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Iancu Says USPTO Patent Eligibility Guidance Bringing Clarity

By Ryan Davis

U.S. Patent and Trademark Office Director Andrei Iancu said Wednesday that the agency's new guidance to examiners on what is patent eligible is "working really well" and resulting in fewer eligibility rejections, though he noted that uncertainty remains about how courts handle the same issue.

Speaking at a World Congress conference in New York about protecting innovation in the financial services industry, Iancu said that since it was unveiled in January, the guidance has helped clarify the analysis of patent eligibility issues performed by examiners and Patent Trial and Appeal Board judges.

After being trained on the new guidance, USPTO employees "really understand how to apply it," he said.

"Obviously, there is still a learning curve and nothing is perfect instantaneously, but we're very pleased with it," he added.

The agency's goal was to ensure that patents are rejected on eligibility grounds only when they claim material that is per se ineligible under Section 101 of the Patent Act, like basic mathematical or scientific concepts, Iancu said.

Other problems with patents, such as the use of vague language or a lack of novelty, have sometimes been conflated with patent eligibility, but those issues are best addressed by other parts of the patent statute, and the guidance seeks to ensure that happens, he said.

The guidance is viewed as making it less likely that patents will be rejected for claiming patent ineligible subject matter. Iancu said that it's "absolutely" the case that there are more patents passing muster on eligibility, but are then rejected for other reasons.

"It is very rare that you get a 101 rejection by itself," he said. "For sure under the new guidance, people are able to overcome 101 rejections more often, and that's a good thing, because we know that we're applying the correct analysis."

But patents that clear the patent eligibility hurdle still face rejections for being anticipated or obvious in view of prior art, or for being too vague and lacking a proper written

description of the invention. The guidance instructs examiners to make such decisions under the well-established body of law on those issues, rather than citing the less clear test for patent eligibility, Iancu said.

“Vague claims should still fail if we do our jobs right, for sure, but not under 101, because we don’t know what the standard is under 101,” he said.

Tariq Hafiz, group director of the USPTO's Technology Center 3600, which handles applications for patents related to e-commerce, said later in the conference that when attorneys believe examiners are issuing inconsistent decisions on eligibility or other issues for similar inventions, they should get higher ranking officials involved.

Ensuring consistency across 8,000 examiners is a challenge, but the office is working on it by providing more training, Hafiz said. Technology Center 3600 has become known among attorneys in recent years for issuing a substantial number of eligibility rejections.

"One of things I really want to encourage you to do is reach out to the supervisors when you see inconsistent opinions," he said. "I think the traditional practice has been that practitioners are reluctant to contact supervisors. I think that's really old-school thinking: nowadays, everything is really transparent and out in the open."

While the USPTO is pleased with how the new guidance has worked at the agency, it’s still possible the courts will take a different view when they analyze patents the office is issuing.

“The problem that we have is that although the guidance, I believe, is working really well, the courts are not bound by it,” Iancu said. “Of course they’re not bound by it. We have an independent judiciary, so they have to make their own decisions. It would be nice if they applied it. It would be nice if they gave deference, but they don’t have to.”

It seems unlikely that will happen anytime soon. In a decision in April, the Federal Circuit rejected a patentee’s argument that the USPTO's guidance indicated its patent should be found patent eligible. The appeals court wrote that "while we greatly respect the PTO's expertise ... we are not bound by its guidance."

Then earlier this month, the full Federal Circuit voted 7-5 to reject a request by Athena Diagnostics to sit en banc and review its standards on patent eligibility. The order featured eight separate opinions in which the judges expressed different views about how eligibility should be addressed.

The USPTO said when it issued the guidance that it decided to do so because the inconsistent body of case law on patent eligibility had become "increasingly more difficult" for examiners to handle. Iancu said Wednesday that not much appears to have changed in recent months.

“It seems to me that, so far at least, [the courts] are continuing down the same exact path that they have been for the past few years,” Iancu said. “We saw the trouble that they have with this issue in the Athena case, and we see it in many other cases.”

The USPTO's guidance, he said, is actually "no different from the case law, it's just a way of approaching the case law to make sense of it in a consistent manner."

Iancu noted that several decisions made by the office under the new guidance have been designated as informative, including some in which the claims were still rejected as ineligible.

“Take a look and you will see how we think a well-reasoned opinion on Section 101 should read,” he said.

Greater clarity on patent eligibility may depend on intervention from Congress, he said, noting that lawmakers are drafting a bill to rewrite Section 101 with the goal of introducing it later this year.

“While I do believe that the administration has put out guidance that I think addresses the problem, if the courts are going to do a different thing, what are we left with at that point?” Iancu said. “That is why Congress is also looking to address this.”

Iancu said the technology of the future, including artificial intelligence, autonomous vehicles and biotechnology, depends on clear standards for patent eligibility.

"If we are to compete internationally and effectively in an increasingly competitive global technology race, we must solve this problem," he said. "So I hope the courts and Congress can help us address it.”

--Editing by Amy Rowe.