

UNITED STATES  
PATENT AND TRADEMARK OFFICE



1

## How did *Alice Corp. v. CLS Bank Int'l* impact patent examination?

Andrew A. Toole, chief economist, USPTO  
Coauthors: N. Pairolero, J. Frumkin, and A. Tesfayesus

16th Annual Advanced Patent Law Institute  
March 23-25, 2021

The views presented are those of the authors and do not necessarily represent the view or position of the USPTO.



2

## What's the issue?

- Business leaders, legal professionals, and scholars have expressed deep concern about the impacts of the 2014 Supreme Court ruling in *Alice Corp. v CLS Bank Int'l*.
- Many believe the SCOTUS ruling significantly increased legal uncertainty surrounding the patentability of the key technologies that are part of the 4<sup>th</sup> Industrial Revolution, including those related to artificial intelligence.



3

3

## Economic implications

- If true, increased legal uncertainty in patent rights can have significant and detrimental effects on economic outcomes including:
  - Lowering the expected value of patents
  - Decreasing ex-ante incentives to invest in innovation
  - Reducing transactions involving technologies (e.g. licensing)
  - Limiting entry into new markets



4

4

## ***Alice Corp. v. CLS Bank Int'l***

**(referred to simply as *Alice* for convenience)**

- The 2014 Supreme Court ruling had the following broad effects:
  - Extended the scope of the two-part test to patent eligibility for inventions potentially falling under the “abstract ideas” judicial exception (e.g. business method and software-related inventions)
  - Set a higher standard (or threshold) of patentability, meaning the Court in *Alice* clarified that a general purpose computer implementation alone was not enough
  - Created ambiguity without providing additional clarity

uspto

5

5

## **Why increased uncertainty?**

- The source is:
  - The ambiguity of the language in the two-part rule for evaluating patentability.
- The words and phrases of the two-part rule can be reasonably interpreted in many ways, and the interpretive choice of any single person cannot be predicted with certainty.
  - This uncertainty is magnified as more and more people apply their viewpoints on the meaning of the words and phrases.

uspto

6

6

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: How did Alice Corp. v. CLS Bank Int'l impact patent examination?

Also available as part of the eCourse

[2021 Advanced Patent Law \(USPTO\) eConference](#)

First appeared as part of the conference materials for the  
16<sup>th</sup> Annual Advanced Patent Law Institute session

"Section 101: Impacts of the New Guidelines on Patent Subject Matter Eligibility and Federal Circuit Decisions"