

Recent USPTO Report Suggests Greater Consistency and Predictability in Patent-Ineligible Subject Matter Rejections

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Last week, the US Patent and Trademark Office (“USPTO”) released a [report](#) detailing its findings on how the U.S. Supreme Court decision in *Alice Corp. v. CLS Bank International*, as well as subsequent USPTO guidance on 35 U.S.C. § 101 rejections, has affected rates of, and variability between, office action rejections. This report provides a new and useful glimpse into the state of patent prosecution of *Alice*-affected technologies after the USPTO issued its January 2019 Revised Patent Subject Matter Eligibility Guidance (“2019 PEG”).

The report focuses its analysis on two metrics: one, the percentage of patent applications that received first office action § 101 rejections, and two, the percentage of uncertainty in the patent examination process (defined as “the variation across examiners in the proportion of rejections for patent-ineligible subject matter... [uncertainty increases as] the percentage of first office action rejections...becomes more uneven across examiners within a specific technology”). U.S. Patent and Trademark Office, [Adjusting to Alice: USPTO Patent examination outcomes after Alice Corp. v. CLS Bank International](#), 3 IP Data Highlights 3 (April 2020). These two metrics are analyzed both within the first 18 months after *Alice*, as well as within the 12 months following the 2019 PEG. The USPTO’s analysis indicates that the USPTO’s 2019 guidelines have affected both the rate and variability of first office action rejections based on patent-ineligible subject matter.

The USPTO first found that both § 101 rejections and uncertainty in the patent examination process sharply increased in the 18 months immediately following the *Alice* decision. Specifically, for *Alice*-affected technologies, “the chances of receiving a first office action rejection [with a § 101 rejection] increased by 31% in the 18 months following *Alice*.” *Id.* at 4. As the report notes, there are at least two explanations for the increase: one, applying the *Alice* standard involved expanding patent-ineligible subject matter to other technology areas, and two, “professionally trained judges, lawyers, and examiners can apply reasonable but different interpretations of the *Alice* standard.” *Id.* at 4. Additionally, “[w]ithin *Alice*-affected technologies, uncertainty in the patent examination process “increased by 26% in the 18 months following *Alice*,” which “seems to reflect the interpretive latitude in the language of the *Alice* standard.” *Id.* at 5.

The USPTO found, however, that the 2019 PEG appeared to reverse both of these upward trends. Specifically, in the year following the issuance of the 2019 PEG, “the chances of receiving a first office action [§ 101 rejection decreased] by 25%,” and “uncertainty about patent subject matter eligibility determinations ... [was reduced] by 44% for *Alice*-affected technologies.” *Id.* at 7, 8. The USPTO stated that the 2019 PEG both “clarified that abstract ideas are grouped as mathematical concepts, certain methods of organizing human activity, and mental processes ... [and] explained that a claim that recites an abstract idea that is not ‘directed to’ the abstract idea if the claim as a whole integrates the abstract idea into a practical application.” *Id.* at 7. As a result, “the 2019 PEG provided clarity and structure to the decision-making process, thereby reducing the degree of variability observed across examiners in subject matter eligibility determinations.” *Id.* at 8.

These figures show a trend towards a more “consistent and predictable” approach towards § 101 rejections from the USPTO since it issued its 2019 PEG. *Id.* at 8. These statistics should be encouraging to any inventors in *Alice*-affected technologies who hesitated to seek patent protection immediately following *Alice*, as the report indicates that patent examiners now both issue § 101 rejections less frequently, and are more consistent when they do issue rejections for patent-ineligible subject matter.

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Brad Scheller is more than just a seasoned intellectual property litigator—he's a strategic partner who thrives at the intersection of law, technology, and business. With a reputation for tackling complex trade secret and patent disputes, Brad brings a rare blend of technical insight and courtroom prowess, advocating for clients before judges and juries in United States district courts and the United States Patent and Trademark Office.



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