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More certainty on limits to early § 101 challenges — How will this impact patent owners and applicants?

By Peter J. Prommer and Ravinderjit Braich

The Supreme Court recently denied several petitions for certiorari on patent decisions by the Federal Circuit, including in a number of patent eligible subject matter cases. The denial in the *HP Inc. v. Berkheimer*, No. 18-415 (Jan. 13, 2020) case is positive news for both patent owners and applicants in technologies prone to subject matter eligibility issues. With the *Berkheimer v. HP Inc.* decision[i] going unreviewed by the Supreme Court, there is now at least some degree of clarity and hope during both patent enforcement and prosecution in the wake of the continued uncertainty created by *Mayo/Alice* framework.[ii]

HP petitioned for certiorari from the Federal Circuit's 2018 decision in *Berkheimer,*[iii] which was before Circuit Judges Moore, Taratano, and Stoll. The case was appealed to the Federal Circuit by the patentee, Steven E. Berkheimer, following the district court's summary judgment that certain claims of his patent were deemed patent-ineligible subject matter under 35 U.S.C. § 101. The Federal Circuit decided that "[w]hile patent eligibility is ultimately a question of law, the district court erred in concluding there are not underlying factual questions to the § 101 inquiry."[iv] The court further clarified that whether a claim element (or a combination of elements) represents well-understood, routine, and conventional activity to a skilled artisan at the time of the patent is a factual determination, and the mere fact something is disclosed in the prior art does not mean it is well-understood, routine, and conventional.[v]

Amicus briefs supporting HP's Supreme Court petition argued there has been a significant decrease in successful § 101 challenges at the pleadings and summary judgement stages ever since the Federal Circuit's *Berkheimer* decision.[vi] Commentators have also noted a significant decline in § 101 invalidation rates at the pleadings and summary judgement stages post-*Berkheimer*.[vii] The takeaway is that *Berkheimer* has made it more difficult for an alleged infringer to invalidate asserted patent claims at the pleadings stage, or later on by moving for summary judgment, that previously would have been prone to § 101 issues.

Berkheimer also appears to be helping applicants during patent prosecution. A few months after the Federal Circuit's decision, the United States Patent and Trademark Office ("USPTO") issued a memorandum revising its examination procedures to adopt *Berkheimer*.[viii] More specifically, the USPTO *refined* how examiners should apply the "inventive concept" step of the *Alice* analysis and

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tightened the evidentiary requirements on whether an additional element (or combination of additional elements) represents well-understood, routine, conventional activity when analyzing eligibility under the *Alice/Mayo* framework.[ix]

Subsequent guidance[x] in early 2019 by the USPTOfurther increased the difficulty for examiners to make § 101 rejections by generally requiring that any claims deemed to be directed to the judicial exception of an abstract idea[xi] must be classified as (i) mathematical concepts, (ii) certain methods of organizing human activities, or (iii) mental processes. The guidance importantly articulated that a claim is not "directed to" an identified judicial exception (e.g., abstract idea) if the judicial exception is integrated into a practical application of the identified judicial exception. Based on the authors' experiences, subject matter eligibility rejections have seen a noticeable decline in the last year. While *Berkheimer* provides at least some clarity on the § 101 issue, further clarification is still needed.[xii, xiii] It remains to be seen if there will be any shifts or clarity in the near future through subsequent decisions by the federal judiciary or through legislative action.

However, *Berkheimer* and USPTO's examination guidance have provided some positive developments for patent applicants and owners. For example, for technologies prone to § 101 issues under the *Alice/Mayo* framework, the USPTO's guidance has lifted barriers to gaining allowance of otherwise patentable inventions, thus providing relief to applicants that may have been previously discouraged after the *Alice* decision. In addition, an owner of a patent that may still be prone to § 101 issues at least now has a better chance to carry forward an enforcement action well beyond the pleadings and summary judgement stages.

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

— Peter J. Prommer, 312-425-8552, **pprommer@nixonpeabody.com**
— Ravinderjit Braich, Ph.D., 617-345-1089, **rbraich@nixonpeabody.com**

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[i] *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018), cert. denied, No. 18-415 (Jan. 13, 2020).

[ii] *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012) and the subsequent subject matter eligibility determination framework articulated in *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014).

[iii] *Berkheimer*, 881 F.3d 1360 (Fed. Cir. 2018).

[iv] *Id.* at 1369.

[v] *Id.*

[vi] *See e.g.*, Brief of Check Point Software Technologies, Inc., Red Hat, Inc., and CableLabs as Amicus Curiae in Support of Petition, *HP Inc. v. Berkheimer*, No. 18-415; Brief for Engine Advocacy as Amicus Curiae Supporting Petitioner, *HP Inc. v. Berkheimer*, No. 18-415; Brief of Askeladden LLC as Amicus Curiae in Support of Petitions, *HP Inc. v. Berkheimer*, No 18-415.

[vii] RPX, *Alice's Post-Berkheimer Decline Continues, with Summary Judgment Hit the Hardest*, Oct. 23, 2019, *available at* https://www.rpxcorp.com/data-byte/alices-post-berkheimer-decline-continues-with-summary-judgment-hit-the-hardest/.

[viii] U.S. Patent and Trademark Office, Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*) (April 19, 2018).

[ix] *Id.* at 3-4.

[x] "2019 Revised Patent Subject Matter Eligibility Guidance," 84 Fed. Reg. 50 (January 7, 2019).

[xi] The other judicial exceptions are laws of nature and natural phenomena. *Id.*

[xii] The need for further clarification is highlighted by the heavily split Federal Circuit's denial of *en banc* review in *Athena Diagnostics, Inc. v. Mayo Collaborative Services, LLC*, 915 F.3d 743 (Fed. Cir. 2019). While all twelve Federal Circuit judges agreed that Athena's claimed method should be patent-eligible, the full court voted 7–5 not to hear the case *en banc*. The *per curiam* Order was accompanied by four concurring opinions and four dissenting opinions in the denial of Athena's petition. All concurring and dissenting opinions noted the need for clarity from the Supreme Court. While Athena petitioned for certiorari, the Supreme Court also denied Athena's petition the same day the Court denied *Berkheimer*.

[xiii] Paul R. Michel and Matthew J. Dowd, "America's Innovators Need Clear Patent Laws," *Wall Street Journal* (January 23, 2020), https://www.wsj.com/articles/americas-innovators-need-clear-patent-laws-11579824646.