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August 15, 2012

### USPTO Issues Final Rules: Definitions for the Transitional Program for Covered Business Method Patents

The U.S. Patent and Trademark Office (USPTO) issued final rules, effective September 16, 2012, that implement provisions of the Leahy-Smith America Invents Act (AIA) related to definitions for the transitional program for covered business method patents. See 77 Fed. Reg. 48734 (2012). The rules set forth definitions for a covered business method patent and a technological invention.

For a “covered business method patent,” the USPTO adopted the language from the AIA. In particular, under Rule 42.301, a “covered business method patent” is “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.” According to the USPTO, the phrase “financial product or service” should be interpreted broadly. Further, a patent having one or more claims directed to a covered business method is considered a covered business method patent.

For a “technological invention,” the USPTO assigned a somewhat circular definition. As defined under Rule 42.301, a “technological invention” includes considering “on a case-by-case basis: whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.” The definition does not further define “technological” or “technical.” Further, the phrase “solves a technical problem using a technical solution” is with respect to “the claimed subject matter as a whole.”

To illustrate the definitions, the USPTO pointed to the Office Patent Trial Practice Guide for examples. See 77 Fed. Reg. 48756 (2012). One example of a covered business method includes a method for hedging risk in the field of commodities trading; on the other hand, an example of a technological invention includes a novel and nonobvious hedging machine for hedging risk in the field of commodities trading. Another example of a covered business method includes a method for verifying the validity of a credit card transaction; on the other hand, an example of a technological invention includes a novel and nonobvious credit card reader for verifying the validity of a credit card transaction.