

We recently published the following new materials as part of our subject matter eligibility guidance:

- 2019 Revised Patent Subject Matter Eligibility Guidance (January 7, 2019)
- 2019 PEG examples 37-42 (issued January 7, 2019)
- Chart of MPEP Sections Affected by the 2019 PEG (posted January 7, 2019)
- Form Paragraphs (posted January 8, 2019)
- Frequently Asked Questions (posted January 8, 2019)
- Sample Rejection (posted January 8, 2019)

Please follow the links below for these materials.





Subject matter eligibility

Our subject matter eligibility guidance explains how Office personnel including patent examiners should evaluate claims for patent subject matter eligibility under 35 U.S.C. 101.

Examination guidance

The Office's current eligibility guidance found in the recently issued 2019 Revised Patent Subject Matter Eligibility Guidance (2019 PEG) and in [Manual of Patent Examination Procedure \(MPEP\)](#) Sections 2103, 2104, 2105, 2106 and 2106.03 through 2106.07(c) (except 2106.04(II) which is now superseded). The 2019 PEG supersedes MPEP section 2106.04(II) along with any other portion of the MPEP that conflicts with the 2019 PEG. This [chart](#) discusses the section of the MPEP that are affected by the 2019 PEG. The 2019 PEG revises the procedures for determining whether a claim is directed to a judicial exception (Step 2A in the Office's eligibility framework).

- [The 2019 Revised Patent Subject Matter Eligibility Guidance](#)  (issued January 7, 2019) **NEW**
- [Memorandum - Recent Subject Matter Eligibility Decision: *Vanda Pharmaceuticals Inc. v. West-Ward Pharmaceuticals*](#) (issued June 7, 2018)
- [Memorandum - Revising 101 Eligibility Procedure in view of *Berkheimer v. HP, Inc.*](#) (issued April 19, 2018)
 - [Training: Well-Understood, Routine, Conventional Activity](#) (posted May 7, 2018)
- [Federal Register notice requesting comments on the *Berkheimer* memorandum and other eligibility guidance](#)  (published April 20, 2018)
- [Memorandum - Recent Subject Matter Eligibility Decisions: *Finjan and Core Wireless*](#) (issued April 2, 2018)

Examples

Below is an example set (Examples 37 through 42) illustrating exemplary subject matter eligibility analyses of claims under the 2019 PEG. These examples are a teaching tool to assist examiners and the public in understanding how the Office applies the 2019 PEG in certain fact-specific situations. The analysis in the examples issued prior to the 2019 PEG (Examples 1-36) will provide useful illustrations of eligible subject matter across a range of technologies. All claims indicated as eligible in these examples are still eligible under the 2019 PEG.

- [2019 PEG Examples 37 through 42](#) (issued January 7, 2019) **NEW**
- [Abstract idea examples 1-8](#) (issued January 27, 2015)
- [Nature-based product examples 9-18](#) (issued December 16, 2014)
- [Streamlined examples 19 and 20](#) (on slides 31 and 32) (posted March 6, 2015)

- [Abstract idea examples 21-27](#) (issued July 30, 2015)
- [Life sciences examples 28-33](#) (issued May 4, 2016)
- [Business method examples 34-36](#) (issued December 15, 2016)

The [index of examples](#) will be updated at a later date.

Other materials

These documents provide summaries and additional information for use with the Office's eligibility guidance.

- [Form paragraphs](#) (posted January 8, 2019)**NEW**
- [Frequently Asked Questions](#) (posted January 8, 2019)**NEW**
- [Sample Rejection](#) (posted January 8, 2019)**NEW**
- [Decisions holding claims eligible](#) (quick reference sheet updated July 23, 2018)
- [Chart of subject matter eligibility court decisions](#) (updated July 23, 2018)
- [Training materials](#)

How to comment

We are interested in receiving public feedback on our subject matter eligibility guidance, and particularly our guidance in the 2019 PEG. To ensure consideration, written comments directed to the 2019 PEG must be received on or before March 8, 2019.

Anyone may submit written comments to Eligibility2019@uspto.gov. Email comments submitted in plain text are preferred, but also may be submitted in ADOBE® portable document format or MICROSOFT WORD® format. Because comments will be available to the public, information that is not desired to be made public, such as an address or a phone number, should not be included in the comments.

Previous comments we received are available for public viewing here:

- [Comments received in response to the 2014 interim guidance on patent subject matter eligibility](#)
- [Comments received in response to the July 2015 update: subject matter eligibility](#)
- [Comments received in response to the May 2016 subject matter eligibility update](#)
- [Comments received in response to the April 2018 request for comments on the *Berkheimer* memorandum and other eligibility guidance](#)

Events

The USPTO has held several events to discuss patent subject matter eligibility and receive feedback from interested members of the public.

- [Forum on January 21, 2015](#)
- [Roundtable discussion on November 14, 2016](#)
- [Roundtable discussion on December 5, 2016](#)

Archive

You may also view past [guidance documents by their date of issuance](#), but please take note that these documents have been incorporated into the MPEP. Eligibility-related guidance issued prior to the Ninth Edition, Revision 08.2017, of the MPEP (revised January 2018) should not be relied upon. All versions of the Office's "Eligibility Quick Reference Sheet Identifying Abstract Ideas" (first issued in July 2015 and updated most recently in July 2018) have been superseded by the 2019 PEG.

Contact

Please [contact the Office of Patent Legal Administration](#) for questions regarding the content of this web page.

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

[Docket No. PTO-P-2018-0053]

2019 Revised Patent Subject Matter Eligibility Guidance

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Examination Guidance; Request for comments.

SUMMARY: The United States Patent and Trademark Office (USPTO) has prepared revised guidance (2019 Revised Patent Subject Matter Eligibility Guidance) for use by USPTO personnel in evaluating subject matter eligibility. The 2019 Revised Patent Subject Matter Eligibility Guidance revises the procedures for determining whether a patent claim or patent application claim is directed to a judicial exception (laws of nature, natural phenomena, and abstract ideas) under Step 2A of the USPTO's Subject Matter Eligibility Guidance in two ways. First, the 2019 Revised Patent Subject Matter Eligibility Guidance explains that abstract ideas can be grouped as, e.g., mathematical concepts, certain methods of organizing human activity, and mental processes. Second, this guidance explains that a patent claim or patent application claim that recites a judicial exception is not "directed to" the judicial exception if the judicial exception is integrated into a practical application of the judicial exception. A claim that recites a judicial exception, but is not integrated into a practical application, is directed to the judicial exception under Step 2A and must then be evaluated under Step 2B (inventive concept) to determine the subject matter eligibility of the claim. The USPTO is seeking public comment on its subject matter eligibility guidance, and particularly the 2019 Revised Patent Subject Matter Eligibility Guidance.

DATES:

Applicable Date: The 2019 Revised Patent Subject Matter Eligibility Guidance is effective on January 7, 2019. The 2019 Revised Patent Subject Matter Eligibility Guidance applies to all applications, and to all patents resulting from applications, filed before, on, or after January 7, 2019.

Comment Deadline Date: Written comments must be received on or before March 8, 2019.

ADDRESSES: Comments must be sent by electronic mail message over the internet addressed to: *Eligibility2019@uspto.gov*.

Electronic comments submitted in plain text are preferred, but also may be submitted in ADOBE® portable document format or MICROSOFT WORD® format. Comments not submitted electronically should be submitted on paper in a format that facilitates convenient digital scanning into ADOBE® portable document format. The comments will be available for viewing via the USPTO's internet website (<http://www.uspto.gov>). Because comments will be made available for public inspection, information that the submitter does not desire to make public, such as an address or phone number, should not be included in the comments.

FOR FURTHER INFORMATION CONTACT: June E. Cohan, Senior Legal Advisor, at 571-272-7744 or Carolyn Kosowski, Senior Legal Advisor, at 571-272-7688, both with the Office of Patent Legal Administration.

SUPPLEMENTARY INFORMATION: Patent subject matter eligibility under 35 U.S.C. 101 has been the subject of much attention over the past decade. Recently, much of that attention has focused on how to apply the U.S. Supreme Court's framework for evaluating eligibility (often called the *Alice/Mayo* test).¹ Properly applying the *Alice/Mayo* test in a consistent manner has proven to be difficult, and has caused uncertainty in this area of the law. Among other things, it has become difficult in some cases for inventors, businesses, and other patent stakeholders to reliably and predictably determine what subject matter is patent-eligible. The legal uncertainty surrounding Section 101 poses unique

¹ *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 573 U.S. 208, 217-18 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012)).

challenges for the USPTO, which must ensure that its more than 8500 patent examiners and administrative patent judges apply the *Alice/Mayo* test in a manner that produces reasonably consistent and predictable results across applications, art units and technology fields.

Since the *Alice/Mayo* test was announced and began to be extensively applied, the courts and the USPTO have tried to consistently distinguish between patent-eligible subject matter and subject matter falling within a judicial exception. Even so, patent stakeholders have expressed a need for more clarity and predictability in its application. In particular, stakeholders have expressed concern with the proper scope and application of the "abstract idea" exception. Some courts share these concerns, for example as demonstrated by several recent concurrences and dissents in the U.S. Court of Appeals for the Federal Circuit ("Federal Circuit") calling for changes in the application of Section 101 jurisprudence.² Many stakeholders, judges, inventors, and practitioners across the spectrum have argued that something needs to be done to increase clarity and consistency in how Section 101 is currently applied.

To address these and other concerns, the USPTO is revising its examination procedure with respect to the first step of the *Alice/Mayo* test³ (Step 2A of the USPTO's Subject Matter Eligibility Guidance as incorporated into the Manual of Patent Examining Procedure ("MPEP") 2106)⁴ by: (1) Providing groupings of subject matter that is considered an abstract idea; and (2) clarifying that a claim is not "directed to" a judicial exception if the judicial exception is integrated into a practical application of that exception.

² See, e.g., *Interval Licensing LLC, v. AOL, Inc.*, 896 F.3d 1335, 1348 (Fed. Cir. 2018) (Plager, J., concurring in part and dissenting in part); *Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364, 1377 (Fed. Cir. 2017) (Linn, J., dissenting in part and concurring in part); *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1376 (Fed. Cir. 2018) (Lourie, J., joined by Newman, J., concurring in denial of rehearing en banc).

³ The first step of the *Alice/Mayo* test is to determine whether the claims are "directed to" a judicial exception. *Alice*, 573 U.S. at 217 (citing *Mayo*, 566 U.S. at 77).

⁴ All references to the MPEP in the 2019 Revised Patent Subject Matter Eligibility Guidance are to the Ninth Edition, Revision 08-2017 (rev. Jan. 2018), unless otherwise indicated.

Section I of this 2019 Revised Patent Subject Matter Eligibility Guidance explains that the judicial exceptions are for subject matter that has been identified as the “basic tools of scientific and technological work,”⁵ which includes “abstract ideas” such as mathematical concepts, certain methods of organizing human activity, and mental processes; as well as laws of nature and natural phenomena. Only when a claim recites a judicial exception does the claim require further analysis in order to determine its eligibility. The groupings of abstract ideas contained in this guidance enable USPTO personnel to more readily determine whether a claim recites subject matter that is an abstract idea.

Section II explains that the USPTO has set forth a revised procedure, rooted in Supreme Court caselaw, to determine whether a claim is “directed to” a judicial exception under the first step of the *Alice/Mayo* test (USPTO Step 2A).

Section III explains the revised procedure that will be applied by the USPTO. The procedure focuses on two aspects of Revised Step 2A: (1) Whether the claim recites a judicial exception; and (2) whether a recited judicial exception is integrated into a practical application. Only when a claim recites a judicial exception and fails to integrate the exception into a practical application, is the claim “directed to” a judicial exception, thereby triggering the need for further analysis pursuant to the second step of the *Alice/Mayo* test (USPTO Step 2B). Finally, if further analysis at Step 2B is needed (for example to determine whether the claim merely recites well-understood, routine, conventional activity), this 2019 Revised Patent Subject Matter Eligibility Guidance explains that the examiner or administrative patent judge will proceed in accordance with existing USPTO guidance as modified in April 2018.⁶

The USPTO is seeking public comment on its subject matter eligibility guidance, and particularly the 2019 Revised Patent Subject Matter Eligibility Guidance. The USPTO is determined to continue its mission to provide predictable and reliable patent rights in

accordance with this rapidly evolving area of the law. The USPTO’s ultimate goal is to draw distinctions between claims to principles in the abstract and claims that integrate those principles into a practical application. To that end, the USPTO may issue further guidance, or modify the current guidance, in the future based on its review of the comments received, further experience of the USPTO and its stakeholders, and additional judicial actions. Implementation of examination guidance on eligibility is an iterative process and may continue with periodic supplements. The USPTO invites the public to submit suggestions on eligibility-related topics to address in future guidance supplements as part of their comments on the USPTO’s subject matter eligibility guidance.

Impact on Examination Procedure and Prior Examination Guidance: This 2019 Revised Patent Subject Matter Eligibility Guidance supersedes MPEP 2106.04(II) (Eligibility Step 2A: Whether a Claim Is Directed to a Judicial Exception) to the extent it equates claims “reciting” a judicial exception with claims “directed to” a judicial exception, along with any other portion of the MPEP that conflicts with this guidance. A chart identifying portions of the MPEP that are affected by this guidance will be available for viewing via the USPTO’s internet website (<http://www.uspto.gov>). This 2019 Revised Patent Subject Matter Eligibility Guidance also supersedes all versions of the USPTO’s “Eligibility Quick Reference Sheet Identifying Abstract Ideas” (first issued in July 2015 and updated most recently in July 2018). Eligibility-related guidance issued prior to the Ninth Edition, R–08.2017, of the MPEP (published Jan. 2018) should not be relied upon. However, any claim considered patent eligible under prior guidance should be considered patent eligible under this guidance.

This guidance does not constitute substantive rulemaking and does not have the force and effect of law. The guidance sets out agency policy with respect to the USPTO’s interpretation of the subject matter eligibility requirements of 35 U.S.C. 101 in view of decisions by the Supreme Court and the Federal Circuit. The guidance was developed as a tool for internal USPTO management and does not create any right or benefit, substantive or procedural, enforceable by any party against the USPTO. Rejections will continue to be based upon the substantive law, and it is those rejections that are appealable to the Patent Trial and Appeal Board (PTAB) and the courts. All USPTO personnel

are, as a matter of internal agency management, expected to follow the guidance. Failure of USPTO personnel to follow the guidance, however, is not, in itself, a proper basis for either an appeal or a petition.

I. Groupings of Abstract Ideas

The Supreme Court has held that the patent eligibility statute, Section 101, contains an implicit exception for “[l]aws of nature, natural phenomena, and abstract ideas,” which are “the basic tools of scientific and technological work.”⁷ Yet, the Court has explained that “[a]t some level, all inventions embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas,” and has cautioned “to tread carefully in construing this exclusionary principle lest it swallow all of patent law.”⁸

Since the *Alice* case, courts have been “compare[ing] claims at issue to those claims already found to be directed to an abstract idea in previous cases.”⁹ Likewise, the USPTO has issued guidance to the patent examining corps about Federal Circuit decisions applying the *Alice/Mayo* test, for instance describing the subject matter claimed in the patent in suit and noting whether or not certain subject matter has been identified as an abstract idea.¹⁰

⁷ *Alice Corp.*, 573 U.S. at 216 (internal citation and quotation marks omitted); *Mayo*, 566 U.S. at 71.

⁸ *Id.* (internal citation and quotation marks omitted).

⁹ See *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334 (Fed. Cir. 2016); see also *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (“[T]he decisional mechanism courts now apply [to identify an abstract idea] is to examine earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.”).

¹⁰ See, e.g., 2014 Interim Guidance on Subject Matter Eligibility, 79 FR 74618, 74628–32 (Dec. 16, 2014) (discussing concepts identified as abstract ideas); July 2015 Update: Subject Matter Eligibility (Jul. 30, 2015), at 3–5, available at <https://www.uspto.gov/sites/default/files/documents/ieg-july-2015-update.pdf> (same); USPTO Memorandum of May 19, 2016, “Recent Subject Matter Eligibility Decisions (*Enfish, LLC v. Microsoft Corp.* and *TLI Communications LLC v. A.V. Automotive, LLC*),” at 2 (May 19, 2016), available at https://www.uspto.gov/sites/default/files/documents/ieg-may-2016_enfish_memo.pdf [hereinafter, “USPTO *Enfish* Memorandum”] (discussing the abstract idea in *TLI Communications LLC v. A.V. Automotive, LLC*, 823 F.3d 607 (Fed. Cir. 2016)); USPTO Memorandum of November 2, 2016, “Recent Subject Matter Eligibility Decisions,” at 2 (Nov. 2, 2016), available at <https://www.uspto.gov/sites/default/files/documents/McRo-Bascom-Memo.pdf> [hereinafter, “USPTO *McRo* Memorandum”] (discussing how the claims in *McRo, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299 (Fed. Cir. 2016), were directed to an improvement instead of an abstract idea); USPTO Memorandum of April 2, 2018, “Recent Subject Matter Eligibility Decisions” (Apr. 2, 2018), available at <https://www.uspto.gov/sites/default/files/documents/memo-recent-sme-ctdec-20180402.PDF> [hereinafter

Continued

⁵ *Mayo*, 566 U.S. at 71 (“Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work” (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)).

⁶ USPTO Memorandum of April 19, 2018, “Changes in Examination Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*)” (Apr. 19, 2018), available at <https://www.uspto.gov/sites/default/files/documents/memo-berkheimer-20180419.PDF> [hereinafter “USPTO *Berkheimer* Memorandum”].

While that approach was effective soon after *Alice* was decided, it has since become impractical. The Federal Circuit has now issued numerous decisions identifying subject matter as abstract or non-abstract in the context of specific cases, and that number is continuously growing. In addition, similar subject matter has been described both as abstract and not abstract in different cases.¹¹ The growing body of precedent has become increasingly more difficult for examiners to apply in a predictable manner, and concerns have been raised that different examiners within and between technology centers may reach inconsistent results.

The USPTO, therefore, aims to clarify the analysis. In accordance with judicial precedent and in an effort to improve consistency and predictability, the 2019 Revised Patent Subject Matter Eligibility Guidance extracts and synthesizes key concepts identified by the courts as abstract ideas to explain that the abstract idea exception includes the following groupings of subject matter, when recited as such in a claim limitation(s) (that is, when recited on their own or per se):

“USPTO *Finjan* Memorandum”) [discussing how the claims in *Finjan Inc. v. Blue Coat Systems, Inc.*, 879 F.3d 1299 (Fed. Cir. 2018), and *Core Wireless Licensing, S.A.R.L. v. LG Electronics, Inc.*, 880 F.3d 1356 (Fed. Cir. 2018), were directed to improvements instead of abstract ideas]; USPTO *Berkheimer* Memorandum at 2 (discussing the abstract idea in *Berkheimer*); MPEP 2106.04(a) (reviewing cases that did and did not identify abstract ideas).

¹¹ *E.g.*, compare *TLI Commc'ns*, 823 F.3d at 611, with *Enfish*, 822 F.3d at 1335, and *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1258 (Fed. Cir. 2017). While computer operations such as “output of data analysis . . . can be abstract,” *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1056 (Fed. Cir. 2017), “software-based innovations can [also] make ‘non-abstract improvements to computer technology’ and be deemed patent-eligible subject matter at step 1 [of the *Mayo/Alice* test],” *Finjan*, 879 F.3d at 1304 (quoting *Enfish*, 822 F.3d at 1335). Indeed, the Federal Circuit has held that “improvements in computer-related technology” and “claims directed to software” are not “inherently abstract.” *Enfish*, 822 F.3d at 1335; see also *Visual Memory*, 867 F.3d at 1258. These developments in the caselaw can create complications for the patent-examination process. For example, claims in one application could be deemed to be abstract, whereas slightly different claims directed to the same or similar subject matter could be determined to reflect a patent eligible “improvement.” Alternatively, claims in one application could be found to be abstract, whereas claims to the same or similar subject matter in another application, containing additional or different embodiments in the specification, could be deemed eligible as not directed to an abstract idea. In other words, the finding that the subject matter claimed in a prior patent was “abstract” as claimed may not determine whether similar subject matter in another application, claimed somewhat differently or supported by a different disclosure, is directed to an abstract idea and therefore patent ineligible.

(a) Mathematical concepts—mathematical relationships, mathematical formulas or equations, mathematical calculations;¹²

(b) Certain methods of organizing human activity—fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); managing personal behavior or relationships or interactions between people (including social activities, teaching, and following rules or instructions);¹³ and

(c) Mental processes—concepts performed in the human mind¹⁴ (including an observation, evaluation, judgment, opinion).¹⁵

¹² *Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (“The concept of hedging . . . reduced to a mathematical formula . . . is an unpatentable abstract idea[.]”); *Diamond v. Diehr*, 450 U.S. 175, 191 (1981) (“A mathematical formula as such is not accorded the protection of our patent laws”) (citing *Benson*, 409 U.S. 63); *Parker v. Flook*, 437 U.S. 584, 594 (1978) (“[T]he discovery of [a mathematical formula] cannot support a patent unless there is some other inventive concept in its application.”); *Benson*, 409 U.S. at 71–72 (concluding that permitting a patent on the claimed invention “would wholly pre-empt the mathematical formula and in practical effect would be a patent on the algorithm itself”); *Mackay Radio & Telegraph Co. v. Radio Corp. of Am.*, 306 U.S. 86, 94 (1939) (“[A] scientific truth, or the mathematical expression of it, is not patentable invention[.]”); *SAP America, Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018) (holding that claims to a “series of mathematical calculations based on selected information” are directed to abstract ideas); *Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1350 (Fed. Cir. 2014) (holding that claims to a “process of organizing information through mathematical correlations” are directed to an abstract idea); *Bancorp Servs., LLC v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1280 (Fed. Cir. 2012) (identifying the concept of “managing a stable value protected life insurance policy by performing calculations and manipulating the results” as an abstract idea).

¹³ *Alice*, 573 U.S. at 219–20 (concluding that use of a third party to mediate settlement risk is a “fundamental economic practice” and thus an abstract idea); *id.* (describing the concept of risk hedging identified as an abstract idea in *Bilski* as “a method of organizing human activity”); *Bilski*, 561 U.S. at 611–612 (concluding that hedging is a “fundamental economic practice” and therefore an abstract idea); *Bancorp*, 687 F.3d at 1280 (concluding that “managing a stable value protected life insurance policy by performing calculations and manipulating the results” is an abstract idea); *Inventor Holdings, LLC v. Bed Bath & Beyond, Inc.*, 876 F.3d 1372, 1378–79 (Fed. Cir. 2017) (holding that concept of “local processing of payments for remotely purchased goods” is a “fundamental economic practice, which *Alice* made clear is, without more, outside the patent system.”); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1362–63 (Fed. Cir. 2015) (concluding that claimed concept of “offer-based price optimization” is an abstract idea “similar to other ‘fundamental economic concepts’ found to be abstract ideas by the Supreme Court and this court”); *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (holding that concept of “creating a contractual relationship—a ‘transaction performance guaranty’” is an abstract idea); *In re Comiskey*, 554 F.3d 967, 981 (Fed. Cir. 2009) (claims directed to “resolving a legal dispute between two parties by the decision of a human arbitrator” are ineligible);

Ultramercial, Inc. v. Hulu, LLC, 772 F.3d 709, 715 (Fed. Cir. 2014) (holding that claim “describe[ing] only the abstract idea of showing an advertisement before delivering free content” is patent ineligible); *In re Ferguson*, 558 F.3d 1359, 1364 (Fed. Cir. 2009) (holding methods “directed to organizing business or legal relationships in the structuring of a sales force (or marketing company)” to be ineligible); *Credit Acceptance*, 859 F.3d 1044 at 1054 (“The Board determined that the claims are directed to the abstract idea of ‘processing an application for financing a purchase.’ . . . We agree.”); *Interval Licensing*, 896 F.3d at 1344–45 (concluding that “[s]tanding alone, the act of providing someone an additional set of information without disrupting the ongoing provision of an initial set of information is an abstract idea,” observing that the district court “pointed to the nontechnical human activity of passing a note to a person who is in the middle of a meeting or conversation as further illustrating the basic, longstanding practice that is the focus of the [patent ineligible] claimed invention.”); *Voter Verified, Inc. v. Election Systems & Software, LLC*, 887 F.3d 1376, 1385 (Fed. Cir. 2018) (finding the concept of “voting, verifying the vote, and submitting the vote for tabulation,” a “fundamental activity” that humans have performed for hundreds of years, to be an abstract idea); *In re Smith*, 815 F.3d 816, 818 (Fed. Cir. 2016) (concluding that “[a]pplicants’ claims, directed to rules for conducting a wagering game” are abstract).

¹⁴ If a claim, under its broadest reasonable interpretation, covers performance in the mind but for the recitation of generic computer components, then it is still in the mental processes category unless the claim cannot practically be performed in the mind. See *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1318 (Fed. Cir. 2016) (“[W]ith the exception of generic computer-implemented steps, there is nothing in the claims themselves that foreclose them from being performed by a human, mentally or with pen and paper.”); *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324 (Fed. Cir. 2016) (holding that computer-implemented method for “anonymous loan shopping” was an abstract idea because it could be “performed by humans without a computer”); *Versata Dev. Grp. v. SAP Am., Inc.*, 793 F.3d 1306, 1335 (Fed. Cir. 2015) (“Courts have examined claims that required the use of a computer and still found that the underlying, patent-ineligible invention could be performed via pen and paper or in a person’s mind.”); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375, 1372 (Fed. Cir. 2011) (holding that the incidental use of “computer” or “computer readable medium” does not make a claim otherwise directed to process that “can be performed in the human mind, or by a human using a pen and paper” patent eligible); *id.* at 1376 (distinguishing *Research Corp. Techs. v. Microsoft Corp.*, 627 F.3d 859 (Fed. Cir. 2010), and *SIRF Tech., Inc. v. Int’l Trade Comm’n*, 601 F.3d 1319 (Fed. Cir. 2010), as directed to inventions that “could not, as a practical matter, be performed entirely in a human’s mind”). Likewise, performance of a claim limitation using generic computer components does not necessarily preclude the claim limitation from being in the mathematical concepts grouping, *Benson*, 409 U.S. at 67, or the certain methods of organizing human activity grouping, *Alice*, 573 U.S. at 219–20.

¹⁵ *Mayo*, 566 U.S. at 71 (“[M]ental processes[] and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work”) (quoting *Benson*, 409 U.S. at 67); *Flook*, 437 U.S. at 589 (same); *Benson*, 409 U.S. at 67, 65 (noting that the claimed “conversion of [binary-coded decimal] numerals to pure binary numerals can be done mentally,” *i.e.*, “as a person

Claims that do not recite matter that falls within these enumerated groupings of abstract ideas should not be treated as reciting abstract ideas, except as follows: In the rare circumstance in which a USPTO employee believes a claim limitation that does not fall within the enumerated groupings of abstract ideas should nonetheless be treated as reciting an abstract idea, the procedure described in Section III.C for analyzing the claim should be followed.

II. “Directed To” a Judicial Exception

The Supreme Court has long distinguished between principles themselves (which are not patent eligible) and the integration of those principles into practical applications (which are patent eligible).¹⁶ Similarly,

would do it by head and hand.”); *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1139, (Fed. Cir. 2016) (holding that claims to the mental process of “translating a functional description of a logic circuit into a hardware component description of the logic circuit” are directed to an abstract idea, because the claims “read on an individual performing the claimed steps mentally or with pencil and paper”); *Mortg. Grader*, 811 F.3d at 1324 (concluding that concept of “anonymous loan shopping” is an abstract idea because it could be “performed by humans without a computer”); *In re BRCA1 & BRCA2-Based Hereditary Cancer Test Patent Litig.*, 774 F.3d 755, 763 (Fed. Cir. 2014) (concluding that concept of “comparing BRCA sequences and determining the existence of alterations” is an “abstract mental process”); *In re Brown*, 645 F. App’x 1014, 1017 (Fed. Cir. 2016) (non-precedential) (claim limitations “encompass the mere idea of applying different known hair styles to balance one’s head. Identifying head shape and applying hair designs accordingly is an abstract idea capable, as the Board notes, of being performed entirely in one’s mind”).

¹⁶ See, e.g., *Alice*, 573 U.S. at 217 (explaining that “in applying the § 101 exception, we must distinguish between patents that claim the ‘building[ing] block[s]’ of human ingenuity and those that integrate the building blocks into something more” (quoting *Mayo*, 566 U.S. at 89) and stating that *Mayo* “set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts”); *Mayo*, 566 U.S. at 80, 84 (noting that the Court in *Diehr* found “the overall process patent eligible because of the way the additional steps of the process integrated the equation into the process as a whole,” but the Court in *Benson* “held that simply implementing a mathematical principle on a physical machine, namely a computer, was not a patentable application of that principle”); *Bilski*, 561 U.S. at 611 (“*Diehr* explained that while an abstract idea, law of nature, or mathematical formula could not be patented, ‘an application of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.’” (quoting *Diehr*, 450 U.S. at 187) (emphasis in original)); *Diehr*, 450 U.S. at 187, 192 n.14 (explaining that the process in *Flook* was ineligible not because it contained a mathematical formula, but because it did not provide an application of the formula); *Mackay Radio*, 306 U.S. at 94 (“While a scientific truth, or the mathematical expression of it, is not patentable invention, a novel and useful structure created with the aid of knowledge of scientific truth may be.”); *Le Roy v. Tatham*, 55 U.S. (14 How.) 156, 175 (1852) (“The elements of the [natural phenomena] exist; the

in a growing body of decisions, the Federal Circuit has distinguished between claims that are “directed to” a judicial exception (which require further analysis to determine their eligibility) and those that are not (which are therefore patent eligible).¹⁷ For example, an improvement in the functioning of a computer or other technology or technological field may render a claim patent eligible at step one of the *Alice/Mayo* test even if it recites an abstract idea, law of nature, or natural phenomenon.¹⁸ Moreover, recent Federal Circuit jurisprudence has indicated that eligible subject matter can often be identified either at the first or the second step of the *Alice/Mayo* test.¹⁹

invention is not in discovering them, but in applying them to useful objects.”).

¹⁷ See, e.g., MPEP 2106.06(b) (summarizing *Enfish*, *McRO*, and other cases that were eligible as improvements to technology or computer functionality instead of abstract ideas); USPTO *Finjan* Memorandum (discussing *Finjan*, and *Core Wireless*); USPTO Memorandum of June 7, 2018, “Recent Subject Matter Eligibility Decision: *Vanda Pharmaceuticals Inc. v. West-Ward Pharmaceuticals*,” available at <https://www.uspto.gov/sites/default/files/documents/memo-vanda-20180607.PDF> [hereinafter “USPTO *Vanda* Memorandum”]; *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1352 (Fed. Cir. 2016) (concluding that claims could be eligible if ordered combination of limitations “transform the abstract idea . . . into a particular, practical application of that abstract idea.”); *Arrhythmia Research Tech., Inc. v. Corazonix Corp.*, 958 F.2d 1053, 1056–57 (Fed. Cir. 1992) (“As the jurisprudence developed, inventions that were implemented by the mathematically-directed performance of computers were viewed in the context of the practical application to which the computer-generated data were put.”); *CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, 1315 (Fed. Cir. 2013) (Moore, J., joined by Rader, C.J., and Linn and O’Malley, JJ., dissenting in part) (“The key question is thus whether a claim recites a sufficiently concrete and practical application of an abstract idea to qualify as patent-eligible.”), *aff’d*, 573 U.S. 208 (2014).

¹⁸ See, e.g., *McRO*, 837 F.3d at 1316; *Enfish*, 822 F.3d at 1336; *Core Wireless*, 880 F.3d at 1362.

¹⁹ See, e.g., *Vanda Pharm. Inc. v. West-Ward Pharm. Int’l Ltd.*, 887 F.3d 1117, 1134 (Fed. Cir. 2018) (“If the claims are not directed to a patent ineligible concept at step one, we need not address step two of the inquiry.”); *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042, 1050 (Fed. Cir. 2016) (holding that claimed invention is patent eligible because it is not directed to a patent-ineligible concept under step one or is an inventive application of the patent-ineligible concept under step two); *Enfish*, 822 F.3d at 1339 (noting that eligibility determination can be reached either because claims not directed to an abstract idea under step one or recite a concrete improvement under step two); *McRO*, 837 F.3d at 1313 (recognizing that the “court must look to the claims as an ordered combination” in determining patentability “[w]hether at step one or step two of the *Alice* test”); *Amdocs*, 841 F.3d at 1294 (observing that recent cases “suggest that there is considerable overlap between step one and step two, and in some situations [the inventive concept] analysis could be accomplished without going beyond step one”). See also *Ancora Techs. v. HTC Am.*, 908 F.3d 1343, 1349 (Fed. Cir. 2018) (noting, in accord with the “recognition of overlaps between

These revised patent examination procedures are designed to more accurately and consistently identify claims that recite a practical application of a judicial exception (and thus are not “directed to” a judicial exception), thereby increasing predictability and consistency in the patent eligibility analysis. This analysis is performed at USPTO Step 2A, and incorporates certain considerations that have been applied by the courts at step one and at step two of the *Alice/Mayo* framework, given the recognized overlap in the steps depending on the facts of any given case.

In accordance with judicial precedent, and to increase consistency in examination practice, the 2019 Revised Patent Subject Matter Eligibility Guidance sets forth a procedure to determine whether a claim is “directed to” a judicial exception under USPTO Step 2A. Under the procedure, if a claim recites a judicial exception (a law of nature, a natural phenomenon, or an abstract idea as grouped in Section I, above), it must then be analyzed to determine whether the recited judicial exception is integrated into a practical application of that exception. A claim is not “directed to” a judicial exception, and thus is patent eligible, if the claim as a whole integrates the recited judicial exception into a practical application of that exception. A claim that integrates a judicial exception into a practical application will apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception.

III. Instructions for Applying Revised Step 2A During Examination

Examiners should determine whether a claim satisfies the criteria for subject matter eligibility by evaluating the claim in accordance with the criteria discussed in MPEP 2106, *i.e.*, whether the claim is to a statutory category (Step 1) and the *Alice/Mayo* test for judicial exceptions (Steps 2A and 2B). The procedure set forth herein (referred to as “revised Step 2A”) changes how examiners should apply the first step of the *Alice/Mayo* test, which determines whether a claim is “directed to” a judicial exception.

As before, Step 1 of the USPTO’s eligibility analysis entails considering whether the claimed subject matter falls within the four statutory categories of

some step one and step two considerations,” that its conclusion of eligibility at step one is “indirectly reinforced by some of [its] prior holdings under step two”).

patentable subject matter identified by 35 U.S.C. 101: Process, machine, manufacture, or composition of matter. The 2019 Revised Patent Subject Matter Eligibility Guidance does not change Step 1 or the streamlined analysis, which are discussed in MPEP 2106.03 and 2106.06, respectively. Examiners may continue to use a streamlined analysis (Pathway A) when the patent eligibility of a claim is self-evident.

Step 2A of the 2019 Revised Patent Subject Matter Eligibility Guidance is a two-prong inquiry. In Prong One, examiners evaluate whether the claim recites a judicial exception.²⁰ This prong is similar to procedures in prior guidance except that when determining if a claim recites an abstract idea, examiners now refer to the subject matter groupings of abstract ideas in Section I instead of comparing the claimed concept to the USPTO's prior "Eligibility Quick Reference Sheet Identifying Abstract Ideas."

- If the claim recites a judicial exception (*i.e.*, an abstract idea enumerated in Section I of the 2019 Revised Patent Subject Matter Eligibility Guidance, a law of nature, or a natural phenomenon), the claim requires further analysis in Prong Two.

- If the claim does not recite a judicial exception (a law of nature, natural phenomenon, or subject matter within the enumerated groupings of abstract ideas in Section I), then the claim is eligible at Prong One of revised Step 2A. This concludes the eligibility analysis, except in the rare circumstance described below.²¹

- In the rare circumstance in which an examiner believes a claim limitation that does not fall within the enumerated groupings of abstract ideas should nonetheless be treated as reciting an abstract idea, the procedure described in Section III.C for analyzing the claim should be followed.

In Prong Two, examiners evaluate whether the claim recites additional elements that integrate the exception into a practical application of that

exception. This prong adds a more detailed eligibility analysis to step one of the *Alice/Mayo* test (USPTO Step 2A) than was required under prior guidance.

- If the recited exception is integrated into a practical application of the exception, then the claim is eligible at Prong Two of revised Step 2A. This concludes the eligibility analysis.

- If, however, the additional elements do not integrate the exception into a practical application, then the claim is directed to the recited judicial exception, and requires further analysis under Step 2B (where it may still be eligible if it amounts to an "inventive concept").²²

The following discussion provides additional detail on this revised procedure.

A. Revised Step 2A

1. Prong One: Evaluate Whether the Claim Recites a Judicial Exception

In Prong One, examiners should evaluate whether the claim recites a judicial exception, *i.e.*, an abstract idea, a law of nature, or a natural phenomenon. If the claim does not recite a judicial exception, it is not directed to a judicial exception (Step 2A: NO) and is eligible. This concludes the eligibility analysis. If the claim does recite a judicial exception, then it requires further analysis in Prong Two of Revised Step 2A to determine whether it is directed to the recited exception, as explained in Section III.A.2 of the 2019 Revised Patent Subject Matter Eligibility Guidance.

For abstract ideas, Prong One represents a change as compared to prior guidance. To determine whether a claim recites an abstract idea in Prong One, examiners are now to: (a) Identify the specific limitation(s) in the claim under examination (individually or in combination) that the examiner believes recites an abstract idea; and (b) determine whether the identified limitation(s) falls within the subject matter groupings of abstract ideas enumerated in Section I of the 2019 Revised Patent Subject Matter Eligibility Guidance. If the identified limitation(s) falls within the subject matter groupings of abstract ideas enumerated in Section I, analysis should proceed to Prong Two in order to evaluate whether the claim integrates the abstract idea into a

practical application. When evaluating Prong One, examiners are no longer to use the USPTO's "Eligibility Quick Reference Sheet Identifying Abstract Ideas," which has been superseded by this document.

In the rare circumstance in which an examiner believes a claim limitation that does not fall within the enumerated groupings of abstract ideas should nonetheless be treated as reciting an abstract idea, the procedure described in Section III.C for analyzing the claim should be followed.

For laws of nature and natural phenomena, Prong One does not represent a change. Examiners should continue to follow existing guidance to identify whether a claim recites one of these exceptions,²³ and if it does, proceed to Prong Two of the 2019 Revised Patent Subject Matter Eligibility Guidance in order to evaluate whether the claim integrates the law of nature or natural phenomenon into a practical application.

2. Prong Two: If the Claim Recites a Judicial Exception, Evaluate Whether the Judicial Exception Is Integrated Into a Practical Application

In Prong Two, examiners should evaluate whether the claim as a whole integrates the recited judicial exception into a practical application of the exception. A claim that integrates a judicial exception into a practical application will apply, rely on, or use the judicial exception in a manner that imposes a meaningful limit on the judicial exception, such that the claim is more than a drafting effort designed to monopolize the judicial exception. When the exception is so integrated, then the claim is not directed to a judicial exception (Step 2A: NO) and is eligible. This concludes the eligibility analysis. If the additional elements do not integrate the exception into a practical application, then the claim is directed to the judicial exception (Step 2A: YES), and requires further analysis under Step 2B (where it may still be eligible if it amounts to an inventive concept), as explained in Section III.B of the 2019 Revised Patent Subject Matter Eligibility Guidance.

Prong Two represents a change from prior guidance. The analysis under Prong Two is the same for all claims reciting a judicial exception, whether the exception is an abstract idea, a law of nature, or a natural phenomenon.

Examiners evaluate integration into a practical application by: (a) Identifying whether there are any additional elements recited in the claim beyond

²⁰ This notice does not change the type of claim limitations that are considered to recite a law of nature or natural phenomenon. For more information about laws of nature and natural phenomena, including products of nature, see MPEP 2106.04(b) and (c).

²¹ Even if a claim is determined to be patent eligible under section 101, this or any other step of the eligibility analysis does not end the inquiry. The claims must also satisfy the other conditions and requirements for patentability, for example, under section 102 (novelty), 103 (nonobviousness), or 112 (enablement, written description, definiteness). *Bilski*, 561 U.S. at 602. Examiners should take care not to confuse or intermingle patentability requirements of these separate sections with patent eligibility analysis under section 101.

²² See, e.g., *Amdocs*, 841 F.3d at 1300, 1303; *BASCOM*, 827 F.3d at 1349–52; *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257–59 (Fed. Cir. 2014); USPTO *Berkheimer* Memorandum; see also *Rapid Litig.*, 827 F.3d at 1050 (holding that claimed invention is patent eligible because it is not directed to a patent-ineligible concept under step one or is an inventive application of the patent-ineligible concept under step two).

²³ See MPEP 2106.04(b)–(c).

the judicial exception(s); and (b) evaluating those additional elements individually and in combination to determine whether they integrate the exception into a practical application, using one or more of the considerations laid out by the Supreme Court and the Federal Circuit, for example those listed below. While some of the considerations listed below were discussed in prior guidance in the context of Step 2B, evaluating them in revised Step 2A promotes early and efficient resolution of patent eligibility, and increases certainty and reliability. Examiners should note, however, that revised Step 2A specifically excludes consideration of whether the additional elements represent well-understood, routine, conventional activity. Instead, analysis of well-understood, routine, conventional activity is done in Step 2B. Accordingly, in revised Step 2A examiners should ensure that they give weight to all additional elements, whether or not they are conventional, when evaluating whether a judicial exception has been integrated into a practical application.

In the context of revised Step 2A, the following exemplary considerations are indicative that an additional element (or combination of elements)²⁴ may have integrated the exception into a practical application:

- An additional element reflects an improvement in the functioning of a computer, or an improvement to other technology or technical field;²⁵
- an additional element that applies or uses a judicial exception to effect a particular treatment or prophylaxis for a disease or medical condition;²⁶

²⁴ USPTO guidance uses the term “additional elements” to refer to claim features, limitations, and/or steps that are recited in the claim beyond the identified judicial exception. Again, whether an additional element or combination of elements integrate the exception into a practical application should be evaluated on the claim as a whole.

²⁵ For example, a modification of internet hyperlink protocol to dynamically produce a dual-source hybrid web page. See MPEP 2106.05(a) for more information concerning improvements in the functioning of a computer or to any other technology or technical field, including a discussion of the exemplar provided herein, which is based on *DDR Holdings*, 773 F.3d at 1258–59. See also USPTO *Finjan* Memorandum (discussing *Finjan* and *Core Wireless*).

²⁶ For example, an immunization step that integrates an abstract idea into a specific process of immunizing that lowers the risk that immunized patients will later develop chronic immune-mediated diseases. See, e.g., *Classen Immunotherapies, Inc. v. Biogen IDEC*, 659 F.3d 1057, 1066–68 (Fed. Cir. 2011). See also *Vanda Pharm. Inc. v. West-Ward Pharm. Int'l Ltd.*, 887 F.3d 1117, 1135 (Fed. Cir. 2018) (holding claims to the practical application of the natural relationships between iloperidone, CYP2D6 metabolism, and QTc prolongation to treat schizophrenia, not merely the recognition of those relationships, to be patent

- an additional element implements a judicial exception with, or uses a judicial exception in conjunction with, a particular machine or manufacture that is integral to the claim;²⁷

- an additional element effects a transformation or reduction of a particular article to a different state or thing;²⁸ and

- an additional element applies or uses the judicial exception in some other meaningful way beyond generally linking the use of the judicial exception to a particular technological environment, such that the claim as a whole is more than a drafting effort designed to monopolize the exception.²⁹

This is not an exclusive list, and there may be other examples of integrating the exception into a practical application.

The courts have also identified examples in which a judicial exception has not been integrated into a practical application:

- An additional element merely recites the words “apply it” (or an equivalent) with the judicial exception, or merely includes instructions to implement an abstract idea on a computer, or merely uses a computer as a tool to perform an abstract idea;³⁰

eligible at *Mayo/Alice* step 1 (USPTO Step 2A)), and USPTO *Vanda* Memorandum (discussing *Vanda*).

²⁷ For example, a Fourdrinier machine (which is understood in the art to have a specific structure comprising a headbox, a paper-making wire, and a series of rolls) that is arranged in a particular way that uses gravity to optimize the speed of the machine while maintaining quality of the formed paper web. See MPEP 2106.05(b) for more information concerning use of a judicial exception with, or in conjunction with, a particular machine or manufacture, including a discussion of the exemplar provided herein, which is based on *Eibel Process Co. v. Minnesota & Ontario Paper Co.*, 261 U.S. 45, 64–65 (1923).

²⁸ For example, a process that transforms raw, uncured synthetic rubber into precision-molded synthetic rubber products by using a mathematical formula to control operation of the mold. See MPEP 2106.05(c) for more information concerning transformation or reduction of a particular article to a different state or thing, including a discussion of the exemplar provided herein, which is based on *Diehr*, 450 U.S. at 184.

²⁹ For example, a combination of steps including installing rubber in a press, closing the mold, constantly measuring the temperature in the mold, and automatically opening the press at the proper time, all of which together meaningfully limited the use of a mathematical equation to a practical application of molding rubber products. See MPEP 2106.05(e) for more information on this consideration, including a discussion of the exemplar provided herein, which is based on *Diehr*, 450 U.S. at 184, 187. See also USPTO *Finjan* Memorandum (discussing *Finjan* and *Core Wireless*).

³⁰ For example, a limitation indicating that a particular function such as creating and maintaining electronic records is performed by a computer, without specifying how. See MPEP 2106.05(f) for more information concerning mere instructions to apply a judicial exception, including a discussion of the exemplar provided herein, which is based on *Alice*, 573 U.S. at 222–26. See

- an additional element adds insignificant extra-solution activity to the judicial exception;³¹ and

- an additional element does no more than generally link the use of a judicial exception to a particular technological environment or field of use.³²

It is critical that examiners consider the claim as a whole when evaluating whether the judicial exception is meaningfully limited by integration into a practical application of the exception. Some elements may be enough on their own to meaningfully limit an exception, but other times it is the combination of elements that provide the practical application. When evaluating whether an element (or combination of elements) integrates an exception into a practical application, examiners should give careful consideration to both the element and how it is used or arranged in the claim as a whole. Because revised Step 2A does not evaluate whether an additional element is well-understood, routine, conventional activity, examiners are reminded that a claim that includes conventional elements may still integrate an exception into a practical application, thereby satisfying the subject matter eligibility requirement of Section 101.³³

also Benson, 409 U.S. 63 (holding that merely implementing a mathematical principle on a general purpose computer is a patent ineligible abstract idea); *Credit Acceptance Corp. v. Westlake Services*, 859 F.3d 1044 (Fed. Cir. 2017) (using a computer as a tool to process an application for financing a purchase).

³¹ For example, a mere data gathering such as a step of obtaining information about credit card transactions so that the information can be analyzed in order to detect whether the transactions were fraudulent. See MPEP 2106.05(g) for more information concerning insignificant extra-solution activity, including a discussion of the exemplar provided herein, which is based on *CyberSource*, 654 F.3d at 1375. See also *Mayo*, 566 U.S. at 79 (concluding that additional element of measuring metabolites of a drug administered to a patient was insignificant extra-solution activity, which was insufficient to confer patent eligibility); *Flook*, 437 U.S. at 590 (step of adjusting an alarm limit based on the output of a mathematical formula was “post-solution activity” and did not render method patent eligible).

³² For example, a claim describing how the abstract idea of hedging could be used in the commodities and energy markets, or a claim limiting the use of a mathematical formula to the petrochemical and oil-refining fields. See MPEP 2106.05(h) concerning generally linking use of a judicial exception to a particular technological environment or field of use, including a discussion of the exemplars provided herein, which are based on *Bilski*, 561 U.S. at 612, and *Flook*, 437 U.S. at 588–90. Thus, the mere application of an abstract method of organizing human activity in a particular field is not sufficient to integrate the judicial exception into a practical application.

³³ Of course, such claims must also satisfy the other conditions and requirements of patentability, for example, under section 102 (novelty), 103 (nonobviousness), and 112 (enablement, written description, definiteness). *Bilski*, 561 U.S. at 602.

B. Step 2B: If the Claim Is Directed to a Judicial Exception, Evaluate Whether the Claim Provides an Inventive Concept

It is possible that a claim that does not “integrate” a recited judicial exception is nonetheless patent eligible. For example the claim may recite additional elements that render the claim patent eligible even though a judicial exception is recited in a separate claim element.³⁴ Along these lines, the Federal Circuit has held claims eligible at the second step of the *Alice/Mayo* test (USPTO Step 2B) because the additional elements recited in the claims provided “significantly more” than the recited judicial exception (*e.g.*, because the additional elements were unconventional in combination).³⁵ Therefore, if a claim has been determined to be directed to a judicial exception under revised Step 2A, examiners should then evaluate the additional elements individually and in combination under Step 2B to determine whether they provide an inventive concept (*i.e.*, whether the additional elements amount to significantly more than the exception itself). If the examiner determines that the element (or combination of elements) amounts to significantly more than the exception itself (Step 2B: YES), the claim is eligible, thereby concluding the eligibility analysis. If the examiner determines that the element and combination of elements does not amount to significantly more than the exception itself, the claim is ineligible (Step 2B: NO) and the examiner should reject the claim for lack of subject matter eligibility.

While many considerations in Step 2A need not be reevaluated in Step 2B, examiners should continue to consider in Step 2B whether an additional element or combination of elements:

- Adds a specific limitation or combination of limitations that are not well-understood, routine, conventional activity in the field, which is indicative that an inventive concept may be present; or
- simply appends well-understood, routine, conventional activities previously known to the industry,

³⁴ See, *e.g.*, *Diehr*, 450 U.S. at 187 (“Our earlier opinions lend support to our present conclusion that a claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula, computer program, or digital computer.”); *id.* at 185 (“Our conclusion regarding respondents’ claims is not altered by the fact that in several steps of the process a mathematical equation and a programmed digital computer are used.”).

³⁵ See, *e.g.*, *Amdocs*, 841 F.3d at 1300, 1303; *BASCOM*, 827 F.3d at 1349–52; *DDR Holdings*, 773 F.3d at 1257–59.

specified at a high level of generality, to the judicial exception, which is indicative that an inventive concept may not be present.³⁶

For this reason, if an examiner had previously concluded under revised Step 2A that, *e.g.*, an additional element was insignificant extra-solution activity, they should reevaluate that conclusion in Step 2B. If such reevaluation indicates that the element is unconventional or otherwise more than what is well-understood, routine, conventional activity in the field, this finding may indicate that an inventive concept is present and that the claim is thus eligible.³⁷ For example, when evaluating a claim reciting an abstract idea such as a mathematical equation and a series of data gathering steps that collect a necessary input for the equation, an examiner might consider the data gathering steps to be insignificant extra-solution activity in revised Step 2A, and therefore find that the judicial exception is not integrated into a practical application.³⁸ However, when the examiner reconsiders the data gathering steps in Step 2B, the examiner could determine that the combination of steps gather data in an unconventional way and therefore include an “inventive concept,” rendering the claim eligible at Step 2B.³⁹ Likewise, a claim that does

³⁶ In accordance with existing guidance, an examiner’s conclusion that an additional element (or combination of elements) is well understood, routine, conventional activity must be supported with a factual determination. For more information concerning evaluation of well-understood, routine, conventional activity, see MPEP 2106.05(d), as modified by the USPTO *Berkheimer* Memorandum.

³⁷ *Mayo*, 566 U.S. at 82 (“[S]imply appending conventional steps, specified at a high level of generality, to laws of nature, natural phenomena, and abstract ideas cannot make those laws, phenomena, and ideas patentable.”); *but see id.* at 85 (“[T]he claimed process included not only a law of nature but also several unconventional steps (such as inserting the receptacle, applying heat to the receptacle externally, and blowing the air into the furnace) that confined the claims to a particular, useful application of the principle.” (discussing the old English case, *Neilson v. Harford*, Webster’s Patent Cases 295 (1841))).

³⁸ See *supra* note 34; see also *OIP Techs.*, 788 F.3d at 1363 (finding that gathering statistics generated based on customer testing for input to a pricing calculation “fail[s] to ‘transform’ the claimed abstract idea into a patent-eligible invention”).

³⁹ *Compare Flook*, 437 U.S. at 585–86 (holding claimed method of updating alarm limits to be ineligible because: “In essence, the method consists of three steps: an initial step which merely measures the present value of the process variable (*e.g.*, the temperature); an intermediate step which uses an algorithm to calculate an updated alarm-limit value; and a final step in which the actual alarm limit is adjusted to the updated value. The only difference between the conventional methods of changing alarm limits and that described in respondent’s application rests in the second step—the mathematical algorithm or formula.”); *with Exergen Corp. v. Kaz USA, Inc.*, 725 F. App’x 959,

not meaningfully integrate a judicial exception into a practical application of the exception sufficient to pass muster at Step 2A, may nonetheless include additional subject matter that is unconventional and thus an “inventive concept” at Step 2B.⁴⁰

C. Treating a Claim Limitation That Does Not Fall Within the Enumerated Groupings of Abstract Ideas as Reciting an Abstract Idea

In the rare circumstance in which an examiner believes a claim limitation that does not fall within the enumerated groupings of abstract ideas should

966 (Fed. Cir. 2018) (holding claimed body temperature detector to be eligible because: “Here, the patent is directed to the measurement of a natural phenomenon (core body temperature). Even if the concept of such measurement is directed to a natural phenomenon and is abstract at step one, the measurement method here was not conventional, routine, and well-understood. Following years and millions of dollars of testing and development, the inventor determined for the first time the coefficient representing the relationship between temporal-arterial temperature and core body temperature and incorporated that discovery into an unconventional method of temperature measurement.”).

⁴⁰ *Compare Berkheimer*, 881 F.3d at 1370 (holding independent claim 1 to be ineligible at *Alice* step 2: “The[] conventional limitations of claim 1, combined with limitations of analyzing and comparing data and reconciling differences between the data, fail to transform the abstract idea into a patent-eligible invention. The limitations amount to no more than performing the abstract idea of parsing and comparing data with conventional computer components”) (internal quotation marks and citation omitted); *with id.* (concluding that dependent claims 4–7 may be eligible: “Claims 4–7, in contrast, contain limitations directed to the arguably unconventional inventive concept described in the specification. Claim 4 recites ‘storing a reconciled object structure in the archive without substantial redundancy.’ The specification states that storing object structures in the archive without substantial redundancy improves system operating efficiency and reduces storage costs. It also states that known asset management systems did not archive documents in this manner. Claim 5 depends on claim 4 and further recites ‘selectively editing an object structure, linked to other structures to thereby effect a one-to-many change in a plurality of archived items.’ The specification states one-to-many editing substantially reduces effort needed to update files because a single edit can update every document in the archive linked to that object structure. This one-to-many functionality is more than ‘editing data in a straightforward copy-and-paste fashion,’ as characterized by the district court. According to the specification, conventional digital asset management systems cannot perform one-to-many editing because they store documents with numerous instances of redundant elements, rather than eliminate redundancies through the storage of linked object structures. Claims 6–7 depend from claim 5 and accordingly contain the same limitations. These claims recite a specific method of archiving that, according to the specification, provides benefits that improve computer functionality. . . . [T]here is at least a genuine issue of material fact in light of the specification regarding whether claims 4–7 archive documents in an inventive manner that improves these aspects of the disclosed archival system.”) (internal quotation marks and citations omitted).

nonetheless be treated as reciting an abstract idea (“tentative abstract idea”), the examiner should evaluate whether the claim as a whole integrates the recited tentative abstract idea into a practical application as explained in Section III.A.2. If the claim as a whole integrates the recited tentative abstract idea into a practical application, the claim is not directed to a judicial exception (Step 2A: NO) and is eligible (thus concluding the eligibility analysis). If the claim as a whole does not integrate the recited tentative abstract idea into a practical application, then the examiner should evaluate the additional elements individually and in combination to determine whether they provide an inventive concept as explained in Section III.B. If an additional element or combination of additional elements provides an inventive concept as explained in Section III.B (Step 2B: YES), the claim is eligible (thus concluding the eligibility analysis). If the additional element or combination of additional elements does not provide an inventive concept as explained in Section III.B (Step 2B: NO), the examiner should bring the application to the attention of the Technology Center Director. Any rejection in which a claim limitation, which does not fall within the enumerated abstract ideas (tentative abstract idea), is nonetheless treated as reciting an abstract idea must be approved by the Technology Center Director (which approval will be indicated in the file record of the application), and must provide a justification⁴¹ for why such claim limitation is being treated as reciting an abstract idea.⁴²

D. Compact Prosecution

Regardless of whether a rejection under 35 U.S.C. 101 is made, a complete examination should be made for every claim under each of the other patentability requirements: 35 U.S.C. 102, 103, 112, and 101 (utility, inventorship and double patenting) and non-statutory double patenting.⁴³ Compact prosecution, however, does not mandate that the patentability

⁴¹ Such justification may include, for example, an explanation of why the element contains subject matter that, per se, invokes eligibility concerns similar to those expressed by the Supreme Court with regard to the judicial exceptions. See *supra* note 5.

⁴² Similarly, in the rare circumstance in which a panel of administrative patent judges (or panel majority) believes that a claim reciting a tentative abstract idea should be treated as reciting an abstract idea, the matter should be brought to the attention of the PTAB leadership by a written request for clearance.

⁴³ See MPEP 2103 *et seq.* and 2106(III).

requirements be analyzed in any particular order.

Dated: December 20, 2018.

Andrei Iancu,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2018–28282 Filed 1–4–19; 8:45 am]

BILLING CODE 3510–16–P

DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

[Docket No. PTO–P–2018–0059]

Examining Computer-Implemented Functional Claim Limitations for Compliance With 35 U.S.C. 112

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Examination guidance; request for comments.

SUMMARY: This guidance will assist United States Patent and Trademark Office (USPTO) personnel in the examination of claims in patent applications that contain functional language, particularly patent applications where functional language is used to claim computer-implemented inventions. Part I of this guidance addresses issues related to the examination of computer-implemented functional claims having means-plus-function limitations. Part II of this guidance addresses written description and enablement issues related to the examination of computer-implemented functional claims that recite only the idea of a solution or outcome to a problem but fail to recite details of how the solution or outcome is accomplished.

DATES:

Applicable Date: The Computer-Implemented Functional Claim Limitations Guidance is effective on January 7, 2019. The Computer-Implemented Functional Claim Limitations Guidance applies to all applications, and to all patents resulting from applications, filed before, on or after January 7, 2019.

Comment Deadline Date: Written comments must be received on or before March 8, 2019.

ADDRESSES: Comments must be sent by electronic mail message over the internet addressed to:

112Guidance2019@uspto.gov.

Electronic comments submitted in plain text are preferred, but also may be submitted in ADOBE® portable document format or MICROSOFT

WORD® format. Comments not submitted electronically should be submitted on paper in a format that facilitates convenient digital scanning into ADOBE® portable document format. The comments will be available for viewing via the USPTO’s internet website (<http://www.uspto.gov>). Because comments will be made available for public inspection, information that the submitter does not desire to make public, such as an address or phone number, should not be included in the comments.

FOR FURTHER INFORMATION CONTACT:

Nicole D. Haines, Senior Legal Advisor, at 571–272–7717 or Jeffrey R. West, Senior Legal Advisor, at 571–272–2226, both with the Office of Patent Legal Administration.

SUPPLEMENTARY INFORMATION: The patent examination process must ensure that: (1) The claims of an application have proper written description and enablement support under 35 U.S.C. 112(a)¹ in the disclosure of the application, and (2) functional limitations (*i.e.*, claim limitations that define an element in terms of the function it performs without reciting the structure, materials, or acts that perform the function) are properly treated as means (or step) plus function limitations under 35 U.S.C. 112(f), and are sufficiently definite under 35 U.S.C. 112(b), as appropriate. These requirements are particularly relevant to computer-implemented functional claims.

The U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”) has recognized a problem with broad functional claiming without adequate structural support in the specification. *Williamson v. Citrix Online, LLC*, 792 F.3d 1339, 1349 (Fed. Cir. 2015) (en banc) (overruling the Federal Circuit’s previous application of a “strong” presumption that claim limitations lacking the word “means” are not subject to § 112(f) to address the resulting “proliferation of functional claiming untethered to [§ 112(f)] and free of the strictures set forth in the statute”); *Function Media, LLC v. Google, Inc.*, 708 F.3d 1310, 1319 (Fed. Cir. 2013) (“Section [112(f)] is intended

¹ Section 4 of the Leahy-Smith America Invents Act (AIA) designated pre-AIA 35 U.S.C. 112, ¶ 1 through 6, as 35 U.S.C. 112(a) through (f), effective as to applications filed on or after September 16, 2012. See Public Law 112–29, 4(c), 125 Stat. 284, 296 (2011). AIA 35 U.S.C. 112(a) and pre-AIA 35 U.S.C. 112, ¶ 1 are collectively referred to in this notice as 35 U.S.C. 112(a); AIA 35 U.S.C. 112(b) and pre-AIA 35 U.S.C. 112, ¶ 2 are collectively referred to in this notice as 35 U.S.C. 112(b); and AIA 35 U.S.C. 112(f) and pre-AIA 35 U.S.C. 112, ¶ 6 are collectively referred to in this notice as 35 U.S.C. 112(f).

to prevent . . . pure functional claiming.’” (citing *Aristocrat Techs. Australia Pty Ltd. v. Int’l Game Tech.*, 521 F.3d 1238, 1333 (Fed. Cir. 2008)); *Ariad Pharm., Inc. v. Eli Lilly and Co.*, 598 F.3d 1336, 1349 (Fed. Cir. 2010) (en banc) (discussing the problem of functional claims defining a genus that “simply claim a desired result . . . without describing species that achieve that result”). In the context of another statutory requirement, 35 U.S.C. 101, the Federal Circuit has also criticized improper functional claiming. *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1351 (Fed. Cir. 2016) (observing that “the claims do not go beyond requiring the collection, analysis, and display of available information in a particular field, stating those functions in general terms, without limiting them to technical means for performing the functions that are arguably an advance over conventional computer and network technology”); see also *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1327 (Fed. Cir. 2016) (Mayer, J., concurring) (stating, “[s]oftware patents typically . . . describe, in intentionally vague and broad language, a particular goal or objective [of the software]”). Problems with functional claiming, *i.e.*, when a claim is purely functional in nature rather than reciting with any specificity how the claimed function is achieved, can be effectively addressed using long-standing, well-understood principles under 35 U.S.C. 112. Thus, the USPTO is providing further guidance on the application of 35 U.S.C. 112 requirements during examination.

Part I of this guidance focuses on claim interpretation under 35 U.S.C. 112(f) and compliance with the definiteness requirement of 35 U.S.C. 112(b), for example as discussed in the Federal Circuit decisions in *Williamson*, 792 F.3d 1339, and *Aristocrat*, 521 F.3d 1328. Part II of this guidance focuses on the requirements of 35 U.S.C. 112(a) relative to written description and enablement, for example as discussed in the Federal Circuit decision in *Vasudevan Software, Inc. v. MicroStrategy, Inc.*, 782 F.3d 671 (Fed. Cir. 2015).²

² As is existing practice, examiners may also issue “Requirements for Information” pursuant to 37 CFR 1.105. This notice does not affect current practice

I. Review of Issues under 35 U.S.C. 112(f) and 112(b) Related to Examination of Computer-Implemented Functional Claim Limitations: In its en banc decision in the *Williamson* case, the Federal Circuit recognized that some of its prior opinions established a heightened bar to overcoming the presumption that a limitation expressed in functional language without using the word “means” is not subject to 35 U.S.C. 112(f) and concluded that such a heightened burden is unjustified. *Williamson*, 792 F.3d at 1349 (explaining that characterizing the presumption as strong “has shifted the balance struck by Congress in passing [35 U.S.C. 112(f)] and has resulted in a proliferation of functional claiming untethered to [§ 112(f)] and free of the strictures set forth in the statute”). Instead,

[t]he standard is whether the words of the claim are understood by persons of ordinary skill in the art to have a sufficiently definite meaning as the name for structure. When a claim term lacks the word “means,” the presumption [that 35 U.S.C. 112(f) does not apply] can be overcome and [§ 112(f)] will apply if the challenger demonstrates that the claim term fails to recite sufficiently definite structure or else recites function without reciting sufficient structure for performing that function. The converse presumption remains unaffected: use of the word “means” creates a presumption that § 112(f) applies.

Id. (internal citations and quotation marks omitted).

A. Claim Interpretation: One of the first steps in examining claims is determining the broadest reasonable interpretation (BRI) of the claim. In determining the BRI, examiners should establish the meaning of each claim term consistent with the specification as it would be interpreted by one of ordinary skill in the art, including identifying and construing functional claim limitations. If a claim limitation recites a term and associated functional language, the examiner should determine whether the claim limitation invokes 35 U.S.C. 112(f). Application of 35 U.S.C. 112(f) is driven by the claim

regarding “Requirements for Information,” which remains a tool examiners can use to help resolve, among other things, issues regarding compliance with § 112 during examination. See, *e.g.*, MPEP 704.10–14. For example, an examiner may request information about written description support, continuation in part support, issues related to § 112(f), or enablement issues, among other things. See, *e.g.*, MPEP 704.11(a)(K), (R), (S)(2)–(3).

language, not by applicant’s intent or mere statements to the contrary included in the specification or made during prosecution. Examiners will apply 35 U.S.C. 112(f) to a claim limitation if it meets the 3-prong analysis set forth in the Manual of Patent Examining Procedure (9th ed. Rev. 08.2017, Jan. 2018) (referred to herein as “MPEP”), § 2181, subsection I. At a high level, the 3-prong analysis includes evaluating whether: The claim limitation uses the term “means” (or “step”) or a generic placeholder, the term is modified by functional language, and the term is not modified by sufficient structure, material or acts for performing the function.³

A claim limitation is presumed to invoke 35 U.S.C. 112(f) when it explicitly uses the term “means” and includes functional language. The presumption that 35 U.S.C. 112(f) applies is overcome when the limitation further includes the structure necessary to perform the recited function. See MPEP § 2181, subsection I. By contrast, a claim limitation that does not use the term “means” will trigger the presumption that 35 U.S.C. 112(f) does not apply. Even in the face of this presumption, the examiner should nonetheless consider whether the presumption is overcome.

The USPTO’s examination practice regarding the presumption that 35 U.S.C. 112(f) does not apply to a claim limitation that does not use the term “means” is based on the Federal Circuit’s standard set forth in *Williamson*. The presumption that 35 U.S.C. 112(f) does not apply is overcome when “the claim term fails to ‘recite sufficiently definite structure’ or else recites ‘function without reciting

³ The full text reads as follows: “[E]xaminers will apply 35 U.S.C. 112(f) or pre-AIA 35 U.S.C. 112, sixth paragraph to a claim limitation if it meets the following 3-prong analysis: (A) the claim limitation uses the term ‘means’ or ‘step’ or a term used as a substitute for ‘means’ that is a generic placeholder (also called a nonce term or a non-structural term having no specific structural meaning) for performing the claimed function; (B) the term ‘means’ or ‘step’ or the generic placeholder is modified by functional language, typically, but not always linked by the transition word ‘for’ (*e.g.*, ‘means for’) or another linking word or phrase, such as ‘configured to’ or ‘so that’; and (C) the term ‘means’ or ‘step’ or the generic placeholder is not modified by sufficient structure, material, or acts for performing the claimed function.” MPEP 2181, subsection I.

sufficient structure for performing that function.” MPEP § 2181, subsection I (quoting *Williamson*, 792 F.3d at 1348). Instead of using “means” in such cases, a substitute term can act as a generic placeholder for the term “means” where that term would not be recognized by one of ordinary skill in the art as being sufficiently definite structure for performing the claimed function. The following are examples of non-structural generic placeholders that may invoke 35 U.S.C. 112(f): “mechanism for,” “module for,” “device for,” “unit for,” “component for,” “element for,” “member for,” “apparatus for,” “machine for,” or “system for.” See, e.g., MPEP § 2181, subsection I.A; *Welker Bearing Co., v. Ph.D., Inc.*, 550 F.3d 1090, 1096 (Fed. Cir. 2008); *Mass. Inst. of Tech. v. Abacus Software*, 462 F.3d 1344, 1354 (Fed. Cir. 2006); *Personalized Media Commc’ns, LLC v. Int’l Trade Comm’n*, 161 F.3d 696, 704 (Fed. Cir. 1998); *Mas-Hamilton Grp. v. LaGard, Inc.*, 156 F.3d 1206, 1214–15 (Fed. Cir. 1998). This list is not exhaustive, and similar generic placeholders may invoke 35 U.S.C. 112(f). Note that there is no fixed list of generic placeholders that always result in 35 U.S.C. 112(f) interpretation, and likewise there is no fixed list of words that always avoid 35 U.S.C. 112(f) interpretation. Every case will turn on its own unique set of facts.

Even when a claim limitation uses the term “means” or a generic placeholder for the term “means,” a limitation will not invoke 35 U.S.C. 112(f) if there is a structural modifier that further describes the term “means” or the generic placeholder. Compare *Greenberg v. Ethicon Endo-Surgery, Inc.*, 91 F.3d 1580, 1583 (Fed. Cir. 1996) (concluding that the term “detent mechanism” did not invoke pre-AIA 35 U.S.C. 112, sixth paragraph because the modifier “detent” denotes a type of structural device with a generally understood meaning in the mechanical arts), with *Mass. Inst. of Tech.*, 462 F.3d at 1354 (concluding that the term “colorant selection mechanism” did invoke pre-AIA 35 U.S.C. 112, sixth paragraph because the modifier “colorant selection” does not connote sufficient structure to a person of ordinary skill in the art). To determine whether a word, term, or phrase coupled with a function denotes structure, examiners should check whether: (1) The specification provides a description sufficient to inform one of ordinary skill in the art that the term denotes structure; (2) general and subject matter specific dictionaries provide evidence that the term has

achieved recognition as a noun denoting structure; and (3) the prior art provides evidence that the term has an art-recognized structure to perform the claimed function. See MPEP § 2181, subsection I, for more guidance on generic placeholders.

At issue in *Williamson* was whether a “distributed learning control module” limitation in claims directed to a distributed learning system should be interpreted as a means-plus-function limitation. See *Williamson*, 792 F.3d at 1347. The Federal Circuit concluded that “the ‘distributed learning control module’ limitation fails to recite sufficiently definite structure and that the presumption against means-plus-function claiming is rebutted.” *Id.* at 1351. In support, the Federal Circuit determined that: “the word ‘module’ does not provide any indication of structure because it sets forth the same black box recitation of structure for providing the same specified function as if the term ‘means’ had been used”; “[t]he prefix ‘distributed learning control’ does not impart structure into the term ‘module’”; and “the written description fails to impart any structural significance to the term.” *Id.* at 1350–51.

In view of *Williamson*, examiners should apply the applicable presumption and the 3-prong analysis to interpret a computer-implemented functional claim limitation in accordance with 35 U.S.C. 112(f) as appropriate, including determining if the claim sets forth sufficient structure for performing the recited function. A determination that a claim is being interpreted according to 35 U.S.C. 112(f) should be expressly stated in the examiner’s Office action. In response to the Office action, if applicant does not want to have the claim limitation interpreted under 35 U.S.C. 112(f), applicant may: (1) Present a sufficient showing to establish that the claim limitation recites sufficient structure to perform the claimed function so as to avoid interpretation under 35 U.S.C. 112(f); or (2) amend the claim limitation in a way that avoids interpretation under 35 U.S.C. 112(f) (e.g., by reciting sufficient structure to perform the claimed function).

The BRI of a claim limitation that is subject to 35 U.S.C. 112(f), “is the structure, material or act described in the specification as performing the entire claimed function and equivalents to the disclosed structure, material or act.” MPEP § 2181. Thus, if the claim limitation is being interpreted under 35 U.S.C. 112(f), the specification must be consulted to determine the corresponding structure, material, or act for performing the claimed function. See

MPEP § 2181, subsection I, for more guidance on interpreting claim limitations that are subject to 35 U.S.C. 112(f). Generally, the BRI given to a claim term that is not subject to 35 U.S.C. 112(f) is its plain meaning unless limited by a special definition or disavowal of claim scope set forth in the specification which must be clear and unmistakable (note that changing the plain meaning of a claim term by setting forth a special definition or disavowal of claim scope is uncommon). MPEP § 2111.01, subsections I, IV. The plain meaning is the ordinary and customary meaning given to the term by those of ordinary skill in the art at the time of the effective filing date, evidenced by, for example, the words of the claims themselves, the specification, drawings, and prior art. *Id.* See, MPEP 2111, *et. seq.*, for detailed guidance on the application of the BRI during examination.

B. Indefiniteness under 35 U.S.C. 112(b): For a computer-implemented 35 U.S.C. 112(f) claim limitation, the specification must disclose an algorithm for performing the claimed specific computer function, or else the claim is indefinite under 35 U.S.C. 112(b). See *Net MoneyIN, Inc. v. VeriSign, Inc.*, 545 F.3d 1359, 1367 (Fed. Cir. 2008). In cases “involving a special purpose computer-implemented means-plus-function limitation, [the Federal Circuit] has consistently required that the structure disclosed in the specification be more than simply a general purpose computer or microprocessor’ and that the specification must disclose an algorithm for performing the claimed function.” *Noah Sys., Inc. v. Intuit Inc.*, 675 F.3d 1302, 1312 (Fed. Cir. 2012) (quoting *Aristocrat*, 521 F.3d at 1333). Thus, the corresponding structure for performing the specific computer function is not simply a general purpose computer by itself but a special purpose computer as programmed to perform the disclosed algorithm. *In re Aoyama*, 656 F.3d 1293, 1297 (Fed. Cir. 2011) (“[W]hen the disclosed structure is a computer programmed to carry out an algorithm, ‘the disclosed structure is not the general purpose computer, but rather that special purpose computer programmed to perform the disclosed algorithm.’” (quoting *WMS Gaming, Inc. v. Int’l Game Tech.*, 184 F.3d 1339, 1349 (Fed. Cir. 1999))). An algorithm is defined, for example, as “a finite sequence of steps for solving a logical or mathematical problem or performing a task.” Microsoft Computer Dictionary (5th ed., 2002). Applicant may “express that algorithm in any understandable

terms including as a mathematical formula, in prose, or as a flow chart, or in any other manner that provides sufficient structure.” *Finisar Corp. v. DirectTV Grp., Inc.*, 523 F.3d 1323, 1340 (Fed. Cir. 2008) (internal citation omitted).

Special purpose computer-implemented 35 U.S.C. 112(f) claim limitations will be indefinite under 35 U.S.C. 112(b) when the specification fails to disclose an algorithm to perform the claimed function. For example, in *Advanced Ground Information Systems, Inc. v. Life360, Inc.*, 830 F.3d 1341 (Fed. Cir. 2016), the Federal Circuit determined that the term “symbol generator” is a computer-implemented means-plus-function limitation and that “[t]he specifications of the patents-in-suit do not disclose an operative algorithm for the claim elements reciting ‘symbol generator.’” *Id.* at 1348–49. The Federal Circuit upheld the district court’s determination that the term “symbol generator” is indefinite, observing that “although the district court recognized that the specification describes, in general terms, that symbols are generated based on the latitude and longitude of the participants, it nonetheless determined that the specification fails to disclose an algorithm or description as to how those symbols are actually generated.” *Id.* at 1349 (internal quotation marks and alterations omitted). *See also*, *Blackboard, Inc. v. Desire2Learn, Inc.*, 574 F.3d 1371, 1382–83 (Fed. Cir. 2009) (concluding that the description of a server computer’s “access control manager” software feature was insufficient disclosure of corresponding structure to support the computer-implemented “means for assigning” limitation because “what the patent calls the ‘access control manager’ is simply an abstraction that describes the function of controlling access to course materials . . . [b]ut how it does so is left undisclosed.”); *Aristocrat*, 521 F.3d at 1334–35 (explaining that “the [patent’s] description of the embodiments is simply a description of the outcome of the claimed functions, not a description of the structure, *i.e.*, the computer programmed to execute a particular algorithm”).

Moreover, the requirement for the disclosure of an algorithm cannot be avoided by arguing that one of ordinary skill in the art is capable of writing software to convert a general purpose computer to a special purpose computer to perform the claimed function. *See EON Corp. IP Holdings LLC v. AT&T Mobility LLC*, 785 F.3d 616, 623 (Fed. Cir. 2015) (disagreeing “that a microprocessor can serve as sufficient

structure for a software function if a person of ordinary skill in the art could implement the software function[.]” noting that “we have repeatedly and unequivocally rejected this argument: a person of ordinary skill in the art plays no role whatsoever in determining whether an algorithm must be disclosed as structure for a functional claim element”); *Blackboard*, 574 F.3d at 1385 (explaining that “[t]he fact that an ordinarily skilled artisan might be able to design a program to create an access control list based on the system users’ predetermined roles goes to enablement[.]” whereas “[t]he question before us is whether the specification contains a sufficiently precise description of the ‘corresponding structure’ to satisfy [pre-AIA] section 112, paragraph 6, not whether a person of skill in the art could devise some means to carry out the recited function”).

Special purpose computer-implemented 35 U.S.C. 112(f) claim limitations are also indefinite under 35 U.S.C. 112(b) when the specification discloses an algorithm but the algorithm is not sufficient to perform the entire claimed function(s). *See Noah*, 675 F.3d at 1319 (holding that “[c]omputer-implemented means-plus-function claims are indefinite unless the specification discloses an algorithm to perform the function associated with the limitation[.]” and that “[w]hen the specification discloses an algorithm that only accomplishes one of multiple identifiable functions performed by a means-plus-function limitation, the specification is treated as if it disclosed no algorithm.”). The sufficiency of the algorithm is determined in view of what one of ordinary skill in the art would understand as sufficient to define the structure and make the boundaries of the claim understandable. For example, in *Williamson*, the Federal Circuit found that the term “distributed learning control module” is a means-plus-function limitation that performs three specialized functions (*i.e.*, “receiving,” “relaying,” and “coordinating”), which “must be implemented in a special purpose computer.” *Williamson*, 792 F.3d at 1351–52. The Federal Circuit explained that “[w]here there are multiple claimed functions, as we have here, the [specification] must disclose adequate corresponding structure to perform all of the claimed functions.” *Id.* Yet the Federal Circuit determined that the specification “fails to disclose any structure corresponding to the ‘coordinating’ function.” *Id.* at 1354. Specifically, the Federal Circuit found no “disclosure of an algorithm

corresponding to the claimed ‘coordinating’ function,” concluding that the figures in the specification relied upon by patentee as disclosing the required algorithm, instead describe “a presenter display interface” and not an algorithm corresponding to the claimed “coordinating” function. *Id.* at 1353–54. Accordingly, the Federal Circuit affirmed the district court’s judgment that claims containing the “distributed learning control module” limitation are invalid for indefiniteness under 35 U.S.C. 112(b). *Id.* at 1354.

Similarly, in *Media Rights Technologies, Inc. v. Capital One Financial Corp.*, 800 F.3d 1366, 1374 (Fed. Cir. 2015), the Federal Circuit determined that the term “compliance mechanism” is a means-plus-function limitation that performs four computer-implemented functions (*i.e.*, “controlling data output by diverting a data pathway; monitoring the controlled data pathway; managing an output path by diverting a data pathway; and stopping the play of media content”). The Federal Circuit determined “that the specification fails to adequately disclose the structure to perform all four of [the ‘compliance mechanism’s’] functions” and affirmed the district court’s decision that the “compliance mechanism” limitation is indefinite. *Id.* at 1375. Specifically, the Federal Circuit found that “the specification fails to disclose an operative algorithm for both the ‘controlling data output’ and ‘managing output path’ functions[.]” which “both require diverting a data pathway[.]” because the recited C++ source code in the specification “only returns various error messages” and “does not, accordingly, explain how to perform the diverting function[.]” *Id.* at 1374–75. “Additionally, the specification does not disclose sufficient structure for the ‘monitoring’ function[.]” because the disclosed “set of rules . . . which the ‘copyright compliance mechanism’ applies to monitor the data pathway to ensure there is no unauthorized recording of electronic media . . . provides no detail about the rules themselves or how the ‘copyright compliance mechanism’ determines whether the rules are being enforced.” *Id.* at 1375. *See* MPEP § 2181, subsection II(B), for additional guidance on evaluating description necessary to support computer-implemented 35 U.S.C. 112(f) claim limitations.

A computer-implemented functional claim may also be indefinite when the 3-prong analysis for determining whether the claim limitation should be interpreted under 35 U.S.C. 112(f) is inconclusive because of ambiguous words in the claim. After taking into

consideration the language in the claims, the specification, and how those of ordinary skill in the art would understand the language in the claims in light of the disclosure, the examiner should make a determination regarding whether the words in the claim recite sufficiently definite structure that performs the claimed function. If the applicant disagrees with the examiner's interpretation of the claim limitation, the applicant has the opportunity during the application process to present arguments, and amend the claim if needed, to clarify whether § 112(f) applies.

When a claim containing a computer-implemented 35 U.S.C. 112(f) claim limitation is found to be indefinite under 35 U.S.C. 112(b) for failure to disclose sufficient corresponding structure (e.g., the computer and the algorithm) in the specification that performs the entire claimed function, it will also lack written description under 35 U.S.C. 112(a). See MPEP § 2163.03, subsection VI. Examiners should further consider whether the disclosure contains sufficient information regarding the subject matter of the claims as to enable one skilled in the pertinent art to make and use the full scope of the claimed invention in compliance with the enablement requirement of 35 U.S.C. 112(a). See MPEP § 2161.01, subsection III and MPEP § 2164.08.

II. Review of Issues under 35 U.S.C. 112(a) Related to Examination of Computer-Implemented Functional Claim Limitations: Even if a claim is not construed as a means-plus-function limitation under 35 U.S.C. 112(f), computer-implemented functional claim language must still be evaluated for sufficient disclosure under the written description and enablement requirements of 35 U.S.C. 112(a). As explained in further detail below, a specification must describe the claimed invention in sufficient detail (e.g., by disclosure of an algorithm) to establish that the applicant had possession of the claimed invention as of the application filing date. Additionally, any analysis of whether a particular claim is supported by the disclosure in an application requires a determination of whether that disclosure, when filed, contained sufficient information regarding the subject matter of the claims as to enable one skilled in the pertinent art to make and use the claimed invention. This enablement requirement of 35 U.S.C. 112(a) is separate and distinct from the written description requirement, *Ariad*, 598 F.3d at 1341, and serves the purpose of “ensur[ing] that the invention is communicated to the

interested public in a meaningful way,” MPEP § 2164.

