

Subject Matter Eligibility Test Should Return To Preemption

By **Manav Das** (July 2, 2025)

Subject matter eligibility under Title 35 of the U.S. Code, Section 101, has been a thorn in the side of many patentees, whether patent holders or applicants for a patent.

Especially since the U.S. Supreme Court's Alice Corp. v. CLS Bank decision in 2014,[1] the U.S. Patent and Trademark Office has issued examination guidelines that purport to conform to the evolving jurisprudence, while courts have applied the law in a fashion that appears to be arbitrary.



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The judicial opinions rely on ad-hoc reasoning and frequently their outcomes are egregious, often relying on a lack of support, lack of novelty or obviousness as the analysis underpinning their eligibility analysis.

For example, in Recentive Analytics Inc. v. Fox Corp. the U.S. Court of Appeals for the Federal Circuit **held** on April 18 that "the patents are directed to the abstract idea of using a generic machine learning technique in a particular environment, with no inventive concept." [2]

In this single sentence, the court conflated the notion of an abstract idea with generic techniques and lack of an inventive concept. In determining that the machine learning technique is generic, the court relied on an obviousness type analysis, whereas lack of an inventive concept is more appropriate in the context of a lack of novelty analysis.

However, instead of the evidence-based approach under Sections 102 and 103, we have an ad-hoc conclusory ruling. The issue is not whether the Federal Circuit reached the correct decision, but more about how it reached that decision. This is especially problematic in emerging technologies where more careful, nuanced and objective analysis is needed.

Although patentees count on the examination process to obtain reliable and robust patents, at a significant financial cost, and although an issued patent is accorded a presumption of validity by statute,[3] these concerns are regularly ignored by the courts. As a result, what we have is a system where patent examination at the USPTO proceeds under one set of rules for eligibility and courts review an issued patent de novo under a different set of rules for eligibility.

Adding to this dilemma is the subjective and nonuniform examination process at the USPTO, where different examiners, even in the same art unit, often have different approaches to eligibility. The USPTO's eligibility guidelines have also evolved over time and have continued to obfuscate rather than clarify the two-part Alice test. In addition, the eligibility examples in the guidelines are simplistic, and their analyses are questionable and ambiguous.

Section 101 was never intended to be a part of substantive examination. Instead, Sections 102, 103 and 112 are directed to substantive examination. Section 101 was intended to be a gatekeeper, a threshold test.

Patent practitioners and patentees have waited and hoped for intervention and clarity from the Supreme Court or from Congress. Instead, we have been rewarded with more

haphazard and arbitrary opinions and analyses from the lower courts.

But one thing is clear: The Supreme Court made it amply clear in Alice that the core of abstract idea analysis is the notion of preemption:

Section 101 of the Patent Act defines the subject matter eligible for patent protection ... 'We have long held that this provision contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.' We have interpreted §101 and its predecessors in light of this exception for more than 150 years ... We have described the concern that drives this exclusionary principle as one of pre-emption. See, e.g., Bilski ... (upholding the patent 'would pre-empt use of this approach in all fields, ...and would effectively grant a monopoly over an abstract idea') ... '[M]onopolization of those tools through the grant of a patent might tend to impede innovation more than it would tend to promote it,' thereby thwarting the primary object of the patent laws.[4]

The two-part Alice test was not meant to eliminate all inventions that incorporate abstract ideas from the realm of patentability. However, the subsequent application of the test has downplayed this basic notion of preemption.

Although the Supreme Court may have gotten it wrong in Alice, the attempts by the Federal Circuit and other courts to flesh out the test are also at fault.

For example, even though the Federal Circuit followed the preemption analysis in some initial decisions after Alice, the court moved away from this in later cases.

Indeed, the court began to view the abstract idea centric approach as inclusive of the preemption analysis. However, the notion of an abstract idea has proven itself to be abstract, ambiguous and elusive. The more we dwell on the notion of an abstract idea, the more confused the analysis becomes.

Regardless, perhaps a test that truly captures the aforementioned "more than 150 years" of jurisprudence should be focused on preemption. Accordingly, I propose a two-part preemption test:

- Step 1: Identify a specific application that is claimed.
- Step 2: Does this specific application preempt use of all other applications, and would effectively grant a monopoly?

If the answer to Step 2 is in the affirmative, the subject matter is ineligible. Otherwise, it is eligible.

Central to this determination would be whether the claim is directed to a specific application. This is a more simplistic and objective criterion that is consistent with the long-standing jurisprudence and the role of Section 101 as a threshold, and can align the applicant, the USPTO and the courts.

Such an approach would move away from the subjective and elusive exercise of dealing with abstract ideas, and make the approach more focused. For example, this approach would obviate the need to consider extra-solution activity.

Additionally, there would be no need to look for an inventive concept as part of the Section 101 analysis — instead, this determination can be made under Sections 102 and 103 where it rightfully belongs.

Also, for example, instead of a typical examiner rejection such as "receiving, storing, determining, providing are abstract ideas, and the claims do not recite anything more," all claim limitations would have to be considered for purposes of Step 2.

Indeed, during examination, for purposes of Section 101, an examiner or applicant need only determine that the claim does not preempt other applications. This determination then becomes a part of the prosecution history and can be later reviewed for clear error.

Such an approach would uphold the presumption of validity of an issued patent and make the entire patenting process more robust and reliable. This will boost confidence in the U.S. patent system, increase applications, reduce pendency and allow the examining corps to focus more on the substantive examination based on Sections 102, 103 and 112.

Under this approach, a claim directed to a natural phenomenon, or a mathematical equation can be analyzed for a specific application that is claimed. If there is no specific application, the claim would likely be ineligible. In situations where a specific application is identified, a determination can be made if the specific application preempts use of all other applications.

This approach would be especially meaningful for emerging technologies. For example, a claim directed to a machine learning model or use thereof can be analyzed for preemptive aspects of a claimed application, e.g., training the model to perform a specific task or a class of tasks, use of a loss function for training purposes, modifying the model architecture to save computational resources or to improve performance, applying a model to a specific application, etc.

Also, for example, a claim directed to a quantum computing algorithm can be analyzed for preemptive aspects of an application of the algorithm.

With the recent increase in USPTO fees, the increase in examination backlog and delays, attrition among examiners, and reduction in workforce, we need to be pragmatic about the way we approach subject matter eligibility.

Applicants, including large companies, are reconsidering the value of obtaining patents at these increasing costs, only to find them being invalidated later. Many applicants are opting to maintain their innovations as trade secrets. Others are taking a gamble and launching new businesses without patent protection.

All this is slowly eating away at the core of the American economy — global leadership in innovation. Let's bring common sense back to patent law.