



## Mesmer & Deleault, PLLC

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Memorial Day

# “Tip of the Month”

## Alice Through the Looking Glass: Rising Confidence for Patent Eligibility

The primary function of the patent system is to provide an economic incentive for greater invention and innovation. Granting any patent on the public’s interest in "the basic tools of scientific and technological work" such as abstract ideas, laws of nature, and natural phenomenon would impede innovation rather than promote invention. Therefore, granting a patent for an abstract idea or a law of nature would defeat the purpose of the patent system. Legal changes and subsequent adjustments across the institutions in the patent system are not unusual then, as the public interest in such basic tools is balanced against economic incentives for the inventor.

In 2010, and again in 2014, the U.S. patent system experienced major changes in this regard. Specifically, the U.S. Supreme Court decision in *Alice Corp. v. CLS Bank International* fundamentally altered the law on “patent subject matter eligibility” which distinguishes between those inventions which may receive patent protection and those ideas which are too abstract. In theory, preventing “abstract ideas” from receiving patent protection merely required that inventors become more precise in describing their inventions. However, ambiguity in the language of the Supreme Court’s decision describing the new *Alice* standard seemed to broaden the scope of technologies involving “abstract ideas.” This made it difficult to predict how and where the standard would be applied. Indeed, the likelihood of receiving a first office action with a rejection for patent-ineligible subject matter increased by 31% in the 18 months following the U.S. Supreme Court decision in *Alice Corp. v. CLS Bank International* in 33 “*Alice*-affected” technology areas. For these technologies, uncertainty in patent examination also increased significantly.

In order to stem this uncertainty, the United States Patent and Trademark Office (USPTO) issued “Patent Subject Matter Eligibility Guidance (2019 PEG).” Since then, a USPTO study reviewed opinions from both examiners and applicants across the entire spectrum of technologies. On April 24, 2020, the USPTO published a report that highlights how the new USPTO guidelines have brought greater predictability and certainty to the determination of patent eligibility in the technology areas most affected by the decision.

Dr. Andrew Toole is Chief Economist of the USPTO and principal author of the report addressing the USPTO’s response to *Alice* issues. Dr. Toole stated, “Using an evidence-based approach, our report highlights the significant impact of the Supreme Court’s *Alice* decision on patent examination outcomes and the important stabilizing role played by the USPTO. This is what innovators and investors need to confidently promote entrepreneurship, create jobs, and advance science and technology.”

If you have any questions about pursuing your invention, please call the experienced attorneys at Mesmer & Deleault today at 603-668-1971, or contact us by email at [mailbox@biz-patlaw.com](mailto:mailbox@biz-patlaw.com).

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