A. Written Description Requirement of 35 U.S.C. 112(a): At issue in *Vasudevan* was whether the patent specification provided sufficient written description support for a limitation of the asserted claims. *Vasudevan*, 782 F.3d at 681–83. The Federal Circuit explained that “[t]he test for the sufficiency of the written description ‘is whether the disclosure of the application relied upon reasonably conveys to those skilled in the art that the inventor had possession of the claimed subject matter as of the filing date.’” *Id.* at 682 (quoting *Ariad*, 598 F.3d at 1351). The Federal Circuit emphasized that “[t]he written description requirement is not met if the specification merely describes a ‘desired result.’” *Vasudevan*, 782 F.3d at 682 (quoting *Ariad*, 598 F.3d at 1349). Thus, in applying this standard to the computer-implemented functional claim at issue, the Federal Circuit stated that “[t]he more telling question is whether the specification shows possession by the inventor of how [the claimed function] is achieved.” *Vasudevan*, 782 F.3d at 683.

In order to satisfy the written description requirement set forth in 35 U.S.C. 112(a), the specification must describe the claimed invention in sufficient detail such that one skilled in the art can reasonably conclude that the inventor had possession of the claimed invention at the time of filing. For instance, the specification must provide a sufficient description of an invention, not an indication of a result that one might achieve. The level of detail required to satisfy the written description requirement varies depending on the nature and scope of the claims and on the complexity and predictability of the relevant technology. Information that is well known in the art need not be described in detail in the specification. However, sufficient information must be provided to show that the inventor had possession of the invention as claimed. See MPEP § 2163, subsection II(A)(2).

The analysis of whether the specification complies with the written description requirement calls for the examiner to compare the scope of the claim with the scope of the description to determine whether applicant has demonstrated possession of the claimed invention. *Id.*; see also *Reiffin v. Microsoft Corp.*, 214 F.3d 1342, 1345 (Fed. Cir. 2000) (“The purpose of [the written description requirement] is to ensure that the scope of the right to exclude, as set forth in the claims, does not overreach the scope of the inventor’s contribution to the field of art as

described in the patent specification”); *LizardTech Inc. v. Earth Resource Mapping Inc.*, 424 F.3d 1336, 1345 (Fed. Cir. 2005) (“Whether the flaw in the specification is regarded as a failure to demonstrate that the applicant possessed the full scope of the invention recited in [the claim] or a failure to enable the full breadth of that claim, the specification provides inadequate support for the claim under [§ 112(a)]”); *cf. id.* (“A claim will not be invalidated on [§] 112 grounds simply because the embodiments of the specification do not contain examples explicitly covering the full scope of the claim language.”). While “[t]here is no special rule for supporting a genus by the disclosure of a species,” the Federal Circuit has stated that “[w]hether the genus is supported *vel non* depends upon the state of the art and the nature and breadth of the genus.” *Hynix Semiconductor Inc. v. Rambus Inc.*, 645 F.3d 1336, 1352 (Fed. Cir. 2011); *id.* (further explaining that “so long as disclosure of the species is sufficient to convey to one skilled in the art that the inventor possessed the subject matter of the genus, the genus will be supported by an adequate written description.”). See also *Rivera v. Int’l Trade Comm’n*, 857 F.3d 1315, 1319–21 (Fed. Cir. 2017) (affirming the Commission’s findings that “the specification did not provide the necessary written description support for the full breadth of the asserted claims,” where the claims were broadly drawn to a “container . . . adapted to hold brewing material” while the specification disclosed only a “pod adapter assembly” or “receptacle” designed to hold a “pod”).

Computer-implemented inventions are at times disclosed and claimed in terms of their functionality. For computer-implemented functional claims, the determination of the sufficiency of the disclosure will require an inquiry into the sufficiency of both the disclosed hardware and the disclosed software (i.e., “how [the claimed function] is achieved,” *Vasudevan*, 782 F.3d at 683), due to the interrelationship and interdependence of computer hardware and software. When examining computer-implemented, software-related claims, examiners should determine whether the specification discloses the computer and the algorithm(s) that achieve the claimed function in sufficient detail that one of ordinary skill in the art can reasonably conclude that the inventor possessed the claimed subject matter at the time of filing. An algorithm is defined, for example, as “a finite sequence of steps for solving a logical or

mathematical problem or performing a task.” Microsoft Computer Dictionary (5th ed., 2002). Applicant may “express that algorithm in any understandable terms including as a mathematical formula, in prose, or as a flow chart, or in any other manner that provides sufficient structure.” *Finisar*, 523 F.3d at 1340 (internal citation omitted). It is not enough that one skilled in the art could theoretically write a program to achieve the claimed function, rather the specification itself must explain how the claimed function is achieved to demonstrate that the applicant had possession of it. See, e.g., *Vasudevan*, 782 F.3d at 682–83. If the specification does not provide a disclosure of the computer and algorithm(s) in sufficient detail to demonstrate to one of ordinary skill in the art that the inventor possessed the invention that achieves the claimed result, a rejection under 35 U.S.C. 112(a) for lack of written description must be made. See MPEP § 2161.01, subsection I.

For example, in *Vasudevan*, the Federal Circuit evaluated “whether the specification shows possession by the inventor of how accessing disparate databases is achieved.” *Vasudevan*, 782 F.3d at 683. The defendant in district court argued that “the specification does not show that the inventor had possession of the ability to access ‘disparate databases’” because “the specification describes a result, but does not show how to achieve the result.” *Id.* at 682. On appeal, however, the Federal Circuit found that expert testimony given in the district court raises “a genuine issue of material fact on whether the specification shows how to achieve the functionality of accessing disparate databases.” *Id.* at 683. The expert had opined that specific portions of the specification explain “that serialized files can be used to correlate parameters from two databases,” and that “those correlation parameters can be used to identify data in one database that is correlated to data in another.” *Id.* The Federal Circuit ruled that this expert opinion raises a genuine issue of fact as to whether the inventor has possession of an invention that achieved the claimed result. *Id.* MPEP § 2161.01, subsection I and MPEP § 2163 contain additional information on determining whether there is adequate written description support for computer-implemented functional claim limitations.

B. Enablement Requirement of 35 U.S.C. 112(a): At issue in *Vasudevan* was also whether the patent specification enabled a person of skill in the art to make and use the claimed

invention. *Vasudevan*, 782 F.3d at 683–85. The Federal Circuit explained that “[a] claim is sufficiently enabled even if ‘a considerable amount of experimentation’ is necessary, so long as the experimentation ‘is merely routine, or if the specification in question provides a reasonable amount of guidance with respect to the direction in which the experimentation should proceed.’” *Id.* at 684 (quoting *In re Wands*, 858 F.2d 731, 737 (Fed. Cir. 1988)). “On the other hand, if ‘undue experimentation’ is needed, the claims are invalid.” *Id.* “In determining whether experimentation is undue, *Wands* lists a number of factors to consider: ‘They include (1) the quantity of experimentation necessary, (2) the amount of direction or guidance presented, (3) the presence or absence of working examples, (4) the nature of the invention, (5) the state of the prior art, (6) the relative skill of those in the art, (7) the predictability or unpredictability of the art, and (8) the breadth of the claims.’” *Id.*

To satisfy the enablement requirement of 35 U.S.C. 112(a), the specification must teach those skilled in the art how to make and use the full scope of the claimed invention without undue experimentation. All questions of enablement under 35 U.S.C. 112(a) are evaluated against the claimed subject matter with the focus of the examination inquiry being whether everything within the scope of the claim is enabled. Accordingly, examiners should determine what each claim recites and what subject matter is encompassed by the claim when the claim is considered as a whole, not when its parts are analyzed individually. See MPEP § 2161.01, subsection III, and MPEP § 2164.08.

Not everything necessary to practice the invention need be disclosed. *Trs. of Bos. Univ. v. Everlight Elecs. Co., LTD.*, 896 F.3d 1357, 1364 (Fed. Cir. 2018) (explaining that while “the specification must enable the full scope of the claimed invention[,]” “[t]his is not to say that the specification must expressly spell out every possible iteration of every claim.”). For instance, “a specification need not disclose what is well known in the art.” *Id.* (quoting *Genentech, Inc. v. Novo Nordisk A/S*, 108 F.3d 1361, 1366 (Fed. Cir. 1997)); see also *AK Steel Corp. v. Sollac & Ugine*, 344 F.3d 1234, 1244 (Fed. Cir. 2003). This is of particular importance with respect to computer-implemented inventions due to the high level of skill in the art and the similarly high level of predictability in generating programs to achieve an intended result without

undue experimentation. However, applicant cannot rely on the knowledge of one skilled in the art to supply information that is required to enable the novel aspect of the claimed invention when the enabling knowledge is in fact not known in the art. See MPEP § 2161.01, subsection III, and MPEP § 2164.08.

The Federal Circuit has repeatedly held that the specification must teach those skilled in the art how to make and use the full scope of the claimed invention without undue experimentation. See *Trs. of Bos. Univ.*, 896 F.3d at 1364 (“The scope of enablement . . . is that which is disclosed in the specification plus the scope of what would be known to one of ordinary skill in the art without undue experimentation.”) (quoting *Nat’l Recovery Techs., Inc. v. Magnetic Separation Sys., Inc.*, 166 F.3d 1190, 1196 (Fed. Cir. 1999)). For example, in *Sitrick v. Dreamworks, LLC*, 516 F.3d 993 (Fed. Cir. 2008), the claims at issue were directed to “integrating” or “substituting” a user’s audio signal or visual image into a pre-existing video game or movie. *Id.* at 995–97. While the claims covered both video games and movies, the specification only taught the skilled artisan how to substitute and integrate user images into video games. *Id.* at 1000. The Federal Circuit held that the specification “did not enable the full scope of the asserted claims” because “one skilled in the art could not take the disclosure in the specification with respect to substitution or integration of user images in video games and substitute a user image for a pre-existing character image in movies without undue experimentation.” *Id.*

With respect to the breadth of a claim, the relevant concern is whether the scope of enablement provided to one skilled in the art by the disclosure is commensurate with the scope of protection sought by the claims. In making this determination, examiners should consider (1) how broad the claim is with respect to the disclosure and (2) whether one skilled in the art could make and use the entire scope of the claimed invention without undue experimentation. See MPEP § 2161.01, subsection III, and MPEP § 2164.08. A rejection for lack of enablement must be made when the specification does not enable the full scope of the claim. For more information regarding the enablement requirement, see MPEP §§ 2164.01 through 2164.08.

Dated: December 20, 2018.

Andrei Iancu,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2018-28283 Filed 1-4-19; 8:45 am]

BILLING CODE 3510-16-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. ER19-665-000]

Supplemental Notice That Initial Market-Based Rate Filing Includes Request for Blanket Section 204 Authorization: FirstLight CT Housatonic LLC

This is a supplemental notice in the above-referenced proceeding of FirstLight CT Housatonic LLC's application for market-based rate authority, with an accompanying rate tariff, noting that such application includes a request for blanket authorization, under 18 CFR part 34, of future issuances of securities and assumptions of liability.

Any person desiring to intervene or to protest should file with the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant.

Notice is hereby given that the deadline for filing protests with regard to the applicant's request for blanket authorization, under 18 CFR part 34, of future issuances of securities and assumptions of liability, is January 15, 2019.

The Commission encourages electronic submission of protests and interventions in lieu of paper, using the FERC Online links at <http://www.ferc.gov>. To facilitate electronic service, persons with internet access who will eFile a document and/or be listed as a contact for an intervenor must create and validate an eRegistration account using the eRegistration link. Select the eFiling link to log on and submit the intervention or protests.

Persons unable to file electronically should submit an original and 5 copies of the intervention or protest to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

The filings in the above-referenced proceeding are accessible in the

Commission's eLibrary system by clicking on the appropriate link in the above list. They are also available for electronic review in the Commission's Public Reference Room in Washington, DC. There is an eSubscription link on the website that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov. or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Dated: December 26, 2018.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2018-28482 Filed 1-4-19; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. ER19-667-000]

Supplemental Notice That Initial Market-Based Rate Filing Includes Request for Blanket Section 204 Authorization: FirstLight MA Hydro LLC

This is a supplemental notice in the above-referenced proceeding of FirstLight MA Hydro LLC's application for market-based rate authority, with an accompanying rate tariff, noting that such application includes a request for blanket authorization, under 18 CFR part 34, of future issuances of securities and assumptions of liability.

Any person desiring to intervene or to protest should file with the Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant.

Notice is hereby given that the deadline for filing protests with regard to the applicant's request for blanket authorization, under 18 CFR part 34, of future issuances of securities and assumptions of liability, is January 15, 2019.

The Commission encourages electronic submission of protests and interventions in lieu of paper, using the FERC Online links at <http://www.ferc.gov>. To facilitate electronic service, persons with internet access who will eFile a document and/or be listed as a contact for an intervenor must create and validate an

eRegistration account using the eRegistration link. Select the eFiling link to log on and submit the intervention or protests.

Persons unable to file electronically should submit an original and 5 copies of the intervention or protest to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426.

The filings in the above-referenced proceeding are accessible in the Commission's eLibrary system by clicking on the appropriate link in the above list. They are also available for electronic review in the Commission's Public Reference Room in Washington, DC. There is an eSubscription link on the website that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance with any FERC Online service, please email FERCOnlineSupport@ferc.gov. or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

Dated: December 26, 2018.

Nathaniel J. Davis, Sr.,

Deputy Secretary.

[FR Doc. 2018-28473 Filed 1-4-19; 8:45 am]

BILLING CODE 6717-01-P

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

[Docket No. ER19-666-000]

Supplemental Notice That Initial Market-Based Rate Filing Includes Request for Blanket Section 204 Authorization: FirstLight CT Hydro LLC

This is a supplemental notice in the above-referenced proceeding of FirstLight CT Hydro LLC's application for market-based rate authority, with an accompanying rate tariff, noting that such application includes a request for blanket authorization, under 18 CFR part 34, of future issuances of securities and assumptions of liability.

Any person desiring to intervene or to protest should file with the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214). Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant.

Notice is hereby given that the deadline for filing protests with regard to the applicant's request for blanket authorization, under 18 CFR part 34, of future issuances of securities and

contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section above.

E. Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 (2 U.S.C. 1531–1538) requires Federal agencies to assess the effects of their discretionary regulatory actions. In particular, the Act addresses actions that may result in the expenditure by a State, local, or tribal government, in the aggregate, or by the private sector of \$100,000,000 (adjusted for inflation) or more in any one year. Though this rule will not result in such an expenditure, we do discuss the effects of this rule elsewhere in this preamble.

F. Environment

We have analyzed this rule under Department of Homeland Security Directive 023–01 and Commandant Instruction M16475.1D, which guide the Coast Guard in complying with the National Environmental Policy Act of 1969 (42 U.S.C. 4321–4370f), and have determined that this action is one of a category of actions that do not individually or cumulatively have a significant effect on the human environment. This rule prohibits transit on a one-mile stretch of the Tennessee River for about 12 hours on weekdays only during a one-month period. It is categorically excluded from further review under paragraph L60(a) of Appendix A, Table 1 of DHS Instruction Manual 023–01–001–01, Rev. 01. A Record of Environmental Consideration supporting this determination is available in the docket where indicated under **ADDRESSES**.

G. Protest Activities

The Coast Guard respects the First Amendment rights of protesters. Protesters are asked to contact the person listed in the **FOR FURTHER INFORMATION CONTACT** section to coordinate protest activities so that your message can be received without jeopardizing the safety or security of people, places, or vessels.

List of Subjects in 33 CFR Part 165

Harbors, Marine safety, Navigation (water), Reporting and recordkeeping requirements, Security measures, Waterways.

For the reasons discussed in the preamble, the U. S. Coast Guard amends 33 CFR part 165 as follows:

PART 165—REGULATED NAVIGATION AREAS AND LIMITED ACCESS AREAS

■ 1. The authority citation for part 165 continues to read as follows:

Authority: 33 U.S.C. 1231; 50 U.S.C. 191; 33 CFR 1.05–1, 6.04–1, 6.04–6, and 160.5; Department of Homeland Security Delegation No. 0170.2.

■ 2. Add new § 165.T08–0937 to read as follows:

§ 165.T08–0937 Safety Zone; Transmission Line Survey, Tennessee River, Miles 300 to 302, Decatur, AL.

(a) *Location.* All navigable waters of the Tennessee River from mile marker 300.0 to mile marker 302.0, Decatur, AL.

(b) *Effective period.* This section is effective from 8 a.m. on October 10, 2018 through 6 p.m. on October 17, 2018, or until the underwater transmission line survey work is finished, whichever occurs earlier.

(c) *Enforcement periods.* This section will be enforced each day during the effective period from 8 a.m. through noon, and from 1 p.m. through 6 p.m. A safety vessel will coordinate all vessel traffic during the enforcement periods.

(d) *Regulations.* (1) In accordance with the general regulations in § 165.801 of this part, entry into this area is prohibited unless authorized by the Captain of the Port Sector Ohio Valley (COTP) or a designated representative. A designated representative is a commissioned, warrant, or petty officer of the U.S. Coast Guard assigned to units under the operational control of Sector Ohio Valley, U.S. Coast Guard.

(2) Persons or vessels requiring entry into or passage through the area must request permission from the COTP or a designated representative. U.S. Coast Guard Sector Ohio Valley may be contacted on VHF Channel 13 or 16, or at 1–800–253–7465.

(3) A safety vessel will coordinate all vessel traffic during the enforcement of this safety zone. All persons and vessels permitted to enter this safety zone must transit at their slowest safe speed and comply with all directions issued by the COTP or the designated representative.

(e) *Information broadcasts.* The COTP or a designated representative will inform the public of the enforcement times and dates for this safety zone through Broadcast Notices to Mariners (BNMs), Local Notices to Mariners (LNMs), and/or Marine Safety Information Bulletins (MSIBs), as appropriate.

Dated: October 5, 2018.

M.B. Zamperini,

Captain, U.S. Coast Guard, Captain of the Port Sector Ohio Valley.

[FR Doc. 2018–22160 Filed 10–10–18; 8:45 am]

BILLING CODE 9110–04–P

DEPARTMENT OF COMMERCE

Patent and Trademark Office

37 CFR Part 42

[Docket No. PTO–P–2018–0036]

RIN 0651–AD16

Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board

AGENCY: United States Patent and Trademark Office, Department of Commerce.

ACTION: Final rule.

SUMMARY: The United States Patent and Trademark Office (“USPTO” or “Office”) revises the claim construction standard for interpreting claims in *inter partes* review (“IPR”), post-grant review (“PGR”), and the transitional program for covered business method patents (“CBM”) proceedings before the Patent Trial and Appeal Board (“PTAB” or “Board”). In particular, the Office is replacing the broadest reasonable interpretation (“BRI”) standard such that claims shall now be construed using the same claim construction standard that is used to construe the claim in a civil action in federal district court. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. The Office also amends the rules to add that any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission (“ITC”), that is timely made of record in an IPR, PGR, or CBM proceeding will be considered.

DATES:

Effective Date: The changes in this final rule take effect on November 13, 2018.

Applicability Date: This rule is effective on November 13, 2018 and applies to all IPR, PGR and CBM petitions filed on or after the effective date.

FOR FURTHER INFORMATION CONTACT: Michael Tierney and Jacqueline Wright Bonilla, Vice Chief Administrative Patent Judges, by telephone at (571) 272–9797.

SUPPLEMENTARY INFORMATION:

Executive Summary

Purpose: This final rule revises the rules for IPR, PGR, and CBM proceedings that implemented provisions of the Leahy-Smith America Invents Act (“AIA”) providing for trials

before the Office, by replacing the BRI standard for interpreting unexpired patent claims and substitute claims proposed in a motion to amend with the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b). The rule adopts the same claim construction standard used by Article III federal courts and the ITC, both of which follow *Phillips v. AWH Corp.*, 415 F.3d 1303 (Fed. Cir. 2005) (en banc), and its progeny. Under the final rule, the PTAB will apply in an AIA proceeding the same standard applied in federal courts to construe patent claims. This final rule also amends the rules to add a new provision which states that any prior claim construction determination in a civil action or proceeding before the ITC regarding a term of the claim in an IPR, PGR, or CBM proceeding will be considered if that determination is timely filed in the record of the IPR, PRG or CBM proceeding.

Summary of Major Provisions: The Office is using almost six years of historical data, user experiences, and stakeholder feedback to further shape and improve PTAB proceedings and particularly IPR, PGR, and CBM proceedings (“AIA proceedings”). As part of the Office’s continuing efforts to improve AIA proceedings, the Office now changes the claim construction standard applied in AIA proceedings involving unexpired patent claims and substitute claims proposed in a motion to amend. The Supreme Court of the United States has endorsed the Office’s ability to choose an approach to claim construction for AIA proceedings. *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2144–46 (2016) (“That [the appropriate claim construction standard for AIA proceedings] is a question that Congress left to the particular expertise of the Patent Office.”).

In the notice of proposed rulemaking, the Office sought comments on the Office’s proposed changes to the claim construction standard used for interpreting unexpired patent claims and substitute claims proposed in a motion to amend. Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceeding Before the Patent Trial and Appeal Board, 83 FR 21221 (May 9, 2018).

The Office received a total of 374 comments, including 297 comments from individuals, 45 comments from associations, 1 comment from a law firm, and 31 comments from corporations. The majority of the comments were supportive of changing the claim construction standard along the lines set forth in the proposed rule.

For example, major bar associations, industry groups, patent practitioners, legal professors and scholars, and individuals all supported the change. The commentators also provided helpful insights and suggested revisions, which have been considered in developing this final rule. While there was broad support expressed for using the federal court standard set forth in the proposed rule, some commentators indicated that they were opposed to the change. The Office appreciates the thoughtful comments representing a diverse set of views from the various public stakeholder communities. Upon careful consideration of the public comments, taking into account the effect of the rule changes on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete instituted proceedings, the Office adopts the proposed rule changes (with minor deviations in the rule language, as discussed below). Any deviations from the proposed rule are based upon a logical outgrowth of the comments received.

In particular, this final rule fully adopts the federal court claim construction standard, in other words, the claim construction standard that is used to construe the claim in a civil action under 35 U.S.C. 282(b), which is articulated in *Phillips* and its progeny. This rule states that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. The claim construction standard adopted in this final rule also is consistent with the same standard that the Office has applied in interpreting claims of expired patents and soon-to-be expired patents. *See, e.g., Wasica Fin. GmbH v. Cont’l Auto. Sys., Inc.*, 853 F.3d 1272, 1279 (Fed. Cir. 2017) (noting that “[t]he Board construes claims of an expired patent in accordance with *Phillips* . . . [and] [u]nder that standard, words of a claim are generally given their ordinary and customary meaning”). This final rule also revises the rules to add that the Office will consider any prior claim construction determination concerning a term of the claim that has been made in a civil action, or a proceeding before the ITC, if that prior claim construction is timely made of record in an AIA proceeding.

Costs and Benefits: This final rule is significant under Executive Order 12866 (Sept. 30, 1993).

Background

On September 16, 2011, the AIA was enacted into law (Pub. L. 112–29, 125 Stat. 284 (2011)), and within one year,

the Office implemented rules to govern Office practice for AIA proceedings, including IPR, PGR, CBM, and derivation proceedings pursuant to 35 U.S.C. 135, 316 and 326 and AIA sec. 18(d)(2). *See* Rules of Practice for Trials Before the Patent Trial and Appeal Board and Judicial Review of Patent Trial and Appeal Board Decisions, 77 FR 48612 (Aug. 14, 2012); Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, 77 FR 48680 (Aug. 14, 2012); Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 FR 48734 (Aug. 14, 2012). Additionally, the Office published a Patent Trial Practice Guide to advise the public on the general framework of the regulations, including the procedure and times for taking action in each of the new proceedings. *See* Office Patent Trial Practice Guide, 77 FR 48756 (Aug. 14, 2012).

Previously, in an effort to gauge the effectiveness of the rules governing AIA proceedings, the Office led a nationwide listening tour in April and May of 2014. During the listening tour, the Office solicited feedback on how to make AIA proceedings more transparent and effective by adjusting the rules and guidance to the public where necessary. To elicit even more input, in June of 2014, the Office published a Request for Comments in the **Federal Register** and, at public request, extended the period for receiving comments to October 16, 2014. *See* Request for Comments on Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board, 79 FR 36474 (June 27, 2014) (“Request for Comments”). The Request for Comments asked seventeen questions on ten broad topics, including a general catchall question, to gather public feedback on any changes to AIA proceedings that might be beneficial. *See* Request for Comments, 79 FR at 36476–77. At least one question was directed to the claim construction standard.

Upon receiving comments from the public and carefully reviewing the comments, the Office published two final rules in response to the public feedback on this request for comments. In the first final rule, the Office changed the existing rules to, among other things: (1) Increase the page limit for patent owner’s motion to amend by ten pages and allow a claims appendix to be filed with the motion; and (2) increase the page limit for petitioner’s reply to patent owner’s response by ten pages. Amendments to the Rules of Practice for

Trials Before the Patent Trial and Appeal Board, 80 FR 28561 (May 19, 2015). In the second final rule, the Office changed the existing rules to, among other things: (1) Allow new testimonial evidence to be submitted with a patent owner's preliminary response; (2) allow a claim construction approach that emulates the approach used by a district court for claims of patents that will expire before entry of a final written decision; (3) replace page limits with word count limits for major briefing; and (4) add a Rule 11-type certification for papers filed in a proceeding. Amendments to Rules of Practice for Trials Before the Patent Trial and Appeal Board, 81 FR 18750 (April 1, 2016).

The Office last issued a rule package regarding AIA proceedings on April 1, 2016. This final rule was based on comments received during a comment period that opened on August 20, 2015 (only a month after the Federal Circuit's July 2015 decision in the appeal of the first IPR filed, *Cuozzo Speed Technologies, LLC v. Lee*) and that closed on November 18, 2015. At that time, the appeal of the Federal Circuit's decision in *Cuozzo* had not yet been decided by the Supreme Court (it was decided on June 20, 2016). Due to the life cycle of AIA trial proceedings and appeals, the comments received during this 2015 comment period came when few Federal Circuit decisions had been issued, and there had been no decisions on AIA appeals from the Supreme Court. From 2016 to present there has been a six-fold increase in the number of opinions relating to AIA proceedings issued by the Federal Circuit as compared to the prior 2012–2015 time frame. Additionally, since the last rule package, the Office has continued to receive extensive stakeholder feedback requesting adoption of the district court claim construction standard for all patents challenged in AIA proceedings. Many of the comments are based on case law and data that was not available when the comments to the last rule package were received in FY 2015. Further, recent studies not available at the time of the 2016 rule package support the concerns expressed by stakeholders regarding the unfairness of using a different claim construction standard in AIA proceedings than that used by the district courts. See Niky R. Bagley, *Treatment of PTAB Claim Construction Decisions: Aspiring to Consistency and Predictability*, 32 Berkeley Tech. L.J. 315, 355 (2018) (the application of a different standard may encourage a losing party to attempt a second bite at the apple, resulting in a

waste of the parties' and judicial resources alike); Kevin Greenleaf et al., *How Different are the Broadest Reasonable Interpretation and Phillips Claim Construction Standards* 15 (2018), available at <http://www.ipo.org/wp-content/uploads/2018/07/BRI-v-Phillips-Final.pdf> (prospect of differing claim constructions for same claim term is troubling and these differences can determine the outcome of a case); Laura E. Dolbow, *A Distinction without a Difference: Convergence in Claim Construction Standards*, 70 V and L. Rev. 1071, 1103 (2017) (maintaining the separate standards presents problems with inefficiency, lack of uniformity, and decreased confidence in patent rights).

Claim Construction Standard

Prior to this rulemaking, the PTAB construed unexpired patent claims and proposed substitute claims in AIA proceedings using the BRI standard. The BRI standard differs from the standard used in federal courts and the ITC, which construe patent claims in accordance with the principles that the United States Court of Appeals for the Federal Circuit articulated in *Phillips*.

Although the BRI standard is consistent with longstanding agency practice for patents in examination, the fact that the Office uses a claim construction standard in AIA proceedings that is different from that used by federal courts and the ITC means that decisions construing the same or similar claims in those fora may be different from those in AIA proceedings and vice versa. Minimizing differences between claim construction standards used in the various fora will lead to greater uniformity and predictability of the patent grant, improving the integrity of the patent system. In addition, using the same standard in the various fora will help increase judicial efficiency overall. One study found that 86.8% of patents at issue in AIA proceedings also have been the subject of litigation in the federal courts, and the Office is not aware of any change in this percentage since this study was undertaken. Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings*, 31 Berkeley Tech. L.J. 45 (2016) (available at <https://ssrn.com/abstract=2731002>). The high percentage of overlap between AIA proceedings and district court litigation favors using a claim construction standard in AIA proceedings that is the same as the standard used by federal courts and the ITC. That is, the scope of an issued patent should not depend on the

happenstance of which court or governmental agency interprets it, at least as far as the objective rules go. Employing the same standard for AIA proceedings and district courts improves uniformity and predictability as it allows the different fora to use the same standards in interpreting claims. See, e.g., *Automated Packaging Sys., Inc. v. Free Flow Packaging Int'l, Inc.*, No. 18-cv-00356, 2018 WL 3659014, at *3 (N.D. Cal. Aug. 2, 2018) (finding that a party's failure to advance a particular claim construction during an IPR proceeding "is not probative to *Markman* claim construction" because material differences exist between the broadest reasonable interpretation and claim construction under *Phillips*); *JDS Techs., Inc. v. Avigilon USA Corp.*, No. 15-cv-10385, 2017 WL 4248855, at *6 (E.D. Mich. Jul. 25, 2017) (holding that arguments in IPR submissions are not relevant to claim construction because "the USPTO's broadest reasonable construction standard of claim construction has limited significance in the context of patent infringement, which is governed by the more comprehensive scrutiny and principles required by *Phillips* and its progeny").

In addition, having AIA proceedings use the same claim construction standard that is applied in federal courts and ITC proceedings also addresses the concern that potential unfairness could result from using an arguably broader standard in AIA proceedings. According to some patent owners, the same claim construction standard should apply to both a validity (or patentability) determination and an infringement determination. Because the BRI standard potentially reads on a broader universe of prior art than does the *Phillips* standard, a patent claim could potentially be found unpatentable in an AIA proceeding on account of claim scope that the patent owner would not be able to assert in an infringement proceeding. For example, even if a competitor's product would not be found to infringe a patent claim (under the *Phillips* standard) if it was sold after the patent's effective filing date, the same product nevertheless could potentially constitute invalidating prior art (under the BRI standard) if publicly sold before the patent's effective filing date. As noted by one study, the possibility of differing constructions for the same claim term is troubling, especially when claim construction takes place at the same time in parallel district court proceedings and USPTO proceedings. *Greenleaf* at 3.

The Office's goal is to implement a balanced approach, providing greater predictability and certainty in the patent

system. The Office has carefully considered the submitted comments in view of “the effect of [the] regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete timely the proceedings in promulgating regulations.” 35 U.S.C. 316(b) and 326(b). Under 35 U.S.C. 316(a)(4) and 326(a)(4), the Office shall prescribe regulations establishing and governing IPR, PGR, and CBM proceedings and the relationship of such reviews to other proceedings, including civil actions under 35 U.S.C. 282(b). Under 35 U.S.C. 316(a)(2) and 326(a)(2), the Office must prescribe regulations “setting forth the standards for the showing of sufficient grounds to institute a review.” Congress intended these administrative trial proceedings to provide “quick and cost effective alternatives” to litigation in the courts. H.R. Rep. No. 112–98, pt. 1, at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78; see also *id.* at 40 (“[The AIA] is designed to establish a more efficient and streamline patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”). The claim construction standard could be outcome determinative. *PPC Broadband, Inc. v. Corning Optical Comm’n’s RF, LLC*, 815 F.3d 734, 740–42 (Fed. Cir. 2016) (noting that “[t]his case hinges on the claim construction standard applied—a scenario likely to arise with frequency”); see also *Rembrandt Wireless Techs., LP v. Samsung Elecs. Co.*, 853 F.3d 1370, 1377 (Fed. Cir. 2017) (noting that “the Board in IPR proceedings operates under a broader claim construction standard than the federal courts”); *Google LLC v. Network-1 Techs., Inc.*, No. 2016–2509, 2018 WL 1468370, at *5 (Fed. Cir. Mar. 26, 2018) (nonprecedential) (holding that “[i]n order to be found reasonable, it is not necessary that a claim be given its correct construction under the framework laid out in *Phillips*.”). Using the same claim construction standard as the standard applied in federal courts would “seek out the correct construction—the construction that most accurately delineates the scope of the claim invention—under the framework laid out in *Phillips*.” *PPC Broadband*, 815 F.3d at 740.

In this final rule, the Office revises the rules to provide that a patent claim, or a claim proposed in a motion to amend, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including

construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. This change replaces the BRI standard for construing unexpired patent claims and proposed substitute claims in IPR, PGR, and CBM proceedings with the federal court claim construction standard, which is articulated in *Phillips* and its progeny.

Under the amended rules as adopted in this final rule, the Office will construe patent claims and proposed substitute claims in an IPR, PGR, or CBM proceeding by taking into account the claim language itself, the specification, the prosecution history of the patent, and extrinsic evidence, among other things, as briefed by the parties. Having the same claim construction standard for both the original patent claims and proposed substitute claims will reduce the potential for inconsistency in the interpretation of the same or similar claim terms. Additionally, using the federal court claim construction standard is appropriate because, among other things, amendments proposed in AIA proceedings are required to be narrowing, are limited to a reasonable number of substitute claims, and are required to address patentability challenges asserted against the original patent claims. Using the same claim construction standard for interpreting both the original and amended claims also avoids the potential of added complexity and inconsistencies between PTAB and federal court proceedings, and this allows, among other things, the patent owner to understand the scope of the claims and more effectively file motions to amend. Additionally, having the same construction will reduce the potential for situations where a claim term of an original patent claim is construed one way under the federal court standard and yet the very same or similar term is construed a different way under BRI where it appears in a proposed substitute claim.

The Office will apply the standard used in federal courts, in other words, the claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), which is articulated in *Phillips*. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. For example, claim construction begins with the language of the claims. *Phillips*, 415

F.3d at 1312–14. The “words of a claim are generally given their ordinary and customary meaning,” which is “the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, *i.e.*, as of the effective filing date of the patent application.” *Id.* at 1312–13. The specification is “the single best guide to the meaning of a disputed term and . . . acts as a dictionary when it expressly defines terms used in the claims or when it defines terms by implication.” *Id.* at 1321 (internal quotation marks omitted). Although the prosecution history “often lacks the clarity of the specification and thus is less useful for claim construction purposes,” it is another source of intrinsic evidence that can “inform the meaning of the claim language by demonstrating how the inventor understood the invention and whether the inventor limited the invention in the course of prosecution, making the claim scope narrower than it would otherwise be.” *Id.* at 1317. Extrinsic evidence, such as expert testimony and dictionaries, may be useful in educating the court regarding the field of the invention or helping determine what a person of ordinary skill in the art would understand claim terms to mean. *Id.* at 1318–19. However, extrinsic evidence in general is viewed as less reliable than intrinsic evidence. *Id.*

Additionally, to the extent that federal courts and the ITC apply the doctrine of construing claims to preserve their validity as described in *Phillips*, the Office will apply this doctrine in those rare circumstances in AIA proceedings. *Phillips*, 415 F.3d at 1327–28. As the Federal Circuit recognized in *Phillips*, this doctrine is “of limited utility.” *Id.* at 1328. Federal courts have not applied that doctrine broadly and have “certainly not endorsed a regime in which validity analysis is a regular component of claim construction.” *Id.* at 1327. The doctrine of construing claims to preserve their validity has been limited to cases in which “the court concludes, after applying all the available tools of claim construction, that the claim is still ambiguous.” *Id.* (quoting *Liebel-Flarsheim Co. v. Medrad, Inc.*, 358 F.3d 898, 911 (Fed. Cir. 2004)). Moreover, the Federal Circuit “repeatedly and consistently has recognized that courts may not redraft claims, whether to make them operable or to sustain their validity.” *Rembrandt Data Techs., LP v. AOL, LLC*, 641 F.3d 1331, 1339 (Fed. Cir. 2011); see also *MBO Labs., Inc. v. Becton, Dickinson & Co.*, 474 F.3d 1323, 1332 (Fed. Cir. 2007) (noting that “validity construction

should be used as a last resort, not first principle”).

When construing claims in IPR, PGR, and CBM proceedings, the Office will take into account the prosecution history that occurred previously at the Office, including before an examiner during examination, reissue, reexamination, and prior AIA proceedings. *Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d 1353, 1361 (Fed. Cir. 2017) (“Because an IPR proceeding involves reexamination of an earlier administrative grant of a patent, it follows that statements made by a patent owner during an IPR proceeding can be considered during claim construction and relied upon to support a finding of prosecution disclaimer.”). This will also include prosecution before an examiner in a related application where relevant (*Trading Technologies Intern., Inc. v. Open E Cry, LLC*, 728 F.3d 1309 (Fed. Cir. 2013)) and any argument made on appeal of a rejection before the grant of the patent for which review is sought, as those arguments are before the examiner when the decision to allow an application is made (see *TMC Fuel Injection System, LLC v. Ford Motor Co.*, 682 Fed. Appx. 895 (Fed. Cir. 2017)).

During an AIA proceeding, the patent owner may file a motion to amend an unexpired patent to propose a reasonable number of substitute claims, but the proposed substitute claims “may not enlarge the scope of the claims of the patent or introduce new matter.” 35 U.S.C. 316(d) and 326(d); 37 CFR 42.121(a)(2) and 42.221(a)(2); see also *Aqua Prods., Inc. v. Matal*, 872 F.3d 1290, 1306 (noting that “[t]he patent owner proposes an amendment that it believes is sufficiently narrower than the challenged claim to overcome the grounds of unpatentability upon which the IPR was instituted”). As discussed above, and among other things, having the same claim construction standard for both the original patent claims and proposed substitute claims will reduce the potential for inconsistency in the interpretation of the same or similar claim terms.

The Office does not expect that this rule will result in direct costs to applicable entities. The Office’s understanding is informed partly by the PTAB’s experience in applying *Phillips* in some AIA trials (as noted herein, PTAB has used *Phillips* for AIA trials concerning expired patents since 2012 and for AIA trials concerning soon-to-be-expired patents since 2016). In the PTAB proceedings that are currently conducted using the *Phillips* standard, PTAB applies the same procedures—including the same page limits and

other briefing requirements—as in the PTAB proceedings that use the BRI standard. In other words, the PTAB currently uses the same regulations, procedures, and guidance for both types of AIA trials: *i.e.*, for both the AIA trials that use the BRI standard as well as those AIA trials (concerning expired and soon-to-expire patents) that use the *Phillips* standard. These are found in the Code of Federal Regulations (at 37 CFR part 42) and on USPTO’s website, including at the following page where USPTO has links to the relevant regulations as well as the Trial Practice Guide that informs the public of standard practices before PTAB during AIA trials: <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/resources>. Because these are used now for trials under both BRI and *Phillips*, USPTO does not need to revise these procedures and guidance to implement the change set forth in this final rule, and does not need to make regulatory changes other than those set forth in this final rule.

Moreover, PTAB has not found that parties to these AIA proceedings under *Phillips* require expanded page limits or otherwise incur more expense in their AIA trials than parties in AIA proceedings under BRI. The USPTO’s experience is that arguments under *Phillips* are not more complicated or more lengthy than arguments under the BRI standard. Rather, both standards are familiar to patent practitioners appearing before the USPTO and district courts. Consequently USPTO expects that these proceedings utilizing the *Phillips* standard will operate procedurally in much the same way as BRI proceedings using the BRI standard, that they will cost USPTO and parties no more to conduct, and that they will be completed within the statutory deadline. In sum, the direct result of USPTO changing the claim construction standard argued in some AIA trials from one well-known standard to another well-known (as noted, a standard already used in some AIA trials) will not have direct economic impacts.

Given the fact that 86.8% of PTAB proceedings have been the subject of litigation in Federal court, where parties are already using the *Phillips* standard, the Office reasonably anticipates expanding the use of the *Phillips* standard to all AIA trials should result in parties realizing some efficiency in the legal work required for their PTAB proceedings. Not only will applying the federal court claim construction standard in AIA proceedings lead to greater consistency with the federal courts and the ITC, where such consistency will lead to greater certainty

as to the scope of issued patent claims, but it will also help achieve the goal of increasing judicial efficiency and eliminate arguments relating to different standards across fora. The Office has not increased the page limits of briefs for the AIA trials that currently use *Phillips*, and the paperwork burden associated with briefings for trials is covered by the current information collections based on the current page limits, thus the overall cost burden on respondents is not expected to change. It is possible that this rule may produce a slight reduction in the indirect costs as a result of improving efficiency by reducing wasted effort in conducting duplicative efforts in construing claims. For example, in some cases there may be savings in legal fees because the parties may be able to leverage work done in the district court. Using the same claim construction standard across the fora would increase efficiency, as well reduce cost and burden because parties would only need to focus their resources to develop a single set of claims construction arguments. In summary, given the Office’s experience with existing PTAB proceedings currently conducted using the *Phillips* standard and the efficiencies that may be realized by having consistency between all AIA trials and the standard use in federal court litigation, the Office does not expect that this rule change will impose costs on parties.

Implementation

The changes to the claim construction standard will apply to proceedings where a petition is filed on or after the effective date of the final rule. The Office will apply the federal court claim construction standard, in other words, the claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), which is articulated in *Phillips*, to construe patent claims and proposed substitute claims in AIA proceedings in which trial has not yet been instituted before the effective date of the final rule. The Office will continue to apply the BRI standard for construing unexpired patent claims and proposed substitute claims in AIA proceedings where a petition was filed before the effective date of the final rule.

As to comments received regarding filing a prior claim construction determination, parties should submit the prior claim construction determination by a federal court or the ITC in an AIA proceeding as soon as that determination becomes available. Preferably, a prior claim construction determination should be submitted with the petition, preliminary response, or

response, with explanations. See the response to comment 37 below for more information.

Discussion of Specific Rules

Title 37 of the Code of Federal Regulations, part 42, is amended as follows:

Sections 42.100, 42.200, and 42.300: Sections 42.100(b), 42.200(b), and 42.300(b) are amended to replace the first sentence with the following: A claim of a patent, or a claim proposed in a motion to amend, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. This revision replaces the BRI standard for construing unexpired patent claims and proposed substitute claims during an IPR, PGR, or CBM proceeding with the same claim construction standard that is used in federal courts and ITC proceedings. As discussed above, the Office will apply the standard used in federal courts and the ITC, which construe patent claims in accordance with the principles that the Federal Circuit articulated in *Phillips*. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. The Office will construe patent claims and proposed substitute claims based on the record of the IPR, PGR, or CBM proceeding, taking into account the claim language itself, specification, and prosecution history pertaining to the patent, as well as relevant extrinsic evidence, all as in prevailing jurisprudence of Article III courts. The Office will take into account the prosecution history that occurred previously in proceedings at the Office prior to the IPR, PGR, or CBM proceeding at issue, including in another AIA proceeding, or before an examiner during examination, reissue, and reexamination. As in a district court proceeding, the parties should point out the specific portions of the specification, prosecution history, and relevant extrinsic evidence they want considered, and explain the relevancy of any such evidence to the arguments they advance. Each party bears the burden of providing sufficient support for any construction advanced by that party.

The Office has considered using different claim construction standards for IPR, PGR, and CBM proceedings,

but, for consistency, the Office adopts the same claim construction to be applied in all IPR, PGR, and CBM proceedings. By maintaining consistency among the various proceedings, the integrity, predictability and reliability of the patent system is thus enhanced.

Sections 42.100(b), 42.200(b), and 42.300(b) are also amended to state that “[a]ny prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the [ITC], that is timely made of record in the . . . proceeding will be considered.” Under this provision, the Office will consider any prior claim construction determination in a civil action or ITC proceeding if a federal court or the ITC has construed a term of the involved claim previously using the same standard, and the claim construction determination has been timely made of record in the IPR, PGR, or CBM proceeding.

Sections 42.100(b), 42.200(b), and 42.300(b) are further amended by deleting the second and third sentences, eliminating the procedure for requesting a district court-type claim construction approach for a patent expiring during an IPR, PGR, or CBM proceeding. Such a procedure is no longer needed because the Office will use the same claim construction standard that is used in federal courts and ITC proceedings uniformly for interpreting all claims in an IPR, PGR, or CBM proceeding.

Response to Comments

The Office received a total of 374 written submissions of comments from intellectual property organizations, businesses, law firms, legal professors and scholars, patent practitioners, and others. The comments provided support for, opposition to, and diverse recommendations on the proposed rules. The large majority of the comments were supportive of changing the claim construction standard along the lines proposed in the proposed rule. For example, major bar associations, industry groups, patent practitioners, legal professors and scholars, and individuals supported the change.

The Office appreciates the thoughtful comments, and has considered and analyzed the comments thoroughly. All of the comments are posted on the PTAB website at <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/comments-changes-claim-construction>.

The Office’s responses address the comments that are directed to the proposed changes set forth in the notice of proposed rulemaking. 83 FR 21221. Any comments directed to topics that

are beyond the scope of the notice of proposed rulemaking will not be addressed at this time.

Uniformity, Predictability, and Certainty

Comment 1: Most comments strongly supported the proposed rules that adopt the *Phillips* claim construction standard for interpreting claims in IPR, PGR, and CBM proceedings (“AIA proceedings”), harmonizing the claim construction standard between AIA proceedings before the PTAB and the proceedings before federal courts and the ITC. For example, most of the comments noted that this rule change should lead to greater consistency with the federal courts and ITC, and such consistency will lead to greater certainty as to the scope of issued patent claims. The comments also indicated that the rule change will promote a balanced approach, providing greater predictability and certainty in the patent system, which will, in turn, increase judicial efficiency and reduce economic waste. The comments further explained that adopting the *Phillips* standard will potentially provide for more accurate claim constructions and reduce incentives for parallel-track litigation and increase efficiency between fora.

Responses: The Office agrees with these comments. Under the amended rules, as adopted in this final rule, the Office will construe a claim using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), aligning the claim construction standard used in AIA proceedings with the standard used in federal courts and ITC proceedings. As noted by the commentators, the rule change will lead to greater consistency and harmonization with the federal courts and the ITC and lead to greater certainty and predictability in the patent system. We further agree this will increase judicial efficiencies between PTAB and other fora. For example, several trade associations and corporations commented that the use of the same claim construction standard will reduce duplication of efforts by parties and by the various tribunals. This is important because, as one study indicated, there is significant overlap between AIA proceedings and district court litigation. Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, “Strategic Decision Making in Dual PTAB and District Court Proceedings,” 31 Berkeley Rec. L.J. 45 (2016), <https://ssrn.com/abstract=2731002>. As suggested by the authors of the study, the application of the same standard of claim construction by the PTAB, federal courts, and the ITC would increase efficiency as it would

enhance the ability of federal courts and the ITC to rely upon PTAB claim constructions in subsequent proceedings. *Id.* at 81.

Comment 2: Some comments opposed the proposed rule changes, arguing that Congress intended the PTAB to use the BRI standard in AIA proceedings, Congress has declined to change the claim construction standard, the Office should wait until Congress changes the claim construction standard, and the BRI standard is appropriate for the reasons provided by the Office in the initial AIA proceeding final rule in 2012 (77 FR at 48697–99), the 2016 final rule (81 FR at 18752), and the government briefs in *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016) and *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365 (2018). Another comment suggested that the Office has previously taken the position in *Cuozzo* that the history, congressional intent, amendments, and statutory framework of the AIA support the BRI in AIA proceedings. A few comments requested that, if the Office adopts the proposed changes, the Office should implement procedures that will safeguard the AIA's goal of improving patent quality and minimize unfairness to the parties. Some of the comments suggested that the proposal is arbitrary and capricious, and the Office did not provide adequate notice, explanation, or evidence and should issue a new proposed rule.

Response: The Office appreciates the thoughtful comments. Since the publication of the second final rule in 2016, the Director has considered the significant experience the Office has now had with its almost six years of AIA proceedings. The Office also now has the benefit of several additional years of Federal Circuit decisions, resulting in hundreds of additional decisions that were not available during the first several years of AIA implementation. This additional experience, and recent studies, support the numerous concerns expressed by stakeholders with the use of BRI, and that compelling reasons exist to apply the same standard in AIA proceedings as that used in district court.

The Supreme Court has endorsed the Office's ability to choose an approach to claim construction for AIA proceedings. *Cuozzo*, 136 S. Ct. at 2142–46 (“That is a question that Congress left to the particular expertise of the Patent Office.”). Congress did not expressly set forth a claim construction standard in the statute, but rather deferred to the Office's expertise to select the appropriate standard for construing claims in AIA proceedings. *Id.* (noting

that “neither the statutory language, its purpose, [nor] its history suggest that Congress considered what standard the agency should apply when reviewing a patent claim in inter partes review”).

Notably, the statutory provision set forth in 35 U.S.C. 316(a)(4) grants the Office authority to issue “regulations . . . establishing and governing inter partes review under this chapter and the relationship of such review to other proceedings under this title.” For PGR and CBM proceedings, 35 U.S.C. 326(a)(4) contains a similar provision. Furthermore, under 35 U.S.C. 316(a)(2) and 326(a)(2), the Office must prescribe regulations “setting forth the standards for the showing of sufficient grounds to institute a review.” In prescribing regulations under 35 U.S.C. 316(a) and 326(a), and among other things, the Director has considered “the effect of any such regulation on the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to timely complete proceedings instituted under this chapter,” in accordance with 35 U.S.C. 316(b) and 326(b). In addition, the Director has carefully considered all of the comments received. As stated in the notice of proposed rulemaking, and with all of this information in mind, the Office's goal is to implement a fair and balanced approach, providing greater predictability and certainty in the patent system. This, in turn, implements the congressional intent of the AIA. H.R. Rep. No. 112–98, pt. I at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78; *see also id.* at 40 (“[The AIA] is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”).

Prior to this final rule, the PTAB already has been applying the principles articulated in *Phillips* and its progeny for interpreting claims of expired patents and soon-to-be-expired patents in AIA proceedings. Using this standard for interpreting all other claims will result in a uniform standard for all claims under review in AIA proceedings before the PTAB, in federal court litigations, and at the ITC. Significantly, as noted by some of the comments, applying the federal court claim construction standard in AIA proceedings will lead to greater consistency with the federal courts and the ITC, and such consistency will lead to greater certainty as to the scope of issued patent claims, and will help achieve the goal of increasing judicial efficiency and eliminate arguments relating to different standards across fora, which will lead to cost savings for

all litigants. As one commenter observed, the adoption of the federal court claim construction standard is consistent with “uniform interpretation of the patent laws,” which is a well-recognized goal of the patent system as it allows the strength of patents to be meaningfully and positively predicted. Hearings on H.R. 6033, H.R. 6934, H.R. 3806 and H.R. 2414, Before the Subcomm. on Courts, Civil Liberties and the Admin. of Justice of the House Comm. on the Judiciary, 96th Cong., 797 (1980).

The Office recognizes that in some respects AIA proceedings serve a different purpose than that of litigation in the federal courts. *Cuozzo*, 136 S. Ct. at 2143–44. For example, Congress intended AIA proceedings to provide “quick and cost effective alternatives” to litigation in the courts, as well as to “provide a meaningful opportunity to improve patent quality and restore confidence in the presumption of validity that comes with issued patents in court.” H.R. Rep. No. 112–98, pt. I at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78; *see also id.* at 40 (“[The AIA] is designed to establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.”). The changes in the proposed rule will better effect these purposes, for example by reducing costs associated with duplicative proceedings, and improving efficiency by reducing wasted effort.

As to the comment pointing to prior arguments advanced in connection with the *Cuozzo* case, the Supreme Court expressly rejected the argument that the history, congressional intent, amendments, and statutory framework of the AIA required the use of BRI in AIA proceedings: “Finally, neither the statutory language, its purpose, or its history suggest that Congress considered what standard the agency should apply when reviewing a patent claim in inter partes review.” *Cuozzo*, 136 S. Ct. at 2142–46. The Court further held that such decisions were left to the sound discretion of the Office: “[W]e do not decide whether there is a better alternative as a policy matter. That is a question that Congress left to the particular expertise of the Patent Office.” *Id.* As explained in detail in this final rule package, the six years of experience with AIA proceedings, the many additional parallel court cases, as well as the numerous requests from stakeholders concerned with the use of BRI and comments received, make clear that using the same claim construction standard as in federal courts and the ITC better serves the public and the intent

of the AIA to provides, among other things, “a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.” AIA H.R. Rep. No. 112–98, pt. I at 48 (2011), as reprinted in 2011 U.S.C.C.A.N. 67, 78; *see also id.* at 40. Indeed, many of the bases originally advanced in 2012 as justifying the use of BRI have not been borne out. *See e.g., Greenleaf* at 11 (“It is not clear, given more than five years of experience with PTAB post-grant proceedings, that there is any justification for using BRI for issued patents”).

As to the suggestion that the rulemaking has been arbitrary and capricious, the Office has proceeded with the implementation of AIA proceedings deliberately and with caution, continuously engaging the public and seeking feedback to gauge the effectiveness of the rules and procedures that govern AIA proceedings. At each stage of the process, including in this final rule, the Office has supported its exercise of discretion with reasoned analysis in response to comments received. For example, in the initial 2012 rulemaking, the Office adopted the BRI standard for construing claims of unexpired patents based on its prior experience, as well as adopting the principles articulated in *Phillips* and its progeny for interpreting claims of expired patents. 77 FR 48680. To elicit even more input, in June of 2014, the Office published a Request for Comments in the **Federal Register** and, at public request, extended the period for receiving comments to October 16, 2014. *See* Request for Comments on Trial Proceedings Under the America Invents Act Before the Patent Trial and Appeal Board, 79 FR 36474 (June 27, 2014) (“Request for Comments”). The Request for Comments asked seventeen questions on ten broad topics, including a general catchall question, to gather public feedback on any changes to AIA proceedings that might be beneficial. *See* Request for Comments, 79 FR at 36476–77. This was followed by the 2016 rulemaking, where the Office incrementally expanded the use of the district court claim construction standard, which is articulated in *Phillips*, to interpret claims of soon-to-be-expired patents in AIA proceedings. 81 FR 18750.

As noted above, since the time of the last AIA rule package, the Federal Circuit has issued a six-fold increase in the number of decisions relating to AIA proceedings. And now, in light of these decisions and based on the PTAB’s experience over six years, including applying the federal court claim

construction standard in AIA proceedings in certain contexts, the Office has determined that employing the district court standard for interpreting all claims in AIA proceedings will continue to enhance predictability and reliability of the patent system.

