

The Federal Circuit's recent decision in *cxLoyalty* reminded patentees—in the first footnote—that USPTO guidance does not govern the Section 101 analysis: “We note that this guidance is not, itself the law of [patent](#) eligibility, does not carry the force of law, and is not binding on our patent eligibility analysis. And to the extent the guidance contradicts or does not fully accord with our caselaw, it is our caselaw, and the Supreme Court precedent it is based upon that must control.” [cxLoyalty, Inc. v. Maritz Holdings Inc., 986 F.3d 1367, 1375 n.1 \(Fed. Cir. 2021\)](#). Although useful for patent prosecutors, litigants and district courts should be wary of relying on USPTO's interpretation of governing law.

Discounting USPTO eligibility guidance, the Federal Circuit reversed the Patent Trial and Appeal Board's finding that proposed substitute claims were directed to patent eligible subject matter. The PTAB had already determined that the substitute claims were directed to the abstract idea of facilitating a commercial transaction (the sale and purchase of goods and services) between a purchaser using a first form of value (a rewards program participant using points) and a seller transacting in a second form of value (a vendor system using currency). But it concluded that the additional limitations of the substitute claims contained an inventive concept, based primarily on the patentee's un rebutted expert testimony. Unlike the PTAB, the Federal Circuit rejected the expert's conclusory invocation of the words “well-understood, routine, or conventional.” Although the claimed subject matter as a whole may have been novel and, in that sense, unconventional, the substitute claims merely implemented the abstract idea using “wholly conventional techniques specified at a high degree of generality.”

The decision also reiterated that a Section 101 analysis should consider whether the claim elements constitute a technological solution to a technological problem. A patentee defending against a patent eligibility challenge is best served by first identifying to the court the technological problem solved by the invention. Next, the patentee should point to claim elