USPTO Updates Eligibility Guidance for AI: ‘We Want to Accelerate AI Innovation Without Locking it Up’ (ipwatchdog.com)

USPTO Updates ‘101 Eligibility Guidance for AI: ‘We Want to Accelerate AI Innovation Without Locking it Up’

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“I hope people will see this for what it is—a really good faith and hard-worked process to bring something to the public that will impart more clarity and certainty, and at the same time reinforce that we want people to have trust in AI and use it responsibly to bring innovative products to market.” – USPTO Director Kathi Vidal

The U.S. Patent and Trademark Office (USPTO) announced today that it has updated its Subject Matter Eligibility Guidance to more directly address emerging technologies, specifically artificial intelligence (AI). The guidance also includes three new and detailed examples using hypothetical claims to address common situations, such as "whether a claim recites an abstract idea or whether a claim integrates the abstract idea into a practical application."

The Right Balance

The last time the USPTO issued updated eligibility guidance was in 2019, under former USPTO Director Andrei Iancu, to help examiners more predictably apply the two-part *Alice/ Mayo* test. Vidal told IPWatchdog's CEO and Founder Gene Quinn in an exclusive interview that today's guidance is not a departure from that, but is meant to provide additive examples based on the Office's collective history since 2019.

"Overall, when it comes to policy at the intersection of AI and IP, we want people to use AI," Vidal said. "We want people to innovate with and adopt AI, but we want to make sure we strike the right balance so that AI is used for innovation, but isn't used to lock up innovation."

Vidal referred to the Office's February 2024 guidance for determining inventorship of artificial intelligence (AI)-assisted inventions, to explain how failing to strike this balance could be detrimental:

"If we were to allow AI [to obtain] U.S. patents regardless of what role AI played in the inventorship process, someone could set AI loose to invent every chair. And then patent every chair. And then you've locked up innovation. We want to accelerate innovation but then also get it to market; we don't to lock it up so people can't get patents in a space."

The February inventorship guidance clarified that "while AI-assisted inventions are not categorically unpatentable, the inventorship analysis should focus on human contributions, as patents function to incentivize and reward human ingenuity." Comments closed on June 20 and Vidal said the Office received 66 unique submissions that, for the most part, agreed with fundamentals that 1) an inventor must be a natural person, 2) that the focus of the inquiry should be on human contribution and 3) that AI assisted inventions are not categorically unpatentable, Vidal said.

Former USPTO Directors Iancu and David Kappos recently authored an op-ed for the *Wall Street Journal* charging that the inventorship guidance "could inadvertently discourage inventors from making use of artificial intelligence tools."

The eligibility guidance issued today includes a section that indicates "whether an invention was created with the assistance of AI is not a consideration in the application of the *Alice/Mayo* test and USPTO eligibility guidance and should not prevent USPTO personnel from determining that a claim is subject matter eligible."

Previous Guidance Has Been a Success

Vidal cited USPTO rejection data that she said shows, since 2019, the corps-wide SME (subject matter eligibility) rejection rate has been consistently below 11%. The percentage in February 2023 was 8.7%. Furthermore, the Patent Trial and Appeal Board "is consistently affirming examiners on SME rejections at a higher rate than average rates for reviewed rejections," Vidal added. In 2021, the Board affirmed those rejections about 87% of the time. The CAFC has affirmed the Office 100% of the time on SME rejections appealed to the CAFC (85 appeals) since the 2019 guidance was introduced. Vidal said this success rate is why she focused on issuing guidance in the AI space. "If it's the same playbook, we can create consistency. The [eligibility] guidance is working. We weren't trying to change it, just add more clarity and give examples in the AI context."

Updates

The Office issued a request for comment (RFC) in 2019 asking for input on patenting AI inventions. Those comments were summarized in a report issued in October 2020 and found that patent system users were divided on whether the current intellectual property framework was sufficient to address AI inventions or if new laws are needed. Today's updated guidance notes that "some commenters were concerned that AI inventions are at risk under the subject matter eligibility analysis because they can be characterized as abstract ideas."

According to the guidance, stakeholder feedback has indicated "that when considering the subject matter eligibility of AI inventions, there are certain areas of particular concern: (1) the evaluation of whether a claim recites an abstract idea in Step 2A, Prong One; and (2) the evaluation of the improvements consideration in Step 2A, Prong Two."

The guidance thus includes several examples of AI claims that do and do not recite abstract ideas to assist examiners in this evaluation. It first provides several "non-limiting hypothetical examples of claims that do not recite an abstract idea" and then goes on to provide examples from recent U.S. Court of Appeals for the Federal Circuit (CAFC) cases of representative claims.

For claims that do not recite an abstract idea in the form of a mathematical concept, the guidance points to *XY, LLC v. Trans Ova Genetics*, 968 F.3d 1323, 1330-32 (Fed. Cir. 2020), where the CAFC found the claims at issue were not directed to "the abstract idea of using a 'mathematical equation that permits rotating multi-dimensional data' even though they may have involved mathematical concepts."

For judicial examples of claims directed to "certain methods of organizing human activity," that would *not* be allowed, the guidance points to cases such as *Weisner v. Google LLC,* 51 F.4th 1073, 1082 (Fed. Cir. 2022); *Elec. Commc'n Techs., LLC v. ShoppersChoice.com, LLC,* 958 F.3d 1178, 1181 (Fed. Cir. 2020); and *Bozeman Fin. LLC v. Fed. Reserve Bank of Atlanta*, 955 F.3d 971, 978 (Fed. Cir. 2020).

An example of a claim that does not recite a mental process "because it cannot be practically performed in the human mind" is the RFID transponder claim that was at issue in *ADASA Inc. v. Avery Dennison Corp*., 55 F.4th 900, 909 (Fed. Cir. 2022).

The guidance then goes on to provide case examples for Step 2A, prong two, as to whether evaluation of the claim as a whole integrates the judicial exception into a practical application.

While the guidance noted that "an improvement in the judicial exception itself is not an improvement in the technology," citing *In re Board of Trustees of Leland Stanford Junior University*, 989 F.3d 1367,

1370, 1373 (Fed. Cir. 2021) (*Stanford I*), it said that "an exemplary case illustrating such an improvement is *McRO, Inc. v. Bandai Namco Games America Inc.,* 837 F.3d 1299 (Fed. Cir. 2016)…" The guidance explained:

"The court indicated that it was the incorporation of the particular claimed rules in computer animation that "improved [the] existing technological process….. USPTO personnel accordingly should analyze the claim as a whole when determining whether the claim provides an improvement to the functioning of a computer or an improvement to another technology or technical field."

This section also includes a number of other examples from Federal Circuit case law of "claims that improve technology and are not directed to a judicial exception."

The three new and, according to Vidal, "very detailed" examples, provide hypotheticals of claims that would be both eligible and ineligible under the guidance.

Going Forward

At the end of the day, said Vidal, "I hope people will see this for what it is—a really good faith and hard-worked process to bring something to the public that will impart more clarity and certainty, and at the same time reinforce that we want people to have trust in AI and use it responsibly to bring innovative products to market."

Today's eligibility guidance will be open for comment for a 60-day period from publication. Quinn asked Vidal what kinds of comments the Office is most likely to consider, since the guidance will be effective July 17 and has already undergone an extensive vetting process, including with international counterparts.

"We have a lot of certainty behind it," Vidal said. "That said…there may be something in there people want to comment on… The best feedback is the most concrete feedback. Examiners will also have an opportunity to give feedback – they're going to get training and if they think there's something that can be better said, they can give us feedback."

Pointing to the AI inventorship guidance again, Vidal said one comment they're considering implementing asked for an example in the design patent context. "That's a good comment – it will make it stronger," she said.

However, she added that "we are open to any and all feedback. These are tough issues and we are open to considering any ideas that align with our mission and goals of incentivizing innovation without locking it up as well as harmonizing internationally."

Vidal also told IPWatchdog that she would welcome potential eligibility legislation in the sense that "anything that brings more clarity and certainty when it comes to eligibility would be positive." She noted that the Office has tried to weigh in via amicus briefs in cases such as *David A. Tropp v. Travel Sentry, Inc. et. al*. and *Interactive Wearables, LLC v. Polar Electric Oy*, but those "didn't get any traction. "I would welcome any mechanism for bringing more clarity and certainty," Vidal said.

But with respect to comments she has heard about waiting for legislation rather than issuing guidance now, Vidal said the Office simply can't:

"We have to operate the agency right now. If legislation happens, we may need it in certain areas as we get comments back, but where we can solve for things, we need to do what's best for the country right now with what we have available."

The USPTO also issued a notice this week about its upcoming listening session on “the impact of the proliferation of artificial intelligence (AI) on prior art and a person having ordinary skill in the art (PHOSITA).” The event will take place on July 25 at USPTO headquarters and the deadline to register as a speaker is July 19.