The PTAB’s use of the district court standard, for interpreting all claims in AIA proceedings, will address concerns that have been continually expressed by stakeholders and demonstrated in recent studies that the use of a different claim construction standard in AIA proceedings wastes resources and has the potential for resulting in troubling differences in construction-outcomes between proceedings. *See Bagley* at 354; *Greenleaf* at 9. Notably, the PTAB will continue to provide a second look at an earlier administrative grant of a patent by determining whether to review the claims challenged by a petitioner based on the prior art and grounds asserted in the petition, with any final action taking into account the evidence in the entire record of any instituted proceeding. In addition, the PTAB will consider the claim language itself, the specification, prosecution history pertaining to the patent, and any prior claim construction determinations from the federal courts and the ITC that have been timely made of record, to provide a claim construction determination in accordance with the amended rules as adopted in this final rule. The PTAB will consider the issues as briefed by the parties, and may review whatever portions of the record are required to arrive at the “correct” construction pursuant to *Phillips* and its progeny. The PTAB also will continue to provide an initial claim construction determination in the institution decision based on the record at the preliminary stage, including the parties’ proposed claim constructions and supporting evidence. If a trial is instituted, the parties will continue to have sufficient opportunities to submit additional arguments and evidence during the trial, addressing the PTAB’s initial claim construction determination before the oral hearing. The PTAB will continue to consider the entirety of the trial record before entering a final written decision that sets forth any final claim construction determination. A party dissatisfied with the final written decision, including the final claim construction determination, will continue to have the opportunity to file a request for rehearing without prior authorization from the PTAB and the right to appeal the decision to the Federal Circuit. All parties will

continue to have a full and fair opportunity to present arguments and evidence prior to any final determination. The vast majority of commentators, including those few opposed to the change, agree that the PTAB’s current procedures are effective in implementing the goals of the AIA, and those procedures remain available.

As in the federal courts and ITC, the PTAB will “seek out the correct construction—the construction that most accurately delineates the scope of the claim invention—under the framework laid out in *Phillips*.” *PPC Broadband*, 815 F.3d at 740. To promote fairness, balance, predictability, and certainty in the patent system, the Office is exercising its statutory authority under 35 U.S.C. 316(a)(2), 316(a)(4), 326(a)(2), and 326(a)(4) to adopt the federal court claim construction standard, which is articulated in *Phillips*, for interpreting claims in AIA proceedings, harmonizing the claim construction standards between AIA proceedings and proceedings before the federal courts and ITC. *See, e.g.,* 35 U.S.C. 316(a)(4) (“The Director shall prescribe regulations . . . establishing and governing inter partes review of this chapter and the relationship of such review to other proceedings under this title.”). Fundamentally, each of the federal courts, the ITC, and the PTAB will use the same objective standards under the *Phillips* framework to arrive at the claim construction when performing their analysis. Predictability and reliability of the patent system are thus enhanced, for example by increasing the likelihood that a claim will be construed in the same manner by the federal courts, the ITC, and the PTAB.

Consistency

Comment 3: Many comments stated that the rule change will promote consistency between the various fora. The comments suggested this would result in a more uniform and fair patent system. The comments further asserted adoption of the *Phillips* standard prevents parties from taking inconsistent positions, such as a patent challenger arguing for a broad scope in a PTAB proceeding (under BRI) and a narrow scope (under *Phillips*) in district court to avoid a finding of infringement.

Response: The Office agrees that aligning the claim construction standard used in PTAB proceedings with that used by the federal courts and the ITC promotes consistency in claim construction rulings and patentability determinations. The Federal Circuit has stated that when a party loses in a court proceeding challenging a patent, “the

PTO ideally should not arrive at a different conclusion” on the same presentations and arguments. See *In re Baxter*, 678 F.3d 1357, 1365 (Fed. Cir. 2012). Adoption of the *Phillips* standard will reduce the potential for inconsistent results between different fora. We further agree that consistency leads to a more uniform, reliable, and predictable patent system. Specifically, as discussed above, the adoption of the federal court claim construction standard is consistent with “uniform interpretation of the patent laws,” which is a well-recognized goal of the patent system as it allows the strength of patents to be meaningfully and positively predicted. Hearings on H.R. 6033, H.R. 6934, H.R. 3806 and H.R. 2414, Before the Subcomm. on Courts, Civil Liberties and the Admin. of Justice of the House Comm. on the Judiciary, 96th Cong., 797 (1980).

Comment 4: Some comments stated that the BRI standard ensures claims will be interpreted consistently among different proceedings before the Office, and applying different claim construction standards for different parts of the Office will lead to inconsistency, confusion, and complexity within the Office. A few comments also asserted that adopting the *Phillips* standard will frustrate the Office’s statutory authority to consolidate different proceedings involving the same patent. Some of the comments further suggested that the Office may find claims patentable over prior art in an AIA proceeding applying the *Phillips* standard and at the same time unpatentable over the same prior art in a reexamination applying the BRI standard. The comments noted that, if the PTAB does not apply the BRI standard in AIA proceedings, the Office will be required to approve in an AIA proceeding a patent claim that it would have rejected in an initial examination or reexamination considering the same prior art.

Response: As the Federal Circuit recently explained, “[i]n many cases, the claim construction will be the same under [both the BRI and *Phillips*] standards.” *In re CSB-System Int’l, Inc.*, 832 F.3d 1335, 1341 (Fed. Cir. 2016). “Even under the broadest reasonable construction rubric . . . , the board must always consider the claims in light of the specification and teachings in the underlying patent.” *In re Power Integrations, Inc.*, 884 F.3d 1370, 1375 (Fed. Cir. 2018) (citation and internal quotation marks omitted). “And there is no reason why this construction could not coincide with that of a court in litigation.” *Id.* Moreover, in an AIA proceeding, “[t]he PTO should also

consult the patent’s prosecution history in proceedings in which the patent has been brought back to the agency for a second review.” *Microsoft Corp. v. Proxycorr, Inc.*, 789 F.3d 1292, 1298 (Fed. Cir. 2015), *overruled on other grounds by Aqua Prods., Inc. v. Matal*, 872 F.3d 1290 (Fed. Cir. 2017) (en banc). “[T]he Board’s construction cannot be divorced from the specification and the record evidence” and “must be consistent with the one that those skilled in the art would reach.” *Id.* (citations and internal quotation marks omitted). “A construction that is unreasonably broad and which does not reasonably reflect the plain language and disclosure will not pass muster.” *Id.* (citation and internal quotation marks omitted). In addition, the recent IPO study acknowledged that “[i]t is difficult to dissect or predict the differences between outcomes under BRI or *Phillips*” and that “[t]he claim construction procedure under both standards appears to be very similar if not identical.” *Greenleaf*, at 9. The IPO study indicates that, since 1986, “there have been very few decisions in which courts have attributed a variance in claim interpretation to the differences between the two standards.” *Id.* at 1. In sum, consistent with the IPO study and the Federal Circuit, we believe that the patentability determination reached will be consistent for BRI and *Phillips* in the vast majority of cases decided.

Furthermore, the Office already has been applying the principles articulated in *Phillips* to claims of expired patents and soon-to-be expired patents that were previously examined, reexamined, or reissued, under the BRI standard. Based on the Office’s years of experience, employing the federal court claim construction standard, which is articulated in *Phillips*, for interpreting all claims in AIA proceedings will not lead to inconsistency, confusion, and complexity within the Office. For example, the Office has been applying the *Phillips* standard in ex parte reexamination, e.g. with regard to expired claims, since its implementation in 1981.

In direct contrast to AIA proceedings, the Office is required by statute to conduct reissue and reexamination proceedings according to the procedures established for initial examination. 35 U.S.C. 251(c) and 305. Under 35 U.S.C. 315(d) and 325(d), during the pendency of an AIA proceeding, “if another proceeding or matter involving the patent is before the Office, the Director may determine the manner in which the [AIA proceeding] or other proceeding or matter may proceed, including providing for stay, transfer,

consolidation, or termination of any such matter or proceeding.” The Office has exercised its discretion under these statutory provisions to stay and/or terminate reexaminations and reissue proceedings. The Office has not, to date, merged or consolidated a reexamination or reissue proceeding with an AIA proceeding. Prior to making a determination to consolidate proceedings, the Office will consider whether the claim construction standard would have any material effect on the claim construction determinations in the specific proceedings at issue, for example by considering whether a term at issue in any of the proceedings has a different construction under the different claim construction standards. Additionally, as to comments that the Office will arrive at different claim constructions in AIA proceedings and reexaminations, the Office has existing tools to address these situations, including, e.g., the use of discretion under 35 U.S.C. 325(d).

As stated in the notice of proposed rulemaking, one study found that 86.8% of patents at issue in AIA proceedings also have been the subject of litigation in the federal courts. Saurabh Vishnubhakat, Arti K. Rai & Jay P. Kesan, *Strategic Decision Making in Dual PTAB and District Court Proceedings*, 31 Berkeley Tech. L.J. 45 (2016), <http://ssrn.com/abstract=2731002>. Based on these data, feedback the Office has received from the public, recent case law regarding claim construction standards, and the submitted comments, it is appropriate to harmonize the claim construction standard used in AIA proceedings with the standard used in the federal courts and ITC proceedings.

In addition, unlike initial examination of pre-issued claims in a patent application, patent owners in AIA proceedings have not filed as many motions to amend as previously anticipated (through June 30, 2018, the Office has decided only 196 motions to amend, granting 4%, granting-in-part 6%, and denying 90%). As noted in a comment received from a trade association, patent owners are reluctant to substantially amend claims that have been asserted in a co-pending infringement litigation. This comment stated that “this is generally believed to be due to intervening rights [e.g., under 35 U.S.C. 318(c), 328(c), and 252] and the loss of past damages [for infringement in a co-pending litigation] after amendment, not to any inability to amend.” See, e.g., McKeown, *Amendment Efforts at PTAB Trend Downward*, LexisNexis Newsroom (Dec. 2014), available at <https://>

www.lexisnexis.com/legalnewsroom/intellectual-property/b/patent-lawblog/archive/2014/12/16/amendment-efforts-at-ptab-trend-downward.aspx (noting that “historically, patentees would rarely amend claims at the USPTO that were asserted in a co-pending litigation” due to intervening rights and tying the lack of use of amendments in IPR to those intervening rights). Claim amendments in AIA proceedings have therefore been relatively rare and substantially different than amendments during examination. Accordingly, one of the original bases suggested for the use of BRI has not been borne out, and the Office no longer believes that the opportunity to amend in an AIA proceeding justifies the use of BRI.

On balance, after years of experience and in view of the comments received, the Office has determined that using a claim construction standard for issued patents subject to AIA proceedings that is consistent with the standard applied in federal courts and the ITC is better for advancing the economy, the integrity of the patent system, the efficient administration of the Office, and the ability of the Office to complete timely the proceedings.

Comment 5: Some comments asserted that harmonizing the claim construction standards between AIA proceedings and the proceedings before the federal courts and the ITC would not necessarily result in the same claim constructions. They pointed out that federal courts applying the *Phillips* standard can reach different constructions for a particular claim (as in the situation where the Federal Circuit disagrees with the construction provided by a district court); many courts may not wholly accept the PTAB’s constructions; and the evidentiary standard in AIA proceedings is different from the standard used in the federal courts and the ITC.

Response: The PTAB is required by statute to employ a different evidentiary standard for determining the patentability of a challenged claim than that used in federal courts and the ITC. However, there is no statute applicable to either the PTAB or federal courts that requires any different standards, evidentiary or otherwise, for claim construction. Moreover, as to harmonizing claim construction standards, the Federal Circuit recently explained that the prosecution disclaimer doctrine includes patent owner’s statements made in an AIA proceeding, to ensure that “claims are not argued one way in order to maintain their patentability and in a different way against accused infringers.” *Aylus Networks, Inc. v. Apple Inc.*, 856 F.3d

1353, 1360–61 (Fed. Cir. 2017) (citing *Southwall Techs., Inc. v. Cardinal IG Co.*, 54 F.3d 1570, 1576 (Fed. Cir. 1995)). As the Federal Circuit acknowledged, consistency between fora is important.

Under the amended rules, as adopted by this final rule, the PTAB will apply the same claim construction standard as used in federal courts and the ITC, “seek[ing] out the correct construction—the construction that most accurately delineates the scope of the claim invention—under the framework laid out in *Phillips*.” *PPC Broadband*, 815 F.3d at 740. The PTAB also will consider any prior claim construction determinations from the PTAB, the federal courts, and the ITC that are timely made of record to promote consistency. Therefore, the amended rules will encourage parties to take a consistent position with respect to claim constructions in their patentability and infringement arguments, to ensure that whatever decision issues, regardless of forum, is reflective of the “correct” construction.

As to comments that courts may not wholly accept the PTAB’s constructions, this is an issue that federal courts will decide in the particular cases that come before them, based on the record available at that time. Having the same claim construction standard, however, increases the likelihood that courts may consider the PTAB’s construction for a given patent.

Clarity and Public Notice

Comment 6: Several comments were in favor of the *Phillips* standard for interpreting claims in AIA procedures because it would promote clarity and eliminate the current disparity in how claims are construed. The comments asserted that the current differences in claim construction standards undermine the public notice function and subject patent owner’s property rights to unnecessary and undesirable risks, which discourages investment in innovative ideas and hurts inventors and innovation.

Response: We agree that adoption of the *Phillips* claim construction standard will promote clarity and public notice. By using the same claim construction standard in PTAB proceedings that is used by the federal courts and the ITC, greater certainty on the scope of issued patent claims will be provided to all stakeholders. In particular, we agree with the comments received that reducing the potential for inconsistent results between the PTAB and federal courts would encourage inventors to use the patent system. For example, one trade association commented that a

uniform standard would lead to greater certainty and investment, while another trade association stated that the adoption of the federal court claim construct standard promoted certainty, which is a recognized goal of the AIA. Senate Debate, 157 Cong. Rec. S5347, S5354 (daily ed. Sept. 7, 2011) (Statement of Administration Policy on H.R. 1249) (discussing how the AIA created new trial proceedings “to increase the quality and certainty of patent rights and offer cost-effective, timely alternatives to district court litigation”).

Comment 7: A few comments asserted that the BRI standard promotes clarity and public notice by incentivizing a patentee to amend its claims so that the boundary between its patent rights and the prior art can be more clearly delineated. A few comments also expressed concerns that, if the PTAB applies the *Phillips* standard in AIA proceedings, the district court may construe a claim more broadly than the PTAB’s claim construction, resulting in a situation where subject matter that is in the prior art nonetheless may infringe the patent.

Response: The PTAB’s construction of a claim under the framework set forth in *Phillips* will promote clarity and public notice. Moreover, since both a district court and the PTAB will use the same standard to construe the claim, there will be reduced likelihood of differences between the scope of claim construction at either forum. The Federal Circuit recently affirmed a district court’s claim construction by holding that the statements made by a patent owner during an AIA proceeding, even before institution, are part of the prosecution history and can be relied on to support a finding of prosecution disclaimer. *Aylus Networks*, 856 F.3d at 1361. The court explained that “[e]xtending the prosecution disclaimer doctrine to IPR proceedings will ensure that claims are not argued one way in order to maintain their patentability and in a different way against accused infringers.” *Id.* at 1360. “In keeping with the underlying purposes of the doctrine, this extension will ‘promote[] the public notice function of the intrinsic evidence and protect[] the public’s reliance on definitive statements made during’ AIA proceedings. *Id.* (quoting *Omega Eng’g, Inc. v. Rayteck Corp.*, 334 F.3d 1314, 1324 (Fed. Cir. 2003)). Accordingly, applying the same standard will alleviate the commentators’ concerns with regard to differences in claim scope between the district court and PTAB.

In addition, under the amended rules, as adopted by this final rule, the PTAB

will consider any prior claim construction determinations from federal courts and the ITC that are timely made of record to enhance consistency. Moreover, as noted above, unlike initial examination, the vast majority of AIA proceedings involve patents in litigations, and as noted above, patent owners are reluctant to substantially amend their claims that are involved in an infringement litigation for a variety of reasons, such as to avoid triggering intervening rights. Therefore, one of the originally suggested bases for using BRI in 2012 has not been borne out. Claim amendments in AIA proceedings are relatively rare and substantially different than amendments during examination, and the Office no longer believes that the opportunity to amend in an AIA proceeding justifies the use of BRI.

Fairness

Comment 8: Many comments opined that harmonizing the claim construction standard used in AIA proceedings with that used in the federal courts and ITC proceedings will ensure greater fairness and predictability to the patent system, which will in turn maximize judicial efficiency and minimize economic waste. Several comments acknowledged that harmonizing the claim construction standards would prevent parties from taking inconsistent positions and will properly balance the interests of both patent owners and petitioners. Some of the comments further noted that applying different standards in different fora unfairly advantages the patent challenger because an accused infringer may seek a broad construction for purposes of finding claims unpatentable in an AIA proceeding before the PTAB and a narrow construction for purposes of arguing non-infringement in a federal court action.

Response: The Office agrees with these comments. This final rule adopts the federal court claim construction standard, which is articulated in *Phillips*, for AIA proceedings, aligning the claim construction standard used in AIA proceedings with the standard used in the federal courts and ITC proceedings. This will promote a more fair and balanced system because parties will no longer be able to argue for a broader claim scope in PTAB proceedings than that used by federal courts. Several commenters stated that the BRI standard allows parties to take inconsistent positions between PTAB proceedings for patentability and litigation for infringement. One commenter stated “[c]urrently, the absence of a uniform claim construction

standard permits patent infringers to aggressively argue inconsistent positions on claim scope in different forums with impunity—a broad scope before the PTAB, and a narrow scope in district court. With a uniform application of the *Phillips* standard, patent challengers will have less flexibility to advance inconsistent arguments about claim scope, and will instead be required to choose a single claim construction that best captures the true meaning of the patent claim, because they will not be able to justify different constructions as being the mere result of different claim construction standards.” The lack of a uniform standard between the PTAB and federal courts runs contrary to the general principle articulated in *Source Search Techs LLC v. Lending Tree, LLC*, that “it is axiomatic that claims are construed the same way for both validity and infringement.” 588 F.3d 1063, 1075 (Fed. Cir. 2009).

Comment 9: Some comments opposed the proposed rules, asserting that using the *Phillips* standard in AIA proceedings would not alleviate perceived unfairness. A few comments suggested that the *Phillips* standard is susceptible to various reasonable interpretations, which can produce multiple possible constructions, and that there is no certainty that the decision of the PTAB and the courts will be harmonized. Some of the comments also indicated that applying the BRI standard in AIA proceedings is not unfair to patentees because they have the opportunity to amend the claims to obtain more precise claim coverage, and the BRI standard “serves the public interest by reducing the possibility that claims, finally allowed, will be given broader scope than is justified,” citing *In re American Academy of Science Tech Center*, 367 F.3d 1359, 1362–63 (Fed. Cir. 2004) (citation and internal quotation marks omitted). These comments asserted that replacing the BRI standard would undermine this goal, resulting in less predictability and inviting gamesmanship from patentees.

Response: As noted above, unlike initial examination, the vast majority of AIA proceedings involve patents in litigation, and, according to several comments, patent owners are reluctant to substantially amend their claims that are involved in an infringement litigation for a number of reasons, such as in order to avoid triggering intervening rights. As stated in the notice of proposed rulemaking, having AIA proceedings use the same claim construction standard that is applied in federal courts and ITC proceedings also

addresses the concern that potential unfairness could result from using an arguably broader standard in AIA proceedings. According to some patent owners, the same claim construction standard should apply to both the validity (or patentability) determination and the infringement determination. Because the BRI standard potentially reads on a broader universe of prior art than does the *Phillips* standard, a patent claim could potentially be found unpatentable in an AIA proceeding (under the BRI standard) on account of claim scope that the patent owner would not be able to assert in an infringement proceeding (under the *Phillips* standard). For example, even if a competitor’s product would not be found to infringe a patent claim (under the *Phillips* standard) if it was sold after the patent’s effective filing date, the same product nevertheless could potentially constitute invalidating prior art (under the BRI standard) if publicly sold before the patent’s effective filing date.

Based on its 6 years of experience with AIA proceedings, the Office has determined that the same claim construction standard should apply to both a patentability determination at the PTAB and determinations in federal court on issues related to infringement or invalidity. Under the amended rules as adopted by this final rule, the PTAB also will consider any prior claim construction determination concerning a term of the claim in a civil action or a proceeding before the ITC that is timely made of record in an AIA proceeding. This will increase the likelihood that claims are not argued one way in order to maintain their patentability (or to show that the claims are unpatentable) and in a different way against an opposing party in an infringement case, consistent with recent case law from the Federal Circuit. See *Aylus Networks*, 856 F.3d at 1360. Rather, regardless of forum, the same objective standards will be used for claim construction.

Additionally, as discussed above, one of the originally suggested bases for using the BRI in 2012 has not been borne out. Claim amendments in AIA proceedings are relatively rare and substantially different than amendments during examination, and the Office no longer believes that the opportunity to amend in an AIA proceeding justifies the use of the BRI.

Efficiency, Cost, Timing, and Procedural Issues

Comment 10: Most comments supported harmonizing of the claim construction standard used in AIA

proceedings with the standard used in the proceedings before federal courts and the ITC because different claim construction standards used in various fora encourage forum shopping and parallel duplicative proceedings. According to the comments, using the same claim construction standard across the fora would increase efficiency as well as certainty, and it would reduce cost and burden because parties would only need to focus their resources to develop a single set of claim construction arguments.

Response: The Office agrees with these comments. The existence of different approaches to claim construction determinations may encourage a losing party to attempt for a second bite at the apple, resulting in a waste of the parties' and judicial resources alike. See Niky R. Bagley, *Treatment of PTAB Claim Construction Decisions: Aspiring to Consistency and Predictability*, 32 Berkeley Tech. L.J. 315, 354 (2018). Adoption of the *Phillips* standard will increase efficiencies and will reduce costs to parties because it eliminates the incentive to forum shop based upon claim construction standards and eliminates the need to present multiple claim construction arguments under different standards. As discussed above, several trade associations and corporations commented that the use of the same claim construction standard will reduce duplication of efforts by parties and by the various tribunals. As one commenter further stated, "[w]ith the PTAB and district courts applying the same claim construction standard, there will be a stronger basis for judges in one forum to rely on claim constructions rulings from the other, avoiding unnecessary duplication of work."

Comment 11: One comment seeks clarification of whether the PTAB would review evidence of infringing products to construe claims. According to the comment, claims cannot be construed under the *Phillips* standard without at least some reference to the product accused of infringement, citing *Wilson Sporting Goods Co. v. Hillerich & Bradsby Co.*, 442 F.3d 1322, 1324 (Fed. Cir. 2006), for support.

Response: To the extent that the comment suggests that *Wilson* requires consideration of infringement issues during claim construction, such a reading would overstate that case. In *Wilson*, the Federal Circuit "repeats its rule that claims may not be construed with reference to the accused device." *Wilson*, 442 F.3d at 1330–31. It further explained that "that rule posits that a court may not use the accused product

or process as a form of extrinsic evidence to supply limitations for patent claim language. Thus, the rule forbids a court from tailoring a claim construction to fit the dimensions of the accused product or process and to reach a preconceived judgment of infringement or noninfringement. In other words, it forbids biasing the claim construction process to exclude or include specific features of the accused product or process." *Id.* In *Wilson*, the court merely stated that, in certain situations, "[t]he rule, however, does not forbid awareness of the accused product or process to supply the parameters and scope of the infringement analysis" and "a trial court may refer to the accused product or process for that context during the process." *Id.* (emphasis added). As such, *Wilson*, merely stands for the proposition that it is permissible to consider an accused product in the context of claim construction for purposes of infringement, not that an accused product must be considered in all claim construction disputes.

The Federal Circuit's decision in *Wilson* specifically addresses the district court's claim construction in the context of an *infringement* case. But under 35 U.S.C. 318 and 328, in an instituted AIA proceeding, the PTAB is required to "issue a final written decision with respect to the *patentability* of any patent claim challenged by the petitioner." As required by statute, the PTAB will continue to construe claims in the context of patentability (*e.g.*, the asserted prior art), not infringement. Because infringement issues are generally not before the PTAB in a patentability determination, the PTAB does not, in most circumstances, expect this case to have applicability in IPR proceedings. However, if a party believes that the claims of a particular patent cannot be construed absent consideration of additional evidence not called for in the Board's rules or practices, that party should contact the panel of judges overseeing the proceeding and request a conference call to discuss the facts of that specific issue.

Comment 12: Several comments suggested using the same claim construction procedures as used in the federal court. A few comments expressed concerns that fully adopting the same claim construction standard used by federal courts and the ITC could make it difficult for the Office to comply with the statutory deadline because the claim construction procedure at the federal courts and the ITC often involves considerable briefing, expert

testimony, technology tutorials, and *Markman* hearings, which are expensive and time consuming.

Response: The Office has been applying the principles articulated in *Phillips* and its progeny in AIA proceedings for interpreting claims of expired patents, since the effective date of the AIA in 2012, and for interpreting claims of soon-to-be expired patents, since 2016. Even in those proceedings, the Office has met all of its statutory deadlines, utilizing the same efficient and cost effective procedures used in other AIA proceedings that applied the BRI standard. The Office will continue to employ a trial procedure in all AIA proceedings that provides "quick and cost effective alternatives" to litigation in the courts, as Congress intended. Thus, as discussed above, USPTO expects that these proceedings utilizing the *Phillips* standard will operate procedurally in much the same way as proceedings utilizing the BRI standard, that they will cost USPTO and parties no more to conduct, and that they will be completed within the statutory deadline.

Comment 13: Some comments expressed concerns that additional briefing and hearings related to claim construction would raise costs. One comment suggested that the PTAB should continue to provide non-final claim construction in the institution decisions. A few comments suggested allowing the parties a full and fair opportunity to present arguments and evidence prior to any final determination.

Response: As discussed above, USPTO expects—based on its prior experience in using the *Phillips* standard for expired and soon-to-expire claims—that these proceedings using the *Phillips* standard will operate procedurally in much the same way as proceedings using the BRI standard, that they will cost USPTO and parties no more to conduct, and that they will be completed within the statutory deadline. The Office will continue to use the trial procedure set forth in its Office Patent Trial Practice Guide, along with any updates and amendments that USPTO may decide to make in the future. As discussed above, USPTO does not need to revise these procedures and guidance to implement the change set forth in the final rule, and does not need to make regulatory changes other than those set forth in the final rule. Both the petitioner and patent owner will continue to have sufficient opportunities, during the preliminary stage, to submit their proposed claim constructions (in a petition and preliminary response, respectively) and

any supporting evidence, including both intrinsic and extrinsic evidence. Upon consideration of the parties' proposed claim constructions and supporting evidence, the PTAB will continue to provide an initial claim construction determination in the institution decision, to the extent that such construction is required to resolve the disputes raised by the parties. If a trial is instituted, the parties also will continue to have opportunities to cross-examine any opposing declarants, and to submit additional arguments and evidence, addressing the PTAB's initial claim construction determination and the opposing party's arguments and evidence before oral hearing. The PTAB also will continue to consider the entirety of the trial record, including the claim language itself, the specification, prosecution history pertaining to the patent, extrinsic evidence as necessary, and any prior claim construction determinations from the federal courts and the ITC that have timely been made of record, before entering a final written decision that sets forth the final claim construction determination. All parties will continue to have a full and fair opportunity to present arguments and evidence prior to any final determination. The vast majority of commentators, including many of those opposed to the change, agree that the Board's current procedures are effective in implementing the goals of the AIA. Those procedures remain available, will continue to apply when this final rule goes into effect, and will be improved in the future as necessary.

Proposed Substitute Claims

Comment 14: Most of the comments supported applying the federal court claim construction standard, which is articulated in *Phillips*, uniformly to both original patent claims and substitute claims proposed in a motion to amend. The comments suggested that using the federal court claim construction standard should lead to greater consistency with the federal courts and the ITC, and such consistency will lead to greater certainty as to the scope of issued patent claims. The comments also indicated that using the federal court claim construction standard is appropriate because amendments proposed in AIA proceedings are required to be narrowing, are limited to a reasonable number of substitute claims, and are required to address patentability challenges asserted against the original patent claims. The comments further noted that using the same claim construction standard for interpreting both the original and amended claims avoids the potential of

added complexity and inconsistencies between PTAB and federal court proceedings, and this allows the patent owner to understand the scope of the claims and more effectively file motions to amend. One of the comments stated that the BRI standard is appropriate in the context of the initial *ex parte* examination, but not appropriate for AIA proceedings, which are *inter partes* post-grant proceedings, potentially standing in for district court validity determinations, and allowing only amendments that narrow the scope of the original patent claim.

