Allowing a difference in function to confer patent eligibility is "a very significant shift for the natural product analysis," Morrow said.

Critics of the USPTO's earlier guidance said they found much to like about the revision, even though it does not answer all of the numerous questions about what makes an invention patent-eligible.

"There are many significant differences between the March guidance and this guidance," said Courtenay Brinckerhoff of Foley & Lardner LLP. "It takes into account the comments and criticism levied at the March guidance and takes a step in the right direction."

The new guidelines should be positively received, she said, since they "make clear that product and composition claims will be eligible that would not have been eligible under the earlier guidance."

Palmese echoed that sentiment.

"Overall, I think it's definitely an improvement, and it seems like the PTO really paid attention to the public comments," she said. "They made it less complicated and stayed closer to the case law."

By bringing the guidelines closer in line with Supreme Court case law and taking out factors in the previous guidelines that weigh against patent eligibility, the new guidelines provide examiners with more latitude to say that an application is patent-eligible, said Jordan Sigale of Dunlap Codding.

"Any time you try to summarize the law, it's going to be contentious," he said. "I think they've addressed the concerns of the public about going too far."

The 59-page document the USPTO released Monday supersedes the March guidelines on patent

applications that are directed to a product of nature like those in the Myriad and Mayo cases, where the high court found that isolated DNA and a medical diagnostic test were not patent-eligible because they claimed natural material.

It also supplements guidance the office issued in June days after the Supreme Court's Alice decision, which held that abstract ideas implemented using a computer are not patent eligible.

The guidelines on computer-implemented inventions were less controversial than those dealing with the Myriad and Mayo cases, and the version released Monday featured relatively minor changes.

Daniel Brownstone of Fenwick & West LLP, whose work involves patents in the computer science area, said he had hoped that the USPTO would have given examiners more specific guidance on how to evaluate such patents that involve abstract ideas. The limited guidance in that area released Monday "doesn't impose any greater certainty," he said.

"We had a sense over the last few months that something more significant would come out of the patent office, but this isn't it," he said.

The USPTO's Hirshfeld said Monday that the office will be accepting public comments on both sets of guidelines for 90 days and plans to hold a public forum on the issue in mid-January. The development of guidance for examination is an iterative process, he said, and the office plans to refine it when additional decisions are made by the Supreme Court and Federal Circuit, he said.

"We are still very interested in receiving people's feedback," he said. "As the case law develops, we want to get to the best possible place we can be."

--Editing by John Quinn and Philip Shea.

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