

The Important Distinction In Patent Examination Practice Between Precedential and Non-Precedential Federal Circuit Decisions On Subject Matter Eligibility

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When examining subject matter eligibility of a patent application under [35 U.S.C. §101](#), the United States Patent and Trademark Office (USPTO) relies on a two part test established by the Supreme Court of the United States (See [Alice Corp. Pty. Ltd. v. CLS Bank Int'l](#), 134 S. Ct. 2347 (2014)). The first part of the test requires a determination of whether the claims of a patent application are directed to a law of nature, a natural phenomena, or an abstract idea (See [Alice Corp. Pty. Ltd.](#), 134 S. Ct. 2354). When a claim is determined to be abstract, the USPTO requires its Examiners to “identify the abstract idea as it is recited (i.e., set forth or described) in the claim, and explain why it corresponds to a concept that the courts have identified as an abstract idea” (See [MPEP §2106.07\(a\)](#)). To help Examiners identify concepts that courts have previously “identified as an abstract idea,” the USPTO keeps an [updated chart](#) of court decisions that have held claims either eligible or ineligible as an abstract idea. While at first glance all of the decisions in the chart seem to be on equal footing, it is important for practitioners to keep in mind the different weight given to precedential and non-precedential decisions.

According to MPEP §2106.07(a), “Examiners should not go beyond those concepts that are similar to what the courts have identified as abstract ideas, and should avoid relying upon or citing non-precedential decisions unless the facts of the application under examination uniquely match the facts at issue in the non-precedential decisions.” In other words, when an Examiner relies on non-precedential decisions to identify claims in an application as being directed to an abstract idea, the claims of the application should “uniquely match” the claims examined in the non-precedential decision. Therefore, to overcome a subject matter eligibility rejection, it can be an effective strategy for practitioners to distinguish the claims from those examined in the non-precedential decision. If the two sets of claims are in fact distinguishable, the Examiner will be forced to abandon his position and to identify a different concept that has been identified by the courts to be an abstract idea.

In the realm of software patents, for example, a common non-precedential decision that is often relied upon by Examiners is [Cyberfone Systems, LLC v. CNN Interactive Group, Inc.](#), 558 Fed. Appx. 988 (Fed. Cir. 2014). In *Cyberfone*, the Court of Appeals for the Federal Circuit found U.S. Patent No. 8,019,060 invalid under 35 U.S.C. §101. Claim 1 of the patent recited a method for

- “obtaining data transaction information entered on a telephone from a single transmission

from said telephone,”

- “forming a plurality of different exploded data transactions for the single transmission, said plurality of different exploded data transaction[s] indicative of a single data transaction, each of said exploded data transactions having different data that is intended for a different destination that is included as part of the exploded data transactions, and each of said exploded data transactions formed based on said data transaction information from said single transmission, so that different data from the single data transmission is separated and sent to different destinations,” and
- “sending said different exploded data transactions over a channel to said different destinations, all based on said data transaction information entered in said single transmission.”

The Federal Circuit found the claim to be directed to the concept of “using categories to organize, store, and transmit information” and that such a concept is an abstract idea under 35 U.S.C. §101.

While it is easy enough for Examiners to rely on the general holding that “using categories to organize, store, and transmit information” is an abstract idea, it is important to note that *Cyberfone* is a non-precedential decision. Practitioners can overcome this subject matter eligibility rejection by simply distinguishing their claims from those examined in *Cyberfone*. In view of the above, it is important for practitioners to keep in mind that arguing distinctions between claims in a pending application and those examined by a court in a non-precedential decision can often be an effective tool for overcoming a subject matter eligibility rejection.

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