Response: The Office agrees with these comments. Under the amended rules, as adopted in this final rule, a claim of a patent, or a claim proposed in a motion to amend, "shall be construed using the same claim construction standard that would be used to construe the claim in a civil action." We agree that adoption of the *Phillips* standard is appropriate because, among other things, the claim amendments are limited to a reasonable number and are required to be narrowing. Further, the final rule will reduce the potential for inconsistency in claim construction between PTAB proceedings and the proceedings in federal court and the ITC, which we agree will result in greater certainty of the scope of issued patent claims.

Comment 15: Some comments opposed applying the federal court claim construction standard to substitute claims proposed in a motion to amend because it would create the risk that a district court would construe a claim broadly beyond the claim scope allowed by the Office. According to these comments, it is inappropriate and inconsistent for the Office to employ a different standard when new claims are presented to the PTAB on appeal from an examiner compared to when the same new claims are presented to the PTAB in an AIA proceeding. Some of the comments suggested eliminating amendments or applying the BRI standard in a proceeding in which the patent owner files a motion to amend to protect the public from vague and overly broad amendments. One comment indicated that, if the PTAB applies the federal court claim construction standard in an AIA proceeding, the PTAB should require patent owner to amend its claim to reflect that claim construction.

Response: As noted in the notice of proposed rulemaking, unlike initial examination of new or amended claims in a patent application, the patent owner may file a motion to amend an unexpired patent during an AIA proceeding to propose a reasonable

number of substitute claims, but the proposed substitute claims "may not enlarge the scope of the claims of the patent or introduce new matter." 35 U.S.C. 316(d) and 326(d); 37 CFR 42.121(a)(2), 42.221(a)(2). The Federal Circuit recently noted that "[t]he patent owner proposes an amendment that it believes is sufficiently narrower than the challenged claim to overcome the grounds of unpatentability upon which the IPR was instituted." *Aqua Prods.*, 872 F.3d at 1306 (emphasis in the original). By requiring a narrower claim, a district court applying the same objective claim construction standards under the *Phillips* framework should not construe a substitute claim beyond the scope allowed by the Office. Further, as to any concern with vague or overly broad amendments, the PTAB is required to issue final written decisions with respect to the patentability of any new claim added, thus ensuring that vagueness and overbreadth issues will be resolved by the Office before issuance.

Further, as to the suggestion that the Office require patent owners to amend claims to reflect a federal court claim construction, such a suggestion is not adopted for a variety of reasons. Among other things, the PTAB will construe claims under the final rule using the same objective standards under the *Phillips* framework as used by the federal courts. Additionally the final rule specifies that "any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the covered business method patent review proceeding will be considered."

Construing Claims To Preserve Validity

Comment 16: Some comments opposed using a standard that applies the doctrine of construing claims to preserve their validity.

Response: In this final rule, the Office fully adopts the federal courts claim construction standard, which is articulated in *Phillips*, for interpreting claims in AIA proceedings. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

To the extent that federal courts and the ITC still apply the doctrine of construing claims to preserve their validity as described in *Phillips*, the Office will apply this doctrine for purposes of claim construction if dictated by the principles of *Phillips* and its progeny, e.g., if those same rare circumstances arise in AIA proceedings.

As the Federal Circuit recognized in *Phillips*, this doctrine is “of limited utility.” *Phillips*, 415 F.3d at 1327–28. The Court has not applied that doctrine broadly, and has “certainly not endorsed a regime in which validity analysis is a regular component of claim construction.” *Id.* at 1327 (citation omitted). The doctrine of construing claims to preserve their validity has been limited to cases in which “the court concludes, after applying all the available tools of claim construction, that the claim is still ambiguous.” *Id.* Moreover, the Federal Circuit “repeatedly and consistently has recognized that courts may not redraft claims, whether to make them operable or to sustain their validity.” *Rembrandt Data Techs., LP v. AOL, LLC*, 641 F.3d 1331, 1339 (Fed. Cir. 2011); see also *MBO Labs., Inc. v. Becton, Dickinson & Co.*, 474 F.3d 1323, 1332 (Fed. Cir. 2007) (noting that “validity construction should be used as a last resort, not first principle”).

Even in those extremely rare cases in which the courts applied the doctrine, the courts “looked to whether it is reasonable to infer that the PTO would not have issued an invalid patent, and that the ambiguity in the claim language should therefore be resolved in a manner that would preserve the patent’s validity,” noting that this was “the rationale that gave rise to the maxim in the first place.” *Phillips*, 415 F.3d at 1327 (citing *Klein v. Russell*, 86 U.S. (19 Wall.) 433, 466, 22 Led. 116 (1873)). “The applicability of the doctrine in a particular case therefore depends on the strength of the inference that the PTO would have recognized that one claim interpretation would render the claim invalid, and that the PTO would not have issued the patent assuming that to be the proper construction of the term.” *Id.* at 1328.

Moreover, it also may not be necessary to determine the exact outer boundary of claim scope because only those terms that are in controversy need be construed, and only to the extent necessary to resolve the controversy (e.g., whether the claim reads on a prior art reference). See *Nidec Motor Corp. v. Zhongshan Broad Ocean Motor Co. Ltd.*, 868 F.3d 1013, 1017 (Fed. Cir. 2017) (noting that “we need only construe terms ‘that are in controversy, and only to the extent necessary to resolve the controversy’”) (citing *Vivid Techs., Inc. v. Am. Sci. & Eng’g, Inc.*, 200 F.3d 795, 803 (Fed. Cir. 1999)). Moreover, the Federal Circuit “repeatedly and consistently has recognized that courts may not redraft claims, whether to make them operable or to sustain their

validity.” *Rembrandt Data*, 641 F.3d at 1339.

The Rule Language

Comment 17: Some comments, although generally agreeing with the proposed rule change, suggested some changes to the language of the proposed rules. In particular, some of the comments suggested modifying the rule language to summarize all of the claim construction principles set forth in *Phillips* and to include other non-substantive minor edits. Some of the comments suggested deleting the “including” phrase: “including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent.” Although one comment acknowledged that this “including” phrase is merely exemplary, other comments suggested the deletion to ensure that there is no difference between the claim construction standard applied in AIA proceedings and the standard used in federal courts and ITC proceedings, and that the deletion also would preserve the ability to respond to future refinements in the law.

Response: As to deleting the “including” phrase, the “including” phrase is merely exemplary, not excluding additional canons of claim construction, and not intending to reflect any difference between standard articulated by *Phillips* and its progeny, as applied by the courts. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims. While the comments seeking the deletion of the “including” phrase were not adopted, the intent of the final rule language is to ensure that the public understands that the rule does not differ in any way from the standard used in federal courts. The Office has also considered modifying the rule language to summarizing the construction principles of *Phillips* as well as several non-substantive edits, but determined that the language of the rule provides sufficient clarity. Moreover, the intent of the rule is to ensure that the PTAB follows the same claim construction standard applied by federal courts, including any future refinements in the caselaw.

Comment 18: A few comments suggested changing “such claim in a civil action to invalidate a patent” to “the claim in a civil action” because a civil action may involve infringement of

a patent, and is not necessarily limited to invalidity actions.

Response: This suggestion is adopted. Amended §§ 42.100(b), 42.200(b), and 42.300(b), as adopted in this final rule, provide “a claim . . . shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b)” Again, the intent of the final rule is to make clear that there is no difference between the claim construction standard applied by the PTAB and the standard applied by the federal courts to construe patent claims.

Comment 19: A few comments suggested adding “or the Board” in the last sentence of the proposed rules to make explicit that prior PTAB claim construction determinations concerning a claim term will be considered.

Response: Applying the federal court claim construction standard, which is articulated in *Phillips*, the PTAB will construe a claim based on the record of an AIA proceeding, taking into account the claim language itself, specification, and prosecution history pertaining to the patent. The prosecution history taken into account includes prior PTAB claim construction determinations concerning a term of the claim. To ensure due consideration by the PTAB, the parties should timely submit the relevant portions of the prosecution history that support their arguments along with detailed explanations. The suggested change is not adopted as it is unnecessary; prior PTAB claim construction determinations concerning a claim term will be considered under *Phillips*, for example when they are part of the intrinsic record of the challenged patent.

Comment 20: One comment suggested removing the reference to 35 U.S.C. 282(b), which does not itself provide for a civil action.

Response: The reference to 35 U.S.C. 282(b) makes clear that the Office is adopting the same claim construction standard used in civil actions “involving the validity or infringement of a patent.” 35 U.S.C. 282(b). This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Materials to be Considered

Comment 21: One comment requested clarification on what aspects of the prosecution history would be considered in a claim construction under the new rule.

Response: The Office may take into account the prosecution history that occurred previously in proceedings at the Office prior to the proceeding at

issue, including in another AIA proceeding, or before an examiner during examination, reissue, and reexamination. The file history typically consists of the patent application as originally filed, the cited prior art, all papers prepared by the examiner during the course of examination, and documents submitted by the applicant in response to the various requirements, objections, and rejections made by examiner. In addition, the file history may contain a written record of oral communications addressing patentability issues between the examiner and applicant. The Office will determine the claim construction based on the record of the proceeding at issue. The parties should timely submit the relevant portions of the prosecution history with detailed explanations as to how the prosecution history support their arguments, to ensure that such material is considered. Each party bears the burden of providing sufficient support for any construction advanced by that party.

Comment 22: Some comments suggested that consideration of prior claim construction determination should also include prior determinations by the Office in a prior PTAB proceeding.

Response: Reference to “prosecution history” in the rule includes consideration of relevant determinations on claim construction in prior PTAB proceedings, including determinations made in *ex parte* appeals and AIA proceedings. The prosecution history includes a written record of all communications addressing patentability issues between the PTAB, the petitioner and the patent owner, including all briefing, motions, evidence and decisions set forth in the record of the proceeding.

Comment 23: One comment requested clarification as to whether federal court claim constructions and ITC claim constructions will be considered under the new rules.

Response: Yes, each of amended §§ 42.100, 42.200, and 42.300, as adopted in this final rule, states that “[a]ny prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the [ITC], that is timely made of record in the [inter partes, post grant or covered business method patent] review proceeding will be considered.” The PTAB will consider prior claim constructions from district courts or the ITC and give them appropriate weight. Non-exclusive factors to be considered may include, for example, how thoroughly reasoned the prior decision is and the similarities between the

record in the district court or the ITC and the record before the PTAB. It may also be relevant whether the prior claim construction is final or interlocutory. These factors will continue to be relevant under the district court claim construction standard, which is articulated in *Phillips*. The PTAB may also continue to consider whether the terms construed by the district court or the ITC are necessary to decide the issues before it. This is not an exclusive list of considerations, and the facts and circumstances of each case will be analyzed as appropriate.

Comment 24: One comment suggested that the PTAB also consider statements made by a patent owner in a prior proceeding in which the patent owner took a position on the scope of any claims of the challenged patent.

Response: Under the amended rules as adopted in this final rule, the PTAB will consider statements regarding claim construction made by patent owners filed in other proceedings in claim construction determinations if the statements are timely made of record. *Cf. Aylus Networks*, 856 F.3d at 1360–61 (extending the prosecution disclaimer doctrine to include patent owner’s statements made in a preliminary response that was submitted a prior AIA proceeding). The Board may also consider statements regarding claim construction made by petitioners in other proceedings. To the extent that a party wants such information considered by the Office, that party should point out specifically the statements and explain how those statements support or contradict a party’s proposed claim construction in the proceeding at issue. Each party bears the burden of providing sufficient support for any construction advanced by that party. Furthermore the Office may take into consideration statements made by a patent owner about claim scope, such as those submitted under 35 U.S.C. 301(a), for example.

Comment 25: Comments requested clarification on the use of extrinsic evidence, such as technical dictionaries or other scientific background evidence, to demonstrate how a person of ordinary skill in the art would interpret a particular term.

Response: Consistent with *Phillips* and its progeny, the use of extrinsic evidence, such as expert testimony and dictionaries, will continue to be useful in demonstrating what a person of ordinary skill in the art would understand claim terms to mean. *Phillips*, 415 F.3d at 1318–19. The Federal Circuit has recognized that “extrinsic evidence in general is viewed as less reliable than intrinsic evidence.”

Id.; *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 841 (2015) (noting the use of extrinsic evidence when “subsidiary facts are in dispute”). Moreover, when the specification is clear about the scope and content of a claim term, there may be no need to turn to extrinsic evidence for claim interpretation. *See 3M Innovative Props. Co. v. Tredegar Corp.*, 725 F.3d 1315, 1326–28 (Fed. Cir. 2013). This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Comment 26: One comment sought clarification on the types of civil actions for which claim interpretations would be considered, noting that reference to 35 U.S.C. 282(b) appears to limit the scope of civil actions to only those civil actions that arise seeking declaratory judgment of invalidity, and not to consideration of claim constructions of a patent in an infringement action filed under 35 U.S.C. 271, despite the fact that claim construction standards are identical in both types of proceedings.

Response: Reference to “a civil action under 35 U.S.C. 282(b)” refers to the standard that will be used in interpreting claims in IPR, PGR, or CBM proceedings, and encompasses both invalidity and infringement as it relates to a defense “in any action involving the validity or infringement of a patent.” The PTAB will consider claim constructions in any civil action or ITC proceeding in which the meaning of the same term of the same patent has been previously construed. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Comment 27: One comment sought clarification as to the role of the ordinary meaning of the claim term.

Response: The Office will construe claim terms consistent with the standard used in a civil action under 35 U.S.C. 282(b), which includes construing the claim in accordance with the ordinary and customary meaning in light of “the words of the claims themselves, the remainder of the specification, the prosecution history, and extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, and the state of the art.” *Phillips*, 415 F.3d at 1314 (citing *Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1116 (Fed. Cir. 2004)); *see, e.g., Sumitomo Dainippon Pharma Co., Ltd. v. Emcure Pharm. Ltd.*, 887 F.3d 1153, 1157 (Fed. Cir. 2018) (“As a general rule, the ordinary and customary meaning controls unless ‘a patentee sets out a definition and acts as

his own lexicographer, or . . . the patentee disavows the full scope of a claim term either in the specification or during prosecution.”) (quoting *Thorner v. Sony Comput. Entm't Am. LLC*, 669 F.3d 1362, 1365 (Fed. Cir. 2012)). This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Comment 28: Some comments sought clarification because the rule does not indicate consideration of the ordinary meaning to the skilled artisan “at the time of filing the invention” or as of the “earliest effective filing date.”

Response: Consistent with Supreme Court and Federal Circuit case law, the *Phillips* claim construction standard applied will be that of the skilled artisan as of the effective filing date. *Phillips*, 415 F.3d at 1313 (Fed. Cir. 2005) (“[T]he ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, *i.e.*, as of the effective filing date of the patent application.”) (citing *Innova*, 381 F.3d at 1116 (“A court construing a patent claim seeks to accord a claim the meaning it would have to a person of ordinary skill in the art at the time of the invention.”)). This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Prior Claim Construction Determinations

Comment 29: Some comments suggested that, in applying the *Phillips* standard, the PTAB should consider prior claim constructions from proceedings in federal court or the ITC.

Response: Under the amended rules as adopted in this final rule, the PTAB will consider prior claim construction determinations from federal courts or the ITC that has been timely made of record in an AIA proceeding. See 37 CFR 42.100, 42.200, and 42.300.

Comment 30: Some comments sought guidance on the intended meaning of “considered” and what level of deference and weight the PTAB will give to prior claim construction determinations. Some comments suggested that the PTAB should defer to a prior claim construction by a district court or the ITC. Others suggest that the proposed rule be modified to expressly require deference to a prior claim construction ruling. One comment expressed concerns that applying the *Phillips* standard may be unfair if the PTAB considers other tribunals’ prior claim construction determinations when either or both parties did not participate

in the prior proceedings. Another comment expressed concerns that requiring PTAB to consider prior claim construction determinations will encourage venue gamesmanship.

Response: The suggestions that the PTAB must necessarily defer to prior claim constructions are not adopted. The PTAB will consider prior claim constructions from courts or the ITC, if timely made of record, and give them appropriate weight. Non-exclusive factors to be considered may include, for example, how thoroughly reasoned the prior decision is and the similarities between the record in the district court or the ITC and the record before the PTAB. It also may be relevant whether the prior claim construction is final or interlocutory. These factors will continue to be relevant under the federal court claim construction standard, which is articulated in *Phillips*. The PTAB will also consider whether the terms construed by the district court or the ITC are necessary to decide the issues before it. This is not an exclusive list of considerations, and the facts and circumstances of each case will be analyzed as appropriate.

Comment 31: Some comments sought written guidance addressing how the PTAB will consider prior claim constructions. Some suggest a series of detailed questions that the PTAB should answer about what it means for a prior claim construction to be considered.

Response: The PTAB may provide further guidance in the future on the question of how the PTAB will consider prior claim constructions as circumstances warrant. However, at this juncture, the PTAB has not decided the form that such guidance, if any, will take. Guidance, if issued, may take the form of, for example, a guidance document, a Standard Operating Procedure, or designating certain decisions as informative or precedential. The PTAB expects its guidance, if any, will be informed by its experience with cases in which a federal court or the ITC has rendered a claim construction using the same standard as the PTAB.

The PTAB may treat a prior district court claim construction order the same way that such an order may be treated by a different district court. In particular, the PTAB will consider prior claim constructions from district courts or the ITC, if timely made of record, and give them appropriate weight. Non-exclusive factors to be considered may include, for example, how thoroughly reasoned the prior decision is and the similarities between the record in the district court or the ITC and the record before the PTAB. It also may be relevant whether the prior claim construction is

final or interlocutory. These factors will continue to be relevant under the district court claim construction standard, which is articulated in *Phillips*. The PTAB will also consider whether the terms construed by the district court or ITC are necessary to decide the issues before it. This is not an exclusive list of considerations, and the facts and circumstances of each case will be analyzed as appropriate. This rule reflects that the PTAB in an AIA proceeding will apply the same standard applied in federal courts to construe patent claims.

Comment 32: Some comments suggested requiring the PTAB in an AIA proceeding to explain in writing its reasoning when its claim construction differs from a prior construction of a district court or the ITC.

Response: As is the current practice, the PTAB will explain in writing its reasoning and the basis for its decisions on claim construction. Depending on the circumstances of a given matter, this may or may not include, for example, a discussion of prior claim construction decisions and explanation of material differences, if any, as appropriate.

Comment 33: Some comments suggested that a prior claim construction by a district court or the ITC will be binding on the PTAB under *res judicata*.

Response: A claim construction order from a district court may be informative to PTAB, just as claim construction from PTAB may be informative to a district court. The precise legal implications of either such decision would depend on the specific facts of the cases, any applicable legal principles, and an analysis of those specific facts to the applicable legal principles. It is worth noting that district courts themselves may not be bound by each other’s claim construction orders. Moreover, in many cases, the PTAB will issue a final decision before the corresponding district court trial has concluded and a final judgment has been entered. Issue preclusion, collateral estoppel, and *res judicata* must each be premised on, among other things, a final court judgment.

Comment 34: One comment suggested that the Office provide proof that the district courts will be willing to accept the PTAB’s claim constructions prior to a final decision knowing that these constructions are not final and might change.

Response: The district courts have the discretion to review and/or adopt the PTAB’s initial or final claim constructions, using their own factors and reasoning. A prior non-final claim construction by the PTAB may be

helpful and considered by the district court, just as a prior claim construction by the district court may be helpful and considered by the PTAB, depending on the facts and circumstances of a particular case.

Comment 35: One comment suggested that the PTAB should establish its rules and practices for construing claims in a way that best ensures that later tribunals will honor those constructions. The comment suggests that, in addition to adopting the *Phillips* standard, the PTAB should state its intent that PTAB trial determinations be treated as preclusive on later tribunals.

Response: The district courts have the discretion to review and/or adopt the PTAB's initial or final claim constructions, using their own factors and reasoning. A prior non-final claim construction by the PTAB may be helpful and considered by the district court, just as a prior claim construction by the district court may be helpful and considered by the PTAB, depending on the facts and circumstances of a particular case.

Comment 36: Some comments suggested that the PTAB should defer to its own prior claim constructions.

Response: The PTAB will continue to give due consideration to its own prior claim constructions, and where appropriate, may adopt those constructions. Non-exclusive factors to be considered may include, for example, how thoroughly reasoned the prior decision is and the similarities between the records. It also may be relevant whether the prior claim construction is final or interlocutory. The PTAB will also consider whether the terms previously construed are necessary to decide the issues currently before it. This is not an exclusive list of considerations, and the facts and circumstances of each case will be analyzed as appropriate.

Comment 37: Some comments sought guidance on the timing and procedures for submitting claim construction materials from other tribunals to the PTAB.

Response: Parties should submit a decision on claim construction by a federal court or the ITC in an AIA proceeding as soon as that decision becomes available. Preferably, the prior claim construction is submitted with the petition or preliminary response, with explanations. After a trial is instituted, the PTAB's rules on supplemental information govern the timing and procedures for submitting claim construction decisions. See 37 CFR 42.123, 42.223. Under those rules, a party must first request authorization from the PTAB to file a motion to

submit supplemental information. If it is more than one month after the date the trial is instituted, the motion must show why the supplemental information reasonably could not have been obtained earlier. Normally, the PTAB will permit such information to be filed, as long as the final oral hearing has not taken place. The PTAB may permit a later filing where it is not close to the one-year deadline for completing the trial. Again, parties should submit the prior claim construction as soon as the decision is available.

Comment 38: One comment asked whether disclosure of prior claim construction determinations is optional or subject to mandatory disclosure under 37 CFR 42.51(b).

Response: Submission of prior claim construction determinations is mandatory under 37 CFR 42.51(b), if it is "relevant information that is inconsistent with a position advanced by the party during the proceeding." In such cases, the determinations should be submitted "concurrent with the filing of the documents or things that contains the inconsistency." *Id.*

Comment 39: A comment suggested that the disclosure of any prior claim constructions by a court or the ITC or any claim constructions the parties or their privies have offered in a court proceeding or before the ITC be required.

Response: The current requirement under 37 CFR 42.51(b) for disclosure of "relevant information that is inconsistent with a position advanced by the party during the proceeding" is sufficient. District court and ITC claim construction proceedings may involve terms that are not relevant to issues before the PTAB. To require disclosure of any term construed by a district court or the ITC would result in unnecessary filings and inefficiencies in identifying which terms, if any, are relevant to the trial before the PTAB. Rather, a prior claim construction must be submitted under 37 CFR 42.51(b), if it is "relevant information that is inconsistent with a position advanced by the party during the proceeding."

Comment 40: One comment asked whether, if the PTAB decides not to adopt prior claim constructions, the PTAB can make its own claim constructions. The comment further asked whether the PTAB can only make constructions asserted by the parties.

Response: When applying the same *Phillips* standards as applied in federal court or the ITC, the PTAB may or may not adopt a construction that has been proposed by one of the parties. For example, the PTAB is not required to provide constructions that are

unnecessary to the issues before it. In addition, where the PTAB makes a claim construction determination in its institution decision that differs from one asserted by the parties, the parties will be afforded an opportunity to brief the issue after institution.

Effective Date of the Rule Change

Comment 41: Several comments opposed retroactive application of the rule and requested the proposed changes only apply to new proceedings filed some time period after announcement of the final rule. Concerns were expressed that retroactive application of the rule would be disruptive and would require significant time, effort, and expense to be spent by the parties (*e.g.*, for supplemental briefing and additional testimony) and may unfairly prejudice petitioners that have filed petitions they may not have decided to file under the *Phillips* standard.

Response: The Office appreciates the concerns that have been raised, and adopts the proposed change. While the Office believes the federal court claim construction standard to be the best standard to use going forward, given the concerns raised in the comments, the changes adopted in this final rule will only apply to petitions filed on or after the effective date of the final rule.

Comment 42: A few comments raised concerns whether the Office has the authority to apply the new standard retroactively under the principles articulated in *Bowen v. Georgetown Univ. Hosp.*, 109 S. Ct. 468 (1988) and *Landgraf v. USI Film Prods.*, 114 S. Ct. 1483 (1994).

Response: The Office acknowledges the concerns and recognizes that a "statutory grant of legislative rulemaking authority will not, as a general matter, be understood to encompass the power to promulgate retroactive rules unless that power is conveyed by Congress in express terms." *Bowen*, 109 S. Ct. at 472. The change in claim construction standard, as adopted in this final rule, will only be applied to petitions filed on or after the effective date of the rule.

Comment 43: Several comments suggested the *Phillips* claim construction standard should apply to all proceedings over which the PTAB maintains jurisdiction upon the effective date of the final rule. The comments noted this would be consistent with existing practices under which parties to post-grant proceedings know that claim construction is subject to modification until the end of trial. Additionally, a few comments proposed the *Phillips* standard also be applied to

proceedings remanded from the Federal Circuit Court of Appeals.

Response: The Office recognizes the desire of some commenters to apply the federal court standard as soon as possible to all proceedings. On balance, the Office has determined the rule changes set forth in this final rule will only apply to proceedings where a petition is filed on or after the effective date of the rule.

Comment 44: Some comments expressed concern that, if the rule changes were applied prospectively only, a large number of petitions may be filed prior to the effective date of the rule changes by petitioners seeking to retain the BRI standard, which would strain administrative resources and could cause unnecessary delay.

Response: The Office appreciates the comments. The rule changes adopted in this final rule are applicable to any petition filed on or after the effective date of the final rule. The Office does not anticipate an inordinate number of petitions to be filed during the 30 day period from publication to effective date.

Comment 45: A few comments suggested that, if the rule changes are applied to existing proceedings, the PTAB should provide the parties with the opportunity to file briefs directed to the impact of the change in the claim construction standard in their proceedings.

Response: The Office agrees and has implemented the final rule such that the final rule applies only to petitions filed on or after the effective date. As such, petitioners will have an opportunity to fully brief the federal court claim construction standard in their petitions and patent owners will likewise have an opportunity to fully brief this issue in patent owner preliminary responses.

Additional Suggested Changes

Comment 46: The Office has received a number of suggested changes to the current AIA proceedings. These suggested changes are directed to both procedural and statutory changes that go beyond the scope of this rulemaking. For example, the Office has received comments suggesting procedural and statutory changes such as handling motions to amend similar to *ex parte* reexamination, allowing more live testimony, limiting petitions to a single ground per claim, precluding hedge funds from filing petitions, denying multiple petitions against the same patent, using the substantial new question of patentability standard at institution, awarding attorney fees for small entities and changing the burden

of proof to a clear and convincing burden of proof.

Response: The Office appreciates the comments received. The Office continues to undertake a wholesale examination of AIA proceedings to determine which areas need improvement and which areas are working well. The Office may take action in certain areas in the near future based on its own review and in light of input from the IP community, some of which may be reflected in the comments received. The Office will continue to study and make improvements to AIA proceedings as necessary to ensure a balanced system that meets the congressional intent of the AIA.

Comment 47: The Office also has received a number of comments suggesting changes to *ex parte* examination, including reexamination and reissue examination procedures. For example, several comments have requested that the Office adopt a federal court claim construction standard for reexamination proceedings and reissue applications.

Response: The Office appreciates the comments received; however, they are beyond the scope of the current rulemaking, which focuses on AIA proceedings. The Office will take these comments into account as the Office continually seeks to improve the examination process in order to provide high quality, efficient examination.

Rulemaking Considerations

A. Administrative Procedure Act (APA): This final rule revises the rules relating to Office trial practice for IPR, PGR, and CBM proceedings. The changes set forth in this final rule will not change the substantive criteria of patentability. These rule changes involve rules of agency procedure and interpretation. *See Perez v. Mortg. Bankers Ass'n*, 135 S. Ct. 1199, 1204 (2015) (Interpretive rules “advise the public of the agency’s construction of the statutes and rules which it administers.” (citation and internal quotation marks omitted)); *Bachow Commc’ns, Inc. v. F.C.C.*, 237 F.3d 683, 690 (D.C. Cir. 2001) (Rules governing an application process are procedural under the Administrative Procedure Act.); *Inova Alexandria Hosp. v. Shalala*, 244 F.3d 342, 350 (4th Cir. 2001) (Rules for handling appeals were procedural where they did not change the substantive requirements for reviewing claims.); *Nat’l Org. of Veterans’ Advocates, Inc. v. Sec’y of Veterans Affairs*, 260 F.3d 1365, 1375 (Fed. Cir. 2001) (Rule that clarifies interpretation of a statute is interpretive.); *JEM Broad. Co. v. F.C.C.*,

22 F.3d 320, 328 (D.C. Cir. 1994) (Rules are not legislative because they do not “foreclose effective opportunity to make one’s case on the merits.”).

Accordingly, prior notice and opportunity for public comment are not required pursuant to 5 U.S.C. 553(b) or (c) (or any other law). *See Perez*, 135 S. Ct. at 1206 (Notice-and-comment procedures are required neither when an agency “issue[s] an initial interpretive rule” nor “when it amends or repeals that interpretive rule.”); *Cooper Techs. Co. v. Dudas*, 536 F.3d 1330, 1336–37 (Fed. Cir. 2008) (stating that 5 U.S.C. 553, and thus 35 U.S.C. 2(b)(2)(B), do not require notice and comment rulemaking for “interpretative rules, general statements of policy, or rules of agency organization, procedure, or practice” (quoting 5 U.S.C. 553(b)(3)(A))).

The Office, nevertheless, published the notice of proposed rulemaking for comment as it sought the benefit of the public’s views on the Office’s proposed changes to the claim construction standard for reviewing patent claims and proposed substitute claims in AIA proceedings before the Board. *See* 83 FR 21221.

B. Regulatory Flexibility Act: For the reasons set forth herein, the Deputy General Counsel for General Law of the United States Patent and Trademark Office has certified to the Chief Counsel for Advocacy of the Small Business Administration that changes in this final rule will not have a significant economic impact on a substantial number of small entities. *See* 5 U.S.C. 605(b).

This final rule revises certain rules and trial practice procedures before the Board. Any requirements resulting from these changes are of minimal or no additional burden to those practicing before the Board.

For the foregoing reasons, the changes in this final rule will not have a significant economic impact on a substantial number of small entities.

C. Executive Order 12866 (Regulatory Planning and Review): This rulemaking has been determined to be significant, for purposes of Executive Order 12866 (Sept. 30, 1993).

D. Executive Order 13563 (Improving Regulation and Regulatory Review): The Office has complied with Executive Order 13563. Specifically, the Office has, to the extent feasible and applicable: (1) Made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits;

(4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector and the public as a whole, and provided on-line access to the rulemaking docket; (7) attempted to promote coordination, simplification, and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

E. Executive Order 13771 (Reducing Regulation and Controlling Regulatory Costs): This rule is not subject to the requirements of E.O. 13771 because this rule results in no more than *de minimis* costs.

F. Executive Order 13132 (Federalism): This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (Aug. 4, 1999).

G. Executive Order 13211 (Energy Effects): This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

H. Executive Order 12988 (Civil Justice Reform): This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996).

I. Executive Order 13045 (Protection of Children): This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

J. Executive Order 12630 (Taking of Private Property): This rulemaking will not affect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

K. Congressional Review Act: Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 *et seq.*), prior to issuing any final rule, the United States Patent and Trademark Office will submit a report containing the rule and

other required information to the United States Senate, the United States House of Representatives, and the Comptroller General of the Government Accountability Office. The changes in this final rule are not expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this rulemaking is not a "major rule" as defined in 5 U.S.C. 804(2).

L. Unfunded Mandates Reform Act of 1995: The changes in this final rule do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. *See* 2 U.S.C. 1501 *et seq.*

M. National Environmental Policy Act: This rulemaking will not have any effect on the quality of the environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. *See* 42 U.S.C. 4321 *et seq.*

N. National Technology Transfer and Advancement Act: The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions which involve the use of technical standards.

O. Paperwork Reduction Act: The Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549) requires that the Office consider the impact of paperwork and other information collection burdens imposed on the public. This final rule involves information collection requirements which are subject to review by the Office of Management and Budget ("OMB") under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3549). This rulemaking does not add any additional information requirements or fees for parties before the Board. Therefore, the Office is not resubmitting information collection packages to OMB for its review and approval because the revisions in this rulemaking do not materially change the information

collections approved under OMB control number 0651–0069.

Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to, a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

List of Subjects in 37 CFR Part 42

Administrative practice and procedure, Inventions and patents.

For the reasons set forth in the preamble, the Office amends part 42 of title 37 as follows:

PART 42—TRIAL PRACTICE BEFORE THE PATENT TRIAL AND APPEAL BOARD

■ 1. The authority citation for 37 CFR part 42 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2), 6, 21, 23, 41, 135, 311, 312, 316, and 321–326; Public Law 112–29, 125 Stat. 284; and Pub. L. 112–274, 126 Stat. 2456.

■ 2. Amend § 42.100 by revising paragraph (b) to read as follows:

§ 42.100 Procedure; pendency.

* * * * *

(b) In an *inter partes* review proceeding, a claim of a patent, or a claim proposed in a motion to amend under § 42.121, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the *inter partes* review proceeding will be considered.

* * * * *

■ 3. Amend § 42.200 by revising paragraph (b) to read as follows:

§ 42.200 Procedure; pendency.

* * * * *

(b) In a post-grant review proceeding, a claim of a patent, or a claim proposed in a motion to amend under § 42.221, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of

ordinary skill in the art and the prosecution history pertaining to the patent. Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the post-grant review proceeding will be considered.

* * * * *

■ 4. Amend § 42.300 by revising paragraph (b) to read as follows:

§ 42.300 Procedure; pendency.

* * * * *

(b) In a covered business method patent review proceeding, a claim of a patent, or a claim proposed in a motion to amend under § 42.221, shall be construed using the same claim construction standard that would be used to construe the claim in a civil action under 35 U.S.C. 282(b), including construing the claim in accordance with the ordinary and customary meaning of such claim as understood by one of ordinary skill in the art and the prosecution history pertaining to the patent. Any prior claim construction determination concerning a term of the claim in a civil action, or a proceeding before the International Trade Commission, that is timely made of record in the covered business method patent review proceeding will be considered.

* * * * *

Dated: October 3, 2018.

Andrei Iancu,

Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office.

[FR Doc. 2018-22006 Filed 10-10-18; 8:45 am]

BILLING CODE 3510-16-P

POSTAL SERVICE

39 CFR Part 111

POSTNET Barcode

AGENCY: Postal Service™.

ACTION: Final rule.

SUMMARY: The Postal Service is amending Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM®) to remove all references to the POSTNET™ barcode.

DATES: Effective Date: October 11, 2018.

FOR FURTHER INFORMATION CONTACT:

Lizbeth Dobbins at (202) 268-3789 or Garry Rodriguez at (202) 268-7261.

SUPPLEMENTARY INFORMATION: The Postal Service published a notice of proposed rulemaking on July 23, 2018, (83 FR 34806-07) to amend the DMM to

remove all references to the POSTNET barcode. This decision was based on the limited use of the POSTNET barcode and the need to simplify the standards in regard to barcoding letter-size and flat-size mailpieces.

The Postal Service received 1 formal response which was in agreement with the removal of POSTNET barcodes in the DMM.

The Postal Service will remove all references to the POSTNET barcode from the DMM. The Postal Service will continue to process mailpieces with a POSTNET barcode to accommodate customers who may have preprinted stock bearing a POSTNET barcode.

List of Subjects in 39 CFR Part 111

Administrative practice and procedure, Postal Service.

The Postal Service adopts the following changes to Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM), incorporated by reference in the Code of Federal Regulations. See 39 CFR 111.1.

Accordingly, 39 CFR part 111 is amended as follows:

PART 111—[AMENDED]

■ 1. The authority citation for 39 CFR part 111 continues to read as follows:

Authority: 5 U.S.C. 552(a); 13 U.S.C. 301-307; 18 U.S.C. 1692-1737; 39 U.S.C. 101, 401, 403, 404, 414, 416, 3001-3011, 3201-3219, 3403-3406, 3621, 3622, 3626, 3632, 3633, and 5001.

■ 2. Revise the Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM) as follows:

Mailing Standards of the United States Postal Service, Domestic Mail Manual (DMM)

* * * * *

200 Commercial Mail Letters, Cards, Flats, and Parcels

* * * * *

202 Elements on the Face of a Mailpiece

* * * * *

5.0 Barcode Placement Letters and Flats

5.1 Letter-Size

* * * * *

5.1.4 Additional Barcode Permissibility

[Revise the text of 5.1.4 to read as follows:]

An automation letter or a letter claimed at Enhanced Carrier Route saturation or high density automation letter prices may not bear a 5-digit or

ZIP+4 Intelligent Mail barcode in the lower right corner (barcode clear zone). The piece may bear an additional Intelligent Mail barcode in the address block only if a qualifying Intelligent Mail barcode with a delivery point routing code appears in the lower right corner.

* * * * *

5.2 Flat-Size

5.2.1 Barcode Placement for Flats

[Revise the fifth sentence of 5.2.1 to read as follows:]

* * * An additional Intelligent Mail barcode may also appear in the address block of an automation flat, when the qualifying Intelligent Mail barcode is not in the address block. * * *

* * * * *

6.0 Barcode Placement for Parcels

* * * * *

[Revise the heading and text of 6.3 to read as follows:]

6.3 Intelligent Mail Barcodes

Intelligent Mail barcodes (IMb) do not meet barcode eligibility requirements for parcels and do not qualify for any barcode-related prices for parcels, but one barcode may be included only in the address block on a parcel, except on eVS parcels. An Intelligent Mail barcode in the address block must be placed according to 5.3.

* * * * *

8.0 Facing Identification Mark (FIM)

* * * * *

8.2 Pattern

[Revise the third sentence in the introductory text of 8.2 to read as follows:]

* * * The required FIM pattern as shown in Exhibit 8.2.0 below depends on the type of mail and the presence of an Intelligent Mail barcode as follows:

* * * * *

204 Barcode Standards

Overview

[Revise the link heading under "Overview" to read as follows:]

1.0 Standards for Intelligent Mail Barcodes

* * * * *

[Revise the heading of 1.0 to read as follows:]

1.0 Standards for Intelligent Mail Barcodes

1.1 General

[Revise the text of 1.1 to read as follows:]

PATENT TRIAL AND APPEAL BOARD

STANDARD OPERATING PROCEDURE 2 (REVISION 10)

PRECEDENTIAL OPINION PANEL TO DECIDE ISSUES OF EXCEPTIONAL IMPORTANCE INVOLVING POLICY OR PROCEDURE

PUBLICATION OF DECISIONS AND DESIGNATION OR DE-DESIGNATION OF DECISIONS AS PRECEDENTIAL OR INFORMATIVE

This Standard Operating Procedure (SOP) addresses the designation of a Precedential Opinion Panel in adjudications before the Patent Trial and Appeal Board (Board) to decide issues of exceptional importance (e.g., involving agency policy or procedure). The SOP sets forth the composition of the Precedential Opinion Panel, describes the mechanisms for invoking Precedential Opinion Panel review of a Board decision recently issued in a pending case, and explains the Precedential Opinion Panel review process. Unless otherwise designated, Precedential Opinion Panel decisions will set forth binding agency authority.

This SOP further addresses the publication of Board decisions and the review procedure for designating Board decisions, other than Precedential Opinion Panel decisions, as precedential or informative authority for the Board. The review procedure includes a process by which an Executive Judges Committee evaluates decisions nominated for precedential or informative designation. As part of this process, the Executive Judges Committee also may solicit and evaluate comments from all members of the Board to determine whether to recommend the nominated decision for designation as precedential or informative.

Finally, this SOP includes a procedure for de-designating precedential decisions and informative decisions.

No decision will be designated or de-designated as precedential or informative without the approval of the Director. This SOP does not limit the authority of the Director to designate or de-designate decisions as precedential or informative, or to convene a Precedential Opinion Panel to review a matter, in his or her sole discretion without regard to the procedures set forth herein. Nor does this SOP limit the Director's authority to issue, at any time and in any manner,

policy directives that are binding on any and all USPTO employees, including policy directives concerning the implementation of statutory provisions. *See, e.g.*, 35 U.S.C. §3(a)(2)(A); *see also, e.g.*, 35 U.S.C. §§ 3(a)(1), 2(b)(2)(A), 316(a), 326(a).

This SOP sets forth internal norms for the administration of PTAB. It does not create any legally-enforceable rights. The actions described in this SOP are part of the USPTO's deliberative process.

I. PURPOSE

A. Precedential Opinion Panel Review

The Under Secretary of Commerce for Intellectual Property and Director of the United States Patent and Trademark Office (Director), who is a statutory member of the Board (35 U.S.C. § 6(a)), is “responsible for providing policy direction and management supervision for the Office” (35 U.S.C. § 3(a)(2)(A)), and has “the authority to govern the conduct of proceedings in the Office” (35 U.S.C. § 2(b)(2)(A)). The Director has an interest in creating binding norms for fair and efficient Board proceedings, and for establishing consistency across decision makers under the Leahy-Smith America Invents Act (35 U.S.C. §§ 311-329; Section 18 of the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284, 329 (2011)) and, to the extent applicable, for patent examination, for example, in *ex parte* appeals and reexamination appeals.

B. Publication of Decisions and Designation of Decisions as Precedential or Informative

The Administrative Procedure Act requires that “[e]ach agency shall make available to the public . . . final opinions, including concurring and dissenting opinions, as well as orders, made in the adjudication of cases.” 5 U.S.C. § 552(a)(2)(A). Since August 1997, Board decisions have been made available to

the public through the electronic posting of most¹ final Board decisions (<http://e-foia.uspto.gov/Foia/PTABReadingRoom.jsp>; <https://ptab.uspto.gov>). A decision, as used in this SOP, refers to any Board decision, opinion, or order, or the rehearing decision of any Board decision, opinion, or order.

The Board enters thousands of decisions every year. Every decision other than a precedential decision by the Precedential Opinion Panel is, by default, a routine decision. A routine decision is binding in the case in which it is made, even if it is not designated as precedential or informative, but it is not otherwise binding authority. This SOP provides a mechanism for highlighting certain Board decisions by designating them as precedential or informative.

C. Procedures for De-designation

This SOP also provides a procedure for de-designating decisions previously designated as precedential or informative when they should no longer be designated as such, for example, because they have been rendered obsolete by subsequent binding authority, are inconsistent with current policy, or are no longer relevant to Board jurisprudence. No decision will be de-designated without the approval of the Director.

II. PRECEDENTIAL OPINION PANEL REVIEW FOR ESTABLISHING BINDING AGENCY AUTHORITY

A. Criteria for Precedential Opinion Panel Review

The Precedential Opinion Panel generally will be used to establish binding agency authority concerning major policy or procedural issues, or other issues of exceptional importance in the limited situations where it is appropriate to create such binding agency authority through adjudication before the Board. For example, and among other things, the Precedential Opinion Panel may be used to

¹ Electronic publication of most decisions depends on whether the underlying application is entitled to confidentiality. 35 U.S.C. § 122. Since November 2000, only a relatively small number of decisions remain confidential.

address constitutional questions; important issues regarding statutes, rules, and regulations; important issues regarding binding or precedential case law; or issues of broad applicability to the Board. The Precedential Opinion Panel also may be used to resolve conflicts between Board decisions, to promote certainty and consistency, or to rehear any case it determines warrants the Panel's attention.

B. Composition of the Precedential Opinion Panel

35 U.S.C. § 6(c) provides that proceedings at the Board "shall be heard by at least 3 members of the Patent Trial and Appeal Board [Board], who shall be designated by the Director." The Board is composed of the Director, the Deputy Director, the Commissioner for Patents, the Commissioner for Trademarks, and the administrative patent judges. 35 U.S.C. § 6(a). The Board further includes a Chief Administrative Patent Judge ("Chief Judge"), a Deputy Chief Administrative Patent Judge ("Deputy Chief Judge"), and a number of Operational Vice Chief Administrative Patent Judges ("Operational Vice Chief Judges").

The Precedential Opinion Panel members are selected by the Director, and by default shall consist of the Director, the Commissioner for Patents, and the Chief Judge. The Director (or the Director's delegate) may determine that a panel of more than three members is appropriate in certain circumstances. The Director may also, in his or her discretion, replace the default members of the Panel with the Deputy Director, the Deputy Chief Judge, or an Operational Vice Chief Judge, in any case. The three primary members of the Precedential Opinion Panel may each decide to delegate their authority under certain circumstances. Decisions on delegation of authority will be made in the following order: (1) first the Director will decide whether to delegate his or her authority; (2) next, the Commissioner for Patents; and (3) finally, the Chief Judge. The authority of each of these three members of the Precedential Opinion Panel may be delegated to one of the following individuals, in the following order and based on availability: the Deputy Director; the Deputy Chief Judge; or an Operational Vice Chief Judge in order of seniority. No individual may receive the delegated authority of more than one member of the Precedential Opinion Panel. A Precedential Opinion Panel member's authority may be delegated for reasons including conflicts of interest

and availability or when the issues to be decided are directed to procedural aspects of practice before the Board.²

C. Obtaining Precedential Opinion Panel Review

The Director may convene a Precedential Opinion Panel to review a decision in a case and determine whether to order sua sponte rehearing, in his or her sole discretion and without regard to the procedures set forth herein.

The Precedential Opinion Panel may also be recommended in the following ways:

1. Any party to a proceeding may recommend Precedential Opinion Panel review of a particular Board decision in that proceeding. Such a recommendation must be submitted by email to Precedential_Opinion_Panel_Request@uspto.gov. The email must identify with particularity the reasons for recommending Precedential Opinion Panel review. The email must be accompanied by a request for rehearing filed with the Board, which must satisfy the requirements of 37 C.F.R. § 41.52(a) or 42.71(d), as applicable, including the due dates set forth therein. Counsel for all other parties must be included as recipients of the email. In addition, the email must contain at least one of the following statements of counsel at the beginning:

Based on my professional judgment, I believe the Board panel decision is contrary to the following decision(s) of the Supreme Court of the United States, the United States Court of Appeals for the Federal Circuit, or the precedent(s) of the Board: (cite specific decisions).

² This SOP does not limit the authority of the Director to convene a Precedential Opinion Panel consisting of any Board members, including statutory members, at any time, to review any matter before the Board, in his or her sole discretion.

Based on my professional judgment, I believe the Board panel decision is contrary to the following constitutional provision, statute, or regulation: (cite specific provision, statute, or regulation).

Based on my professional judgment, I believe this case requires an answer to one or more precedent-setting questions of exceptional importance (set forth each question in a separate sentence).

/s/ [signature]

ATTORNEY OF RECORD FOR [list party/parties].

2. In addition to the Commissioner for Patents and the Chief Judge, any other member of the Board may recommend Precedential Opinion Panel review of a particular Board decision, provided that such recommendation complies with the due dates set forth 37 C.F.R. §§ 41.52(a) or 42.71(d). Such a recommendation must be submitted by email to [Precedential Opinion Panel Request@uspto.gov](mailto:Precedential_Opinion_Panel_Request@uspto.gov). The email must identify with particularity the reasons for suggesting Precedential Opinion Panel review.

There is no right to further review of a recommendation for Precedential Opinion Panel Review that is not granted.

D. Precedential Opinion Panel Review Process

A Screening Committee will review the recommendations for Precedential Opinion Panel review submitted under § II.C.1 and § II.C.2, above. The Screening Committee shall be comprised of the members of the Precedential Opinion Panel, or their designees, typically in equal numbers (for example, 3 designees of each of the Chief Judge, Commissioner for Patents, and Director). The designees must be USPTO employees with a legal degree, selected from the group of:

- PTAB Administrative Patent Judges;
- The Deputy Director;
- Individuals with a grade of SES or SL reporting directly or indirectly to the Commissioner for Patents, Deputy Commissioner for Patent Examination

Policy, Deputy Commissioner for Patent Operations, or Deputy Commissioner for Patent Quality; or

- Attorneys reporting directly or indirectly to the General Counsel or Solicitor.

The Screening Committee will forward its recommendations to the Director.

Where appropriate, the Director will convene a Precedential Opinion Panel to decide whether to grant rehearing and, if rehearing is granted, to render a decision on rehearing in the case.

In all instances in which Precedential Opinion Panel review is ordered, the Precedential Opinion Panel will enter an order notifying the parties and the public when the Precedential Opinion Panel has been designated and assigned to a particular Board case. The order will further identify the issues the Precedential Opinion Panel intends to resolve and the composition of the panel. The Precedential Opinion Panel may request additional briefing on identified issues, and, in appropriate circumstances, may further authorize the filing of amicus briefs. The Precedential Opinion Panel may order, at its discretion, an oral hearing. Once the case has been assigned to the Precedential Opinion Panel, the Precedential Opinion Panel will render a decision in the case resolving the identified issues.

The Precedential Opinion Panel will maintain authority over all issues in the case while the case is under Precedential Opinion Panel review. The Precedential Opinion Panel may, however, delegate authority back to the prior Board panel assigned to the case to handle routine interlocutory matters, conduct conference calls, or attend to other matters outside of the intended scope of the Precedential Opinion Panel review, among other things. If authority is so delegated, the prior Board panel assigned to the case will keep the Precedential Opinion Panel apprised of these matters and provide reasonable prior notice of any intended decision, but may handle matters so delegated without direction from the Precedential Opinion Panel.

If further proceedings in the case are warranted after the Precedential Opinion Panel decision is rendered, the prior Board panel assigned to the case typically will conduct those proceedings.

E. Effect of Precedential Opinion Panel Decision

Opinions of the Precedential Opinion Panel shall have the effect described in § III.D, below.

The Director may designate any decision by any panel, including the Precedential Opinion Panel, as precedential without regard to the procedures set forth herein. No decision may be designated as precedential without the Director's approval. Precedential decisions entered by the Precedential Opinion Panel shall be labeled "Precedential." Precedential decisions shall be posted to the Board's Precedential Decisions Web page³ and may be sent to commercial reporters that routinely publish Board decisions.

The Precedential Opinion Panel may also choose to designate its decision as routine when, e.g., the decision in retrospect is no longer of precedent-setting importance. In its discretion, the Precedential Opinion Panel may alternatively choose to designate its decision as informative, for example when it meets the criteria for an informative decision described in § III.A, below.

Opinions of the Precedential Opinion Panel may be de-designated in accordance with the procedures set forth in § IV, below.

III. DESIGNATING AN ISSUED DECISION AS PRECEDENTIAL OR INFORMATIVE

Every Board decision, other than a Precedential Opinion Panel decision, is a routine decision until it is designated as precedential or informative. A routine decision is binding in the case in which it is made, even if it is not designated as

³ <https://www.uspto.gov/patents-application-process/patent-trial-and-appeal-board/precedential-informative-decisions>

precedential or informative, but is not otherwise binding authority. The sections below set forth a procedure for nomination, review, and designation of issued decisions (other than decisions entered by the Precedential Opinion Panel) as precedential or informative.

A. Nominating Process for Precedential or Informative Designation

Any person, including for example Board members and other USPTO employees and members of the public, may nominate a routine decision of the Board for designation as precedential or informative. An informative decision may similarly be nominated for precedential designation.

Nominations for precedential or informative designation must set forth with particularity the reasons for the requested designation. Persons nominating such a decision must also identify any other Board decisions of which they are aware that may be in conflict with the nominated decision. Nominations should be submitted by email to PTAB_Decision_Nomination@uspto.gov.

Nominated decisions may be considered for precedential designation for generally the same reasons described in § II.A, above. For example and among other things: constitutional questions; important issues regarding statutes, rules, and regulations; important issues regarding binding or precedential case law; or issues of broad applicability to the Board. The precedential designation may also be used to resolve conflicts between Board decisions and to promote certainty and consistency among Board decisions.

Nominated decisions may be considered for informative designation for reasons including, for example: (1) providing Board norms on recurring issues; (2) providing guidance on issues of first impression to the Board; (3) providing guidance on Board rules and practices; and (4) providing guidance on issues that may develop through analysis of recurring issues in many cases (e.g., factors to consider on institution decisions).

The Screening Committee as defined in § II.D, above, will review the nominated decisions and make recommendations as to which cases should be

further reviewed for designation as precedential or informative. This further review is performed by an Executive Judges Committee.

B. Executive Judges Committee

The Executive Judges Committee will provide a recommendation to the Director on whether or not to designate a decision, or a portion thereof, as precedential or informative.

1. Composition of the Executive Judges Committee

The Executive Judges Committee consists of five members, and includes the Chief Judge, the Deputy Chief Judge and the Operational Vice Chief Judges, in order of seniority and based on availability.

2. Executive Judges Committee Review Process

As part of its evaluation, the Executive Judges Committee may solicit and review comments from members of the Board. To that end, the Executive Judges Committee may present the nominated decision to all members of the Board for comment during a Board review period. During the Board review period, which typically will be five business days, any member of the Board may submit written comments to the Executive Judges Committee regarding whether the decision should be designated as precedential or informative. The Executive Judges Committee may share the comments with all members of the Board. After the expiration of the Board review period, the Executive Judges Committee will compile and evaluate the received comments, and shall determine by majority vote of the Executive Judges Committee whether or not to recommend the decision for designation as precedential or informative.

C. Designating a Decision as Precedential or Informative

The Executive Judges Committee shall submit its designation recommendation to the Director, with an explanation for the recommendation. The Director may consult with others, including, for example, the members of the

Precedential Opinion Panel and members of the Office of the General Counsel. No decision or portion thereof may be designated as precedential or informative pursuant to these procedures without the Director's approval. If the Director determines that the decision or portion thereof should be designated as precedential or informative, the Director will notify the Chief Judge.⁴

The decision to be designated will then be published or otherwise disseminated following notice and opportunity for written objection afforded by 37 C.F.R. § 1.14, in those instances in which the decision would not otherwise be open to public inspection because a patent application is preserved in confidence pursuant to 35 U.S.C. § 122(a).

Decisions, or portions thereof, designated as precedential or informative shall be labeled "Precedential" or "Informative," respectively, and include the date on which the decision is so designated. If a portion of a decision is designated as precedential or informative, an indication of that portion shall be included in the label. Precedential and informative decisions shall be posted electronically on the Board's Precedential and Informative Decisions Web page and may be sent to commercial reporters that routinely publish Board decisions.

D. Effect of Precedential or Informative Designation

A precedential decision is binding Board authority in subsequent matters involving similar facts or issues.

Informative decisions set forth Board norms that should be followed in most cases, absent justification, although an informative decision is not binding authority on the Board.

⁴ This SOP does not limit the authority of the Director to designate or de-designate an issued decision or portion thereof as precedential or informative at any time, in his or her sole discretion.

A decision previously designated as precedential or informative under a prior version of SOP 2 (and not previously de-designated) shall remain precedential or informative unless de-designated under § IV of this SOP.

IV. DE-DESIGNATING A PRECEDENTIAL OR INFORMATIVE DECISION

Any person, including for example Board members and other USPTO employees and members of the public, may suggest that a Board decision designated as “Precedential” or “Informative” should no longer be designated as such, for example because it has been rendered obsolete by subsequent binding authority, is inconsistent with current policy, or is no longer relevant to Board jurisprudence. Nominations for de-designation should be submitted by email to PTAB_Decision_Nomination@uspto.gov.

If the Director determines that the particular Board decision should no longer be designated as such, the subject Board decision will be de-designated. The Chief Judge will notify the Board that the decision has been de-designated. The decision will be removed from the Board’s Precedential and Informative Decisions Web page and the public will be notified that the decision has been de-designated.