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The PTAB Remains Hostile to Section 101 Appeals

Michael Borella and Ashley Hatzenbihler

Michael Borella, Ph.D., is a patent attorney and chair of the software and business methods practice group at McDonnell Boehnen Hulbert & Berghoff, LLP. He helps his clients manage worldwide patent portfolios and specializes in navigating the nuances of patentable subject matter at the USPTO. Prior to joining the firm, Dr. Borella spent more than a decade in the software industry, where he worked on wireless data gateways, voice-over-IP technologies, and mobile application development.

Ashley Hatzenbihler is an associate attorney at McDonnell Boehnen Hulbert & Berghoff, LLP. Prior to joining MBHB, Ashley worked in the small engine industry and received her master's in mechanical engineering, where her research centered on analyzing the energy content of diesel fuels and included designing electromechanical systems.

There is ample evidence that USPTO patent examiner allowance rates vary dramatically from examiner to examiner and art unit to art unit.¹ This has resulted in the general understanding that there are “easy” examiners and “tough” examiners.

Naturally, there is little complaining about “easy” examiners (until you are defending against a patent with very broad claims, at least). But when patent attorneys stand around the coffee machine at work (or, more accurately, are on Zoom or Teams calls), there is a not small amount of eye rolling and wringing of hands over “tough” examiners.

Over the last several years, a particular type of “tough” examiner has emerged—one that will reject just about any claim as ineligible under 35 U.S.C. § 101 and is very reluctant to withdraw the rejection. In other words, if you get a 101 rejection from one of these examiners, prosecution may be effectively over. Interviews rarely help. Arguments and amendments frequently go nowhere. More often than not, the natural habitats of such examiners are the verdant plains of technology centers 3600 and 3700.

The USPTO’s Patent Trial and Appeal Board (PTAB) is often a last resort for patent applicants who cannot afford further appeals to the federal judiciary. Therefore, should not the PTAB lay the judicial smackdown on these errant plains-dwellers? If only.

Last year we studied all substantive 101 decisions from the PTAB that came down in 2021.² The results were puzzling, striking, and, not in small part, abysmal. The PTAB affirmed examiners’ 101 rejections 87.1% of the time, whereas the overall affirmance rate across all grounds of rejection was 55.6%. Why the discrepancy? The data does not provide that information, though it could be due to the notorious vagueness of the test set forth in *Alice Corp. v. CLS Bank Int’l*, the Federal Circuit’s conflicting case law, and/or the PTAB not following the USPTO’s 101 guidance.

Regardless of the cause, the numbers do not lie. The PTAB is a brutal tribunal for applicants attempting to argue that an examiner’s 101 rejection is in error.

But was 2021 an outlier or a blip on the radar? Does the data from 2022 exhibit a similar affirmance rate or has there been a “regression to the mean” of sorts?

To answer this question, we once again reviewed every substantive 101 appeal decided by the PTAB in 2022. As was the case for the 2021 data, this required a particular search strategy as well as manually combing the text of each decision.

From the PTAB’s search interface,³ we specified the following criteria: decision dates between January 1, 2022, and December 31, 2022, a proceeding type of “appeal”, a decision type of “decision”, and an issue type of “101”. Even so, the results were over-inclusive, returning decisions that just mentioned 101 in passing. Thus, we further filtered these decisions to focus only on those in which the applicant appealed an examiner’s *Alice*-based 101 rejection and the PTAB ruled on these grounds of appeal. This took the 634 decisions returned by the search engine down to 482—the substantive 101 decisions.⁴

Of these, 426 were examiner affirmances, for an affirmance rate of 88.4%. Yes, the PTAB got a little worse for applicants in 2022. The month-by-month and total statistics are provided in the table below.

Not unlike 2021, the examiner affirmance rate fluctuated with no clear month-over-month trend. For example, the lowest 101 affirmance rate was in May (77%) while the highest was in October (100%). Also, like 2021, there is a slight downward trend in the number of appeals from Q1 to Q4. The monthly average of appeals on 101

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
Total decisions	69	59	69	58	43	39	50	57	54	36	50	50	634
Total relevant decisions	50	47	56	45	26	30	44	47	39	23	39	36	482
Total Examiner affirmances	41	41	54	41	20	26	38	44	34	23	35	29	426
Total Examiner reversals	9	6	2	4	6	4	6	3	5	0	4	7	56
Examiner affirmation rate	82.0%	87.2%	96.4%	91.1%	77.0%	86.7%	86.4%	93.6%	87.2%	100.0%	89.7%	80.6%	88.4%

grounds was 49.5 for the first four months of the year and 34.25 for the last four months of the year (as compared to 78.25 and 49.25, respectively, for 2021). And the intuition that technology centers 3600 and 3700 are particularly harsh was correct—they both exhibit affirmation rates of over 96%.

But one data point that sticks out is that the total number of appeals has dropped significantly year-over-year. In 2021, 708 substantive 101 decisions were handed down, while in 2022 this number was—as noted above—just 482. That is better than a 30% decline. From our (admittedly anecdotal) experience, this is not because examiners are getting easier. The opposite appears to be the case.

Given that the PTAB does not provide much of a recourse for applicants stuck with a 101 rejection from an unrelenting examiner, we next wondered what grounds of rejection are popular with the PTAB. For the abstract idea exception to patentable subject matter, the three main categories are mathematics, mental processes, and methods of organizing human activity. In other words, a claim is deemed ineligible for patenting if it is directed to mathematics, a mental process,⁵ or a method of organizing human activity⁶ without significantly more.

Of all substantive affirmances of 101 rejections by the PTAB, 14.1% were based on mathematics, 58.4% on mental processes, and 64.6% on methods of organizing human activity. Use of the latter two categories is quite widespread among PTAB judges, with many decisions incorporating new grounds of rejection to accentuate the examiner's mental process rejection with a method of organizing human activity rejection or vice-versa. Indeed, grounds of *both* mental processes *and* methods of organizing human activity were found in 31.9% of all affirmances.

Another factor we looked into was whether certain PTAB panels or judges were making formulaic rejections—in other words, cutting and pasting large sections

of their reasoning for the 101 rejections from case to case and only changing the discussion of the facts. It was not too difficult to identify a few instances of this.

For example, Appeal 2021-002509 (decided January 31, 2022) and Appeal 2021-002913 (also decided January 31, 2022) involve two different applicants claiming two different technologies, but the decisions rely on reasoning that is largely word-for-word the same. The deciding PTAB panels had two judges in common and both decisions were written by the same judge. Another example of liberal cutting-and-pasting can be found in Appeals 2021-002840 and 2021-002807, also both decided on the same day by a panel with two judges in common.

It is important to understand that this does not imply laziness or malfeasance on the part of anyone involved in these decisions. Instead, this is more evidence that it is very easy to find virtually any invention ineligible by robotically deconstructing the claims into small enough parts and ignoring the advantage or improvements provided the claims as a whole. Not convinced? Try our rationale for invalidating the eligible claims of *Diamond v. Diehr* that is based on observed USPTO reasoning.⁷

There is a false narrative that has been floating around for the better part of two decades. It implies that broad claims on obvious technological variants can be easily obtained from the USPTO. There may have been some small truth to this notion in the 1990s, but today the pendulum has swung so far in the other direction that narrowly-scoped, complex, innovative technologies are often denied patentability just because they involve software.

As a consequence, Section 101 effectively limits access to patenting for individual inventors as well as small and mid-sized companies. Maybe someday the PTAB will lay the judicial smackdown in a less one-sided fashion, but for now, it appears that 101 appellants need to be wary against flying elbows of ineligibility.

1. See the histogram of examiner grant rates compiled by Patent Bots, for example, <https://www.patentbots.com/stats>.
2. See “Think Twice About Appealing a § 102 Rejection to the PTAB,” <https://www.patentdocs.org/2022/09/think-twice-about-appealing-a-101-rejection-to-the-ptab.html>.
3. See <https://developer.uspto.gov/ptab-web/#/search/decisions>.
4. Many of these decisions also reviewed rejections on other grounds (e.g., Sections 102 or 103). We did not consider anything but the 101 determinations. We also omitted rejections based on laws of nature or natural

phenomena, which accounted for only 10 of the decisions and did not impact the results in any significant fashion.

5. This category is broadly construed to also include many software processes carried out by a computer.
6. This is another broad category. What *isn't* a method of organizing human activity at some level?
7. See “Could Alice Be Used to Invalidate Diehr? Of Course It Could,” <https://www.patentdocs.org/2021/04/could-alice-be-used-to-invalidate-diehr-of-course-it-could.html>.

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