AI Patents Make a Comeback at USPTO, Finance Patents Are Still Struggling

By Mark Nowotarski
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Print Art

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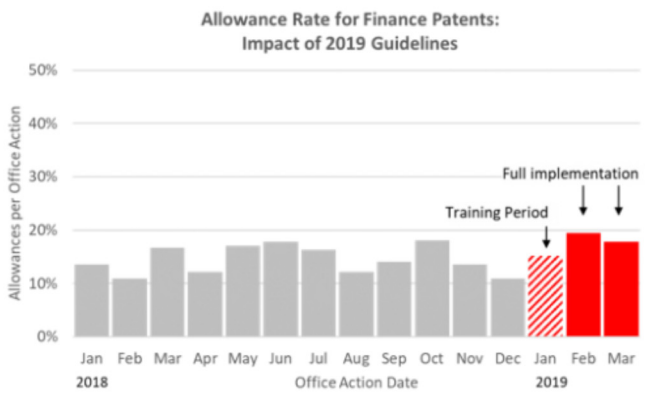

Artificial Intelligence (AI) patents have made a strong comeback under the new 2019 Revised Patent Subject Matter Eligibility Guidance. As the first graph above shows, allowances per office action have gone from an average of 15% before the guidance to 38% after the guidance. The increase occurred almost immediately after examiners were

trained on the new guidance in January. For AI inventors concerned about the impact of the old *Alice* guidelines on the examination of AI-related applications, it looks like more hopeful times are ahead.

The situation is grimmer for finance patents. The new guidance has not had any significant effect on allowances per office action. I reviewed a number of recent office actions under the new guidelines to see where the problem might be. It appears that most examiners in the finance art units 3691 to 3697 consider any improvement to a computer implemented financial process to be nothing more than an abstract idea. It doesn't matter how novel or sophisticated the algorithms might be. The Patent Trial and Appeal Board has been backing up this examiner perspective, with the affirmance rate for related appeals being more than 90%.

Demonstrating Improved Function

Inventors in the field of finance, therefore, need to develop their inventions to the point where the functioning of the computer itself is improved. The improvement has to be significant enough so that it is patentable all by itself irrespective of whether or not it's applied to a finance problem. For example, if an improved financial process uses AI, the AI itself needs to be improved to the point where it can stand alone as an invention. Once the invention has been developed to this point, it's then up to the patent attorney/agent to draft the patent application so that it will be classified as AI, not finance.

Inventors can find out where their patent applications have been classified within about two months after filing. That's how long it takes to come back from the classification contractor. Inventors can then ask their attorneys/agents to check the USPTO's private PAIR database to determine the class of an application, as well as the art unit to which it has been assigned. If they were targeting AI, it should be in class 706 and assigned to one of the art units 2121 to 2125. If instead it was classified as finance, it will be in class 705 and assigned to one of the art units 3691 to 3697. If that happens, it might be worthwhile to consider redrafting and refiling to get in an art unit more appropriate to the underlying technological invention.

Ask the USPTO

Those who already have finance patents pending may want to attend the USPTO's upcoming Business Methods Partnership Meeting on April 2 at either their Alexandria,

Virginia, Office or their Dallas, Texas Regional Office. This would be an excellent time to have candid discussions with USPTO personnel on what is or is not considered statutory in the field of finance.

Tags: 2019 Revised Patent Subject Matter Eligibility Guidance, AI, Art Units, Business Methods, finance, independent inventor, innovation, intellectual property, inter partes review, patent, patent eligibility, patent eligible, Patent Trial and Appeal Board, Patentability, patentability requirements, patentable subject matter, patents, PTAB, USPTO

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There are currently **17 Comments** comments. Join the discussion.

angry dude March 26, 2019 9:27 am

What kind of self-destructive idiot would patent AI ?

Its all math-intensive algorithms, hidden inside computer chips, hard to get out, even harder to understand

Take example of a self-driving car: is it AI ? Absolutely yes
What about those patents ? Do they actually teach how cars can self-drive themselves ? Absolutely not
Those “AI” patents are just legal mumbo-jumbo by big corp lawyers designed to stir legal issues without any enabling algorithm disclosure and source code attached
To hell with such patents
Trade secrets + copyright rule

concerned March 26, 2019 10:14 am

“Inventors in the field of finance, therefore, need to develop their inventions to the point where the functioning of the computer itself is improved. The improvement has to be significant enough so that it is patentable all by itself irrespective of whether or not it’s applied to a finance problem.”

One exception to the above statement has to be when solving a long standing problem beyond the reach of working professionals and experts. Who cares if the computer is improved if the process prevents airplane crashes and saves lives? With equal weight, why discriminate against financial problems if an invention using a computer prevents foreclosures and ensures 100%

repayment of the mortgage loan?

It is not an abstract idea for working professionals to report to work and make oversights and mistakes in any field of employment. Therefore, the correction of the same mistakes cannot be abstract either, regardless of the field of technology.

Slapping a generic computer on a problem that already has that solution is one thing. Solving society's real problems, with or without a generic computer, is another thing that was the scope of the patent right in the constitution: Solve problems, make life better.

Concerned March 26, 2019 1:49 pm

Anon:

Thank you! My attorney has this case and I am advised that our appeal brief is filed tomorrow.

My claims have significant limitations, only addressing overlooked eligibility at specific times on specific people when professionals, their computer systems and family members failed.

No preemptive claims on the abstract handling of routine, well understood and conventional processing of the Titled benefit.

It is the concrete inventive steps in combination, with or without a generic computer, that solved this decades old problem. As it happens to be, the problem is rooted in their computer networks, hence, so is our solution. McRO.

Thank you once again!

Anon March 26, 2019 2:43 pm

Concerned @ 4,

Pulling for you!

angry dude @ 1,

Ah yes, the mouthpiece of the Efficient Infringers is at it again (and in the face of the tides a'changing at that).

Mind you, angry dude, the option of Trade Secrets is a discussion point *to be had* with clients, but please, get a hold of your emotions and do not let them turn you into a *T00L* for those who would desire people NOT to use the patent system.

concerned March 27, 2019 12:33 am

According to this article, patent assertion entities are making a comeback:

https://www.law.com/therecorder/2019/03/26/patent-assertion-entities-are-on-the-comeback-trail-heres-what-defendants-need-to-know/?slreturn=20190227003055

Hard to believe. I hope it is true. Could the tide be turning?

Curious March 27, 2019 6:58 am

For patent attorneys who can start convincing green wannabe inventors
I'll be honest, unless they are a glutton for punishment (or of the most altruistic sort), a lot of patent attorneys want nothing to do with "green wannabe inventors." Do you know how much hand holding it takes with a green wannabe inventor? Take how much time one would normally take to do a project and add 50-100% to it.

Personally, I'll take experienced inventors any day of the week and twice on Sundays.

All that being said, I would still be hesitant to recommend filing patents to a small company (a sentiment I have shared many times over the last few years on this blog). It is nice that the USPTO is starting to clean up their mess. However, until the 101 mess gets cleaned up in the courts, those new and shiny patents being issued by the USPTO are still going to get destroyed upon being asserted.

If a patent cannot be asserted, it is just as worthless as a patent application.

Anon March 27, 2019 7:50 am

Curious,

You are absolutely correct.

angry dude,

You remain the mouth piece of the Efficient Infringers in advising what THEY want.

angry dude March 27, 2019 9:32 am

Curious @8

Dude,

Good luck finding seasoned inventors with few valid US patents who want to file for more US patents (and pay you their hard earned $$$)
fools me once – shame on you, fool me twice -shame on me
you are stuck with green wannabe newcomer inventors (if we are talking independent inventors and small private companies recently founded by them)

“If a patent cannot be asserted, it is just as worthless as a patent application”

Unfortunately its not just worthless, it’s self-destructive, like shooting yourself in the foot
Why would you openly disclose your invention to the entire world if you could keep even a small part of it a trade secret for some time ?
That would be entirely stupid

Mark Nowotarski March 27, 2019 10:02 am

Curious @4, If you are already at the appeal brief stage, you and your attorney might want to review the most recent PTAB decisions specifically in your art unit if you haven’t done so already. In 2018 the reversal rate for finance was only 10%. By looking at the most recent decisions, however, you can see if your arguments line up with the Board’s reasoning under the new guidance. So far, it looks like the reversal rate may be going up, but we need a few more months of data to be sure.

All the best with your appeal.

Mark Greenstein March 27, 2019 10:23 am

I am before the Federal Circuit now on a financial transaction type patent. It provides a concrete solution to a modern problem. Case number is 19-1117. The PTO brief attempts to imply that patents pertaining to financial services are not permitted.

concerned March 27, 2019 11:26 am

Anon and Mark:

Thank you for the well wishes!

We have kept abreast of recent developments thanks to IP Watchdog and their posters.

I do have a couple things going for me. The Examiner told me three times in a phone conference that he saw patentability. The higher ups must have been shooting it down. Since then, I have Berkheimer, the new guidance and a Director who understands the great bargain of patents, and additional court cases.

The Examiner never really made any kind of prima facia case. He just repeated, routine, conventional and well understood as if he was just going through the motions.

Alice and the court cases he reference all have one thing in common: A generic computer that was slapped on a known solution prevalent in commerce, no significant post solution result occurred. The Examiner never once denied or rebutted our contention that a real significant result occurred to the functionality of the computer system's network where the problem was rooted (McRO).

We shall see. We file the brief today.

Curious March 27, 2019 2:41 pm

Good luck finding seasoned inventors … you are stuck with green wannabe newcomer inventors
I'm guessing it has been about a decade since I've dealt with a "green wannabe newcomer inventor." That was a personal favor. I suspect that I'll retire before I take on another one, and I don't plan on retiring anytime soon.

Why would you openly disclose your invention to the entire world if you could keep even a small part of it a trade secret for some time ?

Why? Good luck licensing a trade secret. Also, if your invention is something that is outwardly facing to a user, then a trade secret does you no good. The amount of inventions for which a trade secret would work is VERY limited.