

# Training Module Number 28 for Supplemental Materials 2 Through 6

*(Prepared January 14, 2012)*

## Introduction:

This Training Module covers changed guidelines and revised guidance based upon recent Supreme Court rulings that affect: (1) determining obviousness and (2) evaluating subject matter eligibility in patent matters. It also includes new guidance internally generated within the USPTO on (3) the acceptability of a description of an invention.

These changes are fully described in Supplemental Materials 2 through 6 that follow in Brief Reviews of each of these items. (Please note that Supplemental Material 1 is the MPEP that has been extensively reviewed in Training Modules 1 through 27.) Each Brief Review is followed by a link to the entire item that has been marked up in yellow, similar to the MPEP chapters in the previous training modules, to highlight the most relevant material.

## BRIEF REVIEWS

### 2. Examination Guidelines Update: Developments in the Obviousness Inquiry After KSR v. Teleflex

#### Background:

#### Case History and Decision for KSR v. Teleflex

KSR and Teleflex compete as suppliers to the automotive industry. Teleflex, Inc. sued KSR, claiming that one of KSR's products infringed Teleflex's patent on connecting an adjustable vehicle control pedal to an electronic throttle control. KSR argued that the combination of the two elements was obvious, and the claim was therefore not patentable. The district court ruled in favor of KSR, but the Court of Appeals for the Federal Circuit reversed this ruling in January 2005.

Oral arguments were heard by the Supreme Court on November 28, 2006 and on April 30, 2007, the Supreme Court unanimously reversed the judgment of the Federal Circuit, holding that the disputed claim 4 of the patent was obvious under the requirements of 35 U.S.C. §103 and that in "rejecting the District Court's rulings, the Court of Appeals analyzed the issue in a narrow, rigid manner inconsistent with §103 and our precedents," referring to the Federal Circuit's application of the "teaching-suggestion-motivation" (TSM) test.

When considering obviousness of a combination of known elements, the operative question is "whether the improvement is more than the predictable use of prior art elements according to their established functions".

## Overview

Based upon the Supreme Court's decision in this case, new guidelines for establishing obviousness were made effective by the USPTO on September 1, 2010.

The revised guidelines continue to rely on the earlier inquiries announced in the case of *Graham v. John Deere* (1966) for evaluating obviousness. Specifically:

- (1) scope and content of the prior art
- (2) differences between the claimed invention and the prior art
- (3) level of ordinary skill in the art
- (4) and secondary indicia of nonobviousness,

remain the foundation of any determination of obviousness.

However, based upon the Supreme Court decision in *KSR v. Teleflex*, six other lines of reasoning (rationales) should also be used in the determination of obviousness. They are:

- (1) Combining prior art elements according to known methods to yield predictable results
- (2) simple substitution of one known element for another to obtain predictable results
- (3) use of a known technique to improve similar devices, methods, or products in the same way
- (4) applying a known technique to a known device, method, or product ready for improvement to yield predictable results
- (5) obvious to try— choosing from a finite number of identified, predictable solutions, with a reasonable expectation of success; and
- (6) known work in one field of endeavor may prompt variations of it for use in either the same field or a different one based on design incentives or other market forces if the variations are predictable to one of ordinary skill in the art.

It remains the USPTO policy that appropriate factual findings are required in order to apply the rationales enumerated above properly.

## Selected Question and Answer

A question in an actual Patent Bar Examination given in 2012 boiled down to:

**Question:** *Is equivalence a sufficient test for obviousness?*

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**Answer:** *NO. Much has been written and debated about the subject of obviousness and a comprehensive answer to this question is by no means clear cut. However, the limited answer to this question in the context of the Patent Bar Exam is the one found in the MPEP (2144.04) or this*

*Supplemental Material. That answer is: Simply stating the principle (e.g., “art recognized equivalent,” “structural similarity”) without providing an explanation of its applicability to the facts of the case at hand is generally not sufficient to establish a prima facie case of obviousness.*

Before continuing, it is worth mentioning that this answer may be rather quickly found by searching on the key word “sufficient” in this Supplemental Material or Chapter 21 in the MPEP.

Even if you do not have the time to conduct such a search during the actual Bar Exam, you would be well served by guessing at the correct answer based on the limited knowledge that questions on complex subjects like “obviousness” tend to have nuanced answers. So, in this case, a simple answer “YES” would be less probable than the broader context associated with a “NO” answer.

Detailed Review:

## **(Source Material 2)**

### **3. New Interim Patent Matter Eligibility Examination Instructions, August 2009**

Overview:

The state of the law with respect to subject matter eligibility is in flux. The following interim instructions are for examination guidance pending a final decision from the Supreme Court in *Bilski v. Kappos*.

The test for matter eligibility in a patent, covered in this supplemental material, is sometime referred to as “The Two-Step §101 Analysis”. That is because there are two criteria (Steps) for determining subject matter eligibility and both must be satisfied.

#### **STEP 1**

Is the claim directed to one of the four patent-eligible subject matter categories (Process, Machine, Manufacture, Composition of Matter)? If not in one of the four categories, the claim is not eligible. Examples of claims that are not eligible include transitory signals per se, humans per se, a company per se, or a set of instructions per se (such as a game or software per se)

#### **STEP 2**

A claim satisfying Step 1 is subject-matter eligible under §101 unless it wholly embraces a judicially recognized exception.

Does the claim wholly embrace a judicially recognized exception (Abstract Idea, Law of Nature, Natural Phenomena)? The exceptions also include, for example: Mental Processes, Mathematical Algorithms, and Scientific Principles. If the claim is directed to a judicial exception itself, it is not eligible. However, a particular practical application of a judicial exception is eligible.

Detailed Review:

### **(Source Material 3)**

#### **4. Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of Bilski v. Kappos, July 2010**

##### Overview:

This Interim Bilski Guidance is for determining patent eligibility of process claims in view of the opinion by the Supreme Court in Bilski v. Kappos (2010). This opinion refined the concept that a claim to an abstract idea is not a patent-eligible process.

Although it is well established that patent eligibility excludes (1) Laws of Nature, (2) physical phenomena, and (3) abstract ideas, the Supreme Court went on in the case of the Bilski patent to explain:

*The concept of hedging, described in claim 1 and reduced to a mathematical formula in claim 4, is an unpatentable abstract idea... Allowing petitioners to patent risk hedging would preempt use of this approach in all fields, and would effectively grant a monopoly over an abstract idea.*

##### Detailed Review:

### **(Source Material 4)**

#### **5. Interim Guidance for Determining Subject Matter Eligibility for Process Claims in View of Bilski v. Kappos, July 2010**

##### Overview:

This Supplemental Material further illuminates the Bilski Guidance covered above in Supplemental Material 4.

The well established machine-or-transformation test remains an investigative tool and is a useful starting point for determining whether a claimed invention is patent-eligible process under 35 U.S.C. §101. However, the Interim Bilski Guidance provides addition 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).

The factors weighing towards and against eligibility are enumerated in this Supplemental Material and the following examples are given of general concepts that would not be patent-eligible:

- Basic economic practices or theories (including hedging, insurance, financial transactions, and marketing).
- Basic legal theories (including contracts, dispute resolution, and rules of law).
- Interpersonal interactions or relationships (including conversation and dating).
- Instructing “how business should be conducted”.

The Bilski Guidance goes on to say:

*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.*

Detailed Review:

### **(Source Material 5)**

## **6. Supplementary Examination Guidelines for Determining Compliance with 35 U.S.C. §112 and for Treatment of Related Issues in Patent Applications, February 2011**

Overview:

It is well recognized in patent examining parlance that the claim language must be “definite” to comply with §112 ¶2. Conversely, a claim that does not comply with this requirement is “indefinite” and is not patentable.

During examination, after applying the broadest reasonable interpretation to a claim, if the metes and bounds of the claimed invention are not clear to a person of ordinary skill in the relevant art, the claim is indefinite and should be rejected.

This Supplemental Material goes on to cover computer-implemented inventions have certain unique

examination issues, especially those that are claimed using functional language that is not limited to a specific structure.

Detailed Review:

**(Source Material 6)**