

USPTO Issues New Patent Eligibility Guidance in Berkheimer Memorandum

Written By **Ryan K. Simmons** (rks@wardandsmith.com)

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After the United States Supreme Court's 2014 decision in *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, many inventors and patent practitioners were left asking, as Alice did in Lewis Carroll's 1865 novel *Alice's Adventures in Wonderland*, "Would you tell me, please, which way I ought to go from here?" It now appears that the United States Patent and Trademark Office ("USPTO") is trying to provide a more consistent and predictable direction for navigating 35 U.S.C. § 101 ("Section 101") subject matter eligibility.

The *Berkheimer* Memorandum

On April 19, 2018, the USPTO issued the *Berkheimer Memorandum to the patent examining corps*. The *Berkheimer Memorandum* is based upon the Federal Circuit Court of Appeals ("Federal Circuit") decision in *Berkheimer v. HP Inc.*, in which the United States Court of Appeals for the Federal Circuit held that whether a claim element is well-understood, routine, or conventional was a question of fact, and that, if disputed, it precludes a finding of subject matter ineligibility at the pleading or summary judgment stages.

In the *Berkheimer* Memorandum, the USPTO emphasized that *Berkheimer* does not change the basic subject matter eligibility framework as set forth in the Manual of Patent Examining Procedure ("MPEP") Section 2106, but rather provides clarification by addressing the limited question of whether an additional element (or combination of additional elements) represents well-understood, routine, conventional activity, thereby changing the way examiners evaluate this question when making a Section 101 eligibility determination. This explanation is an attempt by the USPTO to provide examiners with additional guidance to further clarify subject matter eligibility determination in accordance with prevailing jurisprudence.

The *Berkheimer* Case

In *Berkheimer*, the Federal Circuit addressed a patent related to digitally processing and archiving files in a digital asset management system. The patent specification explained that the system provided certain improvements, such as reducing redundancy and enabling one-to-many editing, thus improving system operation efficiency and reducing storage costs.

With respect to the first part of the two-part *Alice* test ("Step 1"), whether the claims are directed to a patent-ineligible abstract concept, the Federal Circuit held that the claims were directed to the abstract ideas of parsing, comparing, and storing data. With respect to the second part of the *Alice* test ("Step 2"), whether the claim's elements transform the nature of the claim into a patent eligible-application, the Federal Circuit

considered the elements of each claim, both individually and as an ordered combination, and found that particular dependent claims were directed to the noted improvements disclosed in the specification (e.g., reducing redundancy and enabling one-to-many editing).

The Federal Circuit held that limitations directed to the improvements described in the specification raised a genuine issue of material fact as to whether the improvements were more than well-understood, routine, conventional activity previously known in the industry. Further, the court cautioned that the mere fact that something is disclosed in a piece of prior art does not mean it was a well-understood, routine, conventional activity or element.

The *Berkheimer* Memorandum Guidelines

The guidelines set forth in the *Berkheimer* Memorandum state that in a Step 2B analysis, an additional element (or combination of elements) is not well-understood, routine, or conventional unless the examiner finds, and expressly supports a rejection in writing with one or more of the following requirements:

- A citation to an express statement in the specification or to a statement made by an applicant during prosecution that demonstrates the well-understood, routine, conventional nature of the additional element(s). A finding that an element is well-understood, routine, or conventional cannot be based only on the fact that the specification is silent with respect to describing such element;
- A citation to one or more of the court decisions discussed in MPEP Section 2106.05(d)(II) as noting the well-understood, routine, conventional nature of the additional element(s);
- A citation to a publication that demonstrates the well-understood, routine, conventional nature of the additional element(s); or,
- A statement that the examiner is taking Official Notice of the well-understood, routine, conventional nature of the additional element(s).

The *Berkheimer* Memorandum further states that if an applicant challenges the examiner's position that the additional element(s) is a well-understood, routine, conventional activity, the examiner should reevaluate whether it is readily apparent that the additional elements are in actuality well-understood, routine, conventional activities to those who work in the relevant field.

Additionally, if an applicant challenges an examiner's position of taking Official Notice, the examiner must then provide one of the first three requirements set out above, or provide an affidavit or declaration setting forth specific factual statements and explanation to support the examiner's position.

With the updated guidelines in the *Berkheimer* Memorandum, examiners will now be required to provide a factual basis (under one of the four requirements above), in rejecting claims under Step 2 of the *Alice* test, when asserting that an element(s) is well-understood, routine, or conventional. This clearly raises the standard required of examiners in issuing rejections based on subject matter eligibility.

Practice After the *Berkheimer* Memorandum

As a practical matter, practitioners should be inclusive and provide as much technical detail as possible when drafting the specification and clearly articulate the improvements over the state of the art and the elements that enable such improvements. Practitioners should also be cautious of including language in the specification and during prosecution that may admit or be construed as an admission, of what may be commonly known or used in the relevant field.

In prosecution, practitioners faced with Section 101 subject matter eligibility rejection under Step 2 of the *Alice* test should carefully review the examiner's rejection to see if the examiner's rationale is supported under one

of the four requirements listed above. If the examiner's rationale is not sufficiently supported, then the practitioner should traverse the examiner's rejection, arguing the examiner has failed to provide the required support under one or more of the requirements listed in the *Berkheimer* Memorandum.

Conclusion

While it is too early to tell, the *Berkheimer* Memorandum appears to be a step in the right direction toward the USPTO's proclaimed mission to provide clear and predictable patent rights in accordance with the rapidly evolving area of subject matter eligibility.

As alluded to in the *Berkheimer* Memorandum, the USPTO may issue further guidance on this topic in the future, so we will have to watch and see if Alice truly emerges from the rabbit hole, or if she returns to Wonderland.

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