

PUBLICATION

Some Patents May Survive Alice and Myriad

January 23, 2015

Guidance published by the U.S. Patent and Trademark Office (USPTO) on December 16, 2014 indicates a slight softening in its position regarding patentable subject matter. The patent community has been hard hit in the last few years by U.S. Supreme Court decisions finding a lack of patentable subject matter in several areas. Biotechnology took a hit with *Prometheus Labs v. Mayo*, in which the Court found that a method of administering a drug to a patient and determining the therapeutic effect was not patentable as it was directed to a "law of nature." Similarly, in *Association for Molecular Pathology v. Myriad Genetics*, the Court held that isolated human genes were "products of nature," and thus could not be patented.

Computer-implemented inventions, including so-called "business method" patents, also took a double hit. In *Bilski v. Kappos*, the Court agreed that claims for using a computer for commodity heading were unpatentable as they attempted to patent abstract ideas. A similar result was reached a few months ago in *Alice Corporation v. CLS Bank*, where the Court held that a patent covering a computerized trading platform for mitigating settlement risk in financial transactions also was too abstract.

Following these cases, patent owners and applicants have run into significant problems at the USPTO, as well as in the courts. In particular, there has been a "tidal wave" of court decisions since the *Alice* decision in which several federal courts have found a variety of patented inventions to be directed to "abstract ideas," and thus invalid.

With the long-awaited new guidance, though, all hope is not lost for patent owners and applicants regarding the examination of claims for patent eligible subject matter. The USPTO has consolidated its analytical approach for both "laws/products of nature" and "abstract ideas," and, as discussed in more detail below, this guidance does indicate a slight softening in its position.

USPTO Interim Guidance

The Interim Guidance, "[2014 Interim Guidance on Patent Subject Matter Eligibility](#)," lays out an examination process that supplements the USPTO's June 2014 Guidance issued after the *Alice* decision. The Interim Guidance further supersedes the USPTO's March 2014 guidance regarding "Laws of Nature/Natural Principles, Natural Phenomena, and/or Natural Products" that was issued following the *Myriad* and *Mayo* decisions, providing a framework for which natural products will be analyzed. The Interim Guidance took effect December 16, 2014, and includes a request for public comments (which must be received by March 16, 2015).

The new guidance provides a flow chart with the test for determining patent-eligible subject matter (shown at the end of the article). In particular, this differs from the USPTO's prior guidance in that the USPTO loosened its interpretation of whether claims incorporating judicial exceptions (such as a law or product of nature, a natural phenomenon or an abstract idea) are patentable subject matter. First, the analysis is based on whether a claim is "directed to" any judicial exceptions rather than claims merely "involving" an exception. Second, the test for determining whether a claim is directed to a product of nature exception is notably separated from analyzing whether the claim recites "significantly more" than the exception. Thus, a product of nature can now be patent eligible subject matter based on exhibiting "markedly different characteristics" without needing to conduct the "significantly more" analysis. Finally, the "markedly different" analysis includes the "structure,

function, and/or other properties" of the product, while only "structural differences" were sufficient to show a "marked difference" under the USPTO's prior guidance. These differences outlined in the new guidance (such as biological or pharmacological functions or activities; chemical and physical properties; functional and structural characteristics; and/or chemical, genetic or physical structure and form) may help applicants pursuing patent protection involving products of nature to show that the claims satisfy the statutory requirements under 35 U.S.C. § 101.

Similarly, the Interim Guidance authorizes Examiners to use a streamlined eligibility analysis for a claim that may or may not recite a judicial exception, but when viewed as a whole, clearly does not seek to tie up that exception such that others cannot practice it. A robotic arm assembly with a control system operating using certain mathematical relationships, for example, is clearly not an attempt to tie up all other uses of the mathematical relationships and does not require a full eligibility analysis. Similarly, a claim for an artificial hip prosthesis coated with a naturally occurring mineral is clearly not an attempt to tie up the mineral (i.e., the nature-based product), and thus does not require a markedly different characteristics analysis.

The updated Interim Guidance includes examples of analyses that apply the USPTO's examination flowchart to several Supreme Court decisions, including those above. It carefully notes that "the Supreme Court did not create a per se excluded category of subject matter, such as software or business methods, nor did it impose any special requirements for eligibility of software or business methods."

The USPTO also released a set of explanatory training examples related to "nature-based products" to supplement the updated guidance. The USPTO further plans to release examples directed to the "significantly more" requirement in the near future.

In sum, the USPTO appears to have broadened the sphere of patentable subject matter directed to nature-based products in its Interim Guidance. And while inventions encompassing abstract ideas in the software and business methods areas appear to not have been advanced as much, the Interim Guidance may help to shift the tide in those fields.

If you have any questions or want to discuss how this decision could impact your business, contact your Baker Donelson attorney or one of the attorneys in the Firm's Intellectual Property Group.