October 16, 2024

Hon. Kathi Vidal
Undersecretary of Commerce for Intellectual Property and Director
U.S. Patent and Trademark Office
600 Dulany Street
Alexandria, VA 22314

Submitted via: https://www.regulations.gov

Re: Comments on 2024 Guidance Update on Patent Subject Matter Eligibility, Including on Artificial Intelligence

Dear Director Vidal:

Intellectual Property Owners Association submits the following comments in response to the "2024 Guidance Update on Patent Subject Matter Eligibility, Including on Artificial Intelligence" (the "Updated AI Guidance"). IPO is an international trade association representing a "big tent" of diverse companies, law firms, service providers and individuals in all industries and fields of technology that own, or are interested in, intellectual property rights. IPO membership includes over 125 companies and spans over 30 countries. IPO advocates for effective and affordable IP ownership rights and offers a wide array of services, including supporting member interests relating to legislative and international issues; analyzing current IP issues; providing information and educational services; supporting and advocating for diversity, equity, and inclusion in IP and innovation; and disseminating information to the public on the importance of IP rights.

IPO's vision is the global acceleration of innovation, creativity, and investment necessary to improve lives. The Board of Directors has adopted a strategic objective to foster diverse engagement in the innovation ecosystem and to integrate diversity, equity, and inclusion in all its work to complement IPO's mission of promoting high quality and enforceable IP rights and predictable legal systems for all industries and technologies.

To promote "responsible innovation, competition, and collaboration" that will "allow the United States to lead in AI and unlock the technology's potential to solve some of society's most difficult challenges," consistent with President Biden's Executive Order 14110, patent examination guidance concerning assessing the eligibility of AI inventions must be clear. IPO appreciates the USPTO's ongoing efforts to align examination practices with case law—a difficult task given the dearth of directly relevant case law.

The first inquiry in the eligibility analysis laid out by the courts is the focus of a claimed invention. As outlined in the initial USPTO patent subject matter eligibility guidance, "[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."[1] The initial guidance indicated that "meaningful limits" on a judicial exception would illustrate that the claim is not directed to that exception. Similarly, the initial guidance indicated that if the additional claim elements establish "that the claim is more than a drafting effort designed to monopolize the judicial exception," the claim is not "directed to" that exception. In some respects, the eligibility framework has been implemented in a manner inconsistent with these statements. Because claims for AI inventions often reference mental processes or mathematical algorithms, it is crucial to have clarity about when a combination of claim elements monopolizes or, conversely, meaningfully limits a judicial exception. Our suggestions are discussed below.

Clarify Step 2A, Prong One Analysis

We observe that AI claims that might be categorized as mental processes if few details are provided might be categorized instead as mathematical algorithms if more detail is provided; because surely not every AI related claim recites one of these judicial exceptions, it would be helpful to understand when claims fall between them and are not directed to judicial exceptions at Prong One. We suggest that the USPTO further develop non-example-based guidance concerning how to distinguish a high-level mental process from a sufficiently detailed eligible concept and a mathematical algorithm from an eligible claim that merely relies on an algorithm.

We also suggest the USPTO provide additional AI examples that an examiner may, at Step 2A, Prong One, find to be patent-eligible. The current examples concerning AI inventions, other than Claim 1 of Example 47, do not clarify the guidance because they are found to be not directed to a judicial exception at Step 2A, Prong Two rather than at Prong One or rely on features other than the AI technology itself to confer eligibility (*e.g.*, Claim 3 of Example 47, Claims 2-3 of Example 48, and Claim 2 of Example 49).

We also suggest explaining how Step 2A, Prong One interacts with the broadest reasonable interpretation of a claim. MPEP 2106(II) states that "[i]t is essential that the broadest reasonable interpretation (BRI) of the claim be established prior to examining a claim for eligibility," but it is not clear how the Updated AI Guidance follows this requirement.

Ensure Step 2A, Prong Two Guidance Focuses on What a Claim is "Directed To"

Prong Two's purpose is to determine what a claim is "directed to," and the MPEP indicates that it is improper to assume this at the outset.[2] Step 2A, Prong Two allows claim elements to be disregarded as "insignificant extra-solution activity" in a manner that can obscure what a claim is "directed to." Clarity here is important because AI inventions can mix arguably mental processes or mathematical concepts with what might appear to be "insignificant" elements to produce an eligible invention. We suggest that the USPTO carefully consider whether the current treatment of "insignificant extra-solution activity" in Prong Two continues to be useful.

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[1] *See* 84 Fed. Reg. 53.

[2] MPEP 2106.04((II)(A)(2) states that "mere recitation of a judicial exception does not mean that the claim is "directed to" that judicial exception under Step 2A Prong Two. Instead, under Prong Two, a claim that recites a judicial exception is not directed to that judicial exception, if the claim as a whole integrates the recited judicial exception into a practical application of that exception. Prong Two thus distinguishes claims that are 'directed to' the recited judicial exception from claims that are not 'directed to' the recited judicial exception."

To illustrate, Example 47 dismisses Claim 2 elements (a) and (f) as insignificant extra-solution activity after determining that the "solution" is the combination of steps (b)- (e), which are abstract ideas. An alternative reading could find Claim 2 "directed to" the combination of just steps (c)-(e) because taken together they provide the technical benefit discussed in the invention description ("methods for training an ANN that lead to faster training times and a more accurate model for detecting anomalies"), whereas discretization in step (b) is unrelated. In this reading, one could conclude that step (a), rather than being "insignificant," allows the invention to be deployed in a real-world application. Under this reading, steps (a) and (b) are what prevent preemption of the (c)-(e) combination in settings where continuous data is not received. IPO requests additional explanation why this alternative reading is incorrect, including more guidance on how examiners may understand when a "computer is recited at a high level of generality, i.e., as a generic computer performing generic computer functions."[3]

It may also be the case that more relevant questions could be introduced at Prong Two to help determine the focus of a claimed invention, such as whether a claim would monopolize (or preempt all uses of) any recited judicial exceptions.

Conclusion

Given the fast pace of innovation in AI, we urge the USPTO to continue to iteratively refine the patent subject matter eligibility examination guidance through additional requests for comment as the technology and case law evolve. We look forward to further opportunities to provide input on these important issues.

Best regards,

Krish Gupta

Krish Gupta
President

[3] *See* July 2024 Subject Matter Eligibility Examples, https://www.uspto.gov/sites/default/files/documents/2024-AI-SMEUpdateExamples47-49.pdf, at 6.