October 15, 2021

United States Patent and Trademark Office
P.O. Box 1450
Alexandria, VA 22313-1450

RE: Comments on Patent Eligibility Jurisprudence Study, Docket No. PTO-P-2021-0032

Schwegman Lundberg & Woessner, P.A. ("SLW") thanks the United States Patent and Trademark Office ("the Office") for the opportunity to provide comments on the Patent Eligibility Jurisprudence Study set forth at 84 FR 36257 and 86 FR 49521. Of the questions posited by the Office, we request consideration of the following:

1. Please explain how the current state of patent eligibility jurisprudence affects the conduct of business in your technology area(s). Please identify the technology area(s) in your response.

The current state of patent eligibility has fostered a significant amount of uncertainty regarding patent eligibility standards in many of the technology areas in which SLW clients seek patent protection, such as in technology areas that involve computers and/or computer software, medical diagnostics, or products of nature. Because of this uncertainty, some SLW clients have faced unexpected difficulty in prosecution of their patent applications before the Office. This difficulty has naturally led to a higher percentage of abandoned cases among SLW clients than before the Supreme Court's decision in Alice and the subsequent decisions of the Court of Appeals of the Federal Circuit (CAFC).

Additionally, some SLW clients have taken steps to reduce their patent filings. For example, some SLW clients have started to look more closely at the subject matter of each potential patent application that would be directed to their current areas of innovation. In general, they have become less likely to file any patent application that they believe could be

assigned to one of the Office's art units that has been shown (statistically) to apply the patent eligibility standards harshly or that they believe could be categorized by an Examiner as falling within one of the Office's enumerated abstract ideas categories, such as "certain methods of organizing human activity," which are set forth in the Office's currently eligibility guidance, which is found in the Ninth Edition, Revision 10.2019 (revised June 2020) of the Manual of Patent Examination Procedure (MPEP), and particularly Sections 2103 through 2106.07(c).

Moreover, because some SLW clients view many of the recent decisions of the CAFC, in view of Alice, to be generally unfavorable with respect to the subject matter eligibility of patents in the computer realm, these clients have become increasingly concerned about the value of their present patent assets.

2 Please explain what impacts, if any, you have experienced as a result of the current state of patent eligibility jurisprudence in the United States. Please include impacts on as many of the following areas as you can, identifying concrete examples and supporting facts when possible.:

a. Patent prosecution strategy and portfolio management;

Since the Alice decision, some SLW clients have been faced with unexpected obstacles during prosecution, which has led them to abandon a significantly higher percentage of cases and/or face significantly higher prosecution costs. It is well known that when a patent application ends up in one of certain difficult art units within the Office, the chances of receiving a Notice of Allowance are extremely low. When they have such bad luck, SLW clients are faced with the difficult decision of abandoning promising cases or facing a lengthy prosecution and/or appeals process with little chance of success.

In one concrete example, one of SLW's clients engaged in multiple rounds of prosecution, two appeals, and a request for rehearing before finally receiving a positive determination on subject matter eligibility from the Office. (See the file history of U.S. Patent Application No. 13/708,568).

Many of these cases are abandoned before taking them up on a single appeal; even when the clients believe the Examiner is mistaken in making a negative subject matter eligibility determination. That is, difficulty of prosecution, often brought on by the bad luck of applications being assigned to particularly difficult art units or Examiners, has forced some SLW clients to abandon cases that might eventually be deemed eligible for patenting by the Office, but for which the client is not willing or able to commit enough resources to overcome an initial subject matter eligibility rejection.

3. Please explain how the current state of patent eligibility jurisprudence in the United States impacts particular technological fields, including investment and innovation in any of the following technological areas:

b. artificial intelligence;

The uncertainty regarding patent eligibility standards has so far had less impact on SLW clients seeking patents for ideas in the artificial intelligence field than it has for SLW clients seeking patents for ideas related to other computer-related fields (discussed below).

For example, during prosecution of their patent applications in the artificial intelligence field, SLW clients have often been able to rely on Example 39 of the Office's patent eligibility guidance, which is set forth in the October 2019 Patent Eligibility Guidance Update (October 2019 Update). This example indicates that, in the Office's view at least, a method for training a neural network for facial detection does not recite a judicial exception.

However, perhaps because Example 39 is limited to training of a neural network in multiple stages, some SLW clients have faced unexpected difficulty in prosecution of patent applications in the artificial intelligence field, such as applications that do not focus specifically on training of the artificial intelligence. Again, the amount of prosecution difficulty faced by SLW clients appears to depend more on the art unit to which the patent application is assigned than recent developments in the law.

Moreover, as the CAFC stated in *Cleveland Clinic Foundation v. True Health Diagnostics LLC* (Decided April 1, 2019), the CAFC is not bound by the Office's guidance. In

that case, claim 1 of Example 29 of the Office's guidance was held to be inconsistent with the CAFC's holding in the *Ariosa* case, with *Ariosa* controlling. Accordingly, while Example 39 does, in some cases, reduce the prosecution burden for some SLW clients, uncertainty regarding patent eligibility standards in the artificial intelligence field still remains, which will likely result in less investment by SLW clients in such patents, if it has not already.

f. other computer-related inventions (e.g., software, business methods, computer security, databases and data structures, computer networking, and graphical user interfaces).

The uncertainty of the subject matter eligibility standards has had a significant impact on investment in patents among SLW clients who have been innovating in computer-related fields outside of artificial intelligence. In particular, as indicated above, after Alice, SLW clients innovating in these fields have filed patent applications at a lower-than-expected rate, faced greater-than-expected costs during prosecution of the patent applications that they have filed, and had a lower-than-expected success rate (e.g., they have abandoned more cases and received fewer Notices of Allowance). SLW's first-hand experience with prosecution of thousands of patent applications after Alice suggests that, while the Office's guidance has helped to reduce prosecution costs in some cases (e.g., through the addition of multi-pronged subject matter eligibility approach, including the "practical application" test at Step 2A, Prong 2), inconsistencies in how the Office's guidance is applied across the art units, as well as the fact that the Courts are not bound by the Office's guidance, has severely limited the Office's attempted mitigation of the overall uncertainty with regard to subject matter eligibility standards.

4. Please explain how your experiences with the application of subject matter eligibility requirements in other jurisdictions, including China, Japan, Korea, and Europe, differ from your experiences in the United States.

SLW clients who have filed patent applications in China, Japan, and Korea have faced few subject matter eligibility restrictions, even for computer-related applications having nearly identical subject matter to corresponding applications filed in the United States (e.g., through the Patent Cooperation Treaty (PCT)). For this reason, prosecution costs for SLW clients have been

significantly lower in China, Japan, and Korea than they have been for those same clients in the United States and in Europe.

Respectfully submitted,

/Steven W Lundberg/

Steven W Lundberg
Managing Principal
Schwegman Lundberg & Woessner, P.A.