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# PATENT OFFICE ISSUES STEPS REGARDING COMPUTER-IMPLEMENTED INVENTIONS

As reported in an earlier newsletter, on June 19, 2014 the U.S. Supreme Court rendered a decision in the case, entitled ALICE CORP. PTY. LTD. V. CLS BANK INTERNATIONAL, ET AL., wherein Alice Corporation ("Alice Corp") patents claimed: (1) a method of exchanging obligations; (2) a computer system configured to carry out the above method; and (3) a computer-readable medium containing program code for performing the method. All of the claims were implemented using a computer.

Although the Court found it unnecessary to define the "precise contours of the 'abstract ideas' category," it unanimously held that Alice Corp's claims were each drawn to an "abstract idea." The Court stated that the method claims were directed to the abstract idea of intermediated settlement, i.e. using a third party (in this instance, the computer) to mitigate settlement risk. The Court stated that the method claims did no more than simply provide an instruction to implement the abstract idea of intermediated settlement on a generic computer, stating the invention did not improve the functionality of the computer or effect an improvement in any other technology or technical field. Based on this reasoning, the method claims failed to transform the abstract idea into a patent-eligible invention and the Alice Corp patents were ruled invalid.

The *Alice* ruling does not provide clarity or bright line rules to determine what will be classified as an "abstract idea." The lower courts will have to adapt and implement the Supreme Court's evolving instruc-tions on how to determine the issue of patent-eligibility. However, in an attempt to provide guidance to examiners following the *Alice* decision, the PTO issued "preliminary examination instructions" to the patent examiners. These instructions include a new two-part test for analyzing claims containing "abstract ideas."

Step one is to "determine whether a claim is directed to an abstract idea." According to the PTO certain things are abstract ideas, such as "fundamental economic practices," ideas themselves, "mathematical relationship or formulas" and "certain methods of organizing human activities." The PTO instructions do not provide much guidance on which "methods of organizing human activity" are "abstract ideas" and which are not, nor do they explain what economic practices are "fundamental" and which are not. Accordingly, it is unclear how patent applicants can make sure that their inventions will fall on one side or the other of the "abstract idea" test.

Step two is even more complex. The examiner must now determine whether the claims include "significantly more" than the abstract idea. Claims that require "no more than a generic computer to perform generic computer functions that are well-understood, routine, and conventional" are not patentable. Claims that may be patentable if the invention improves another "technology or technical field," improves the "functioning of the computer itself," or include "meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment."

Unfortunately, little information is provided to help the public determine how these steps will be put into practice by the PTO or if the preliminary rules will become permanent. The lower courts will also have various interpretations of the Alice ruling in other cases dealing with patent validity of computer-implemented methods. What is assured is that if an invention employs a computer-implemented process, the Patent Office and the Courts will now critically scrutinize the invention.

***By Michael Slavin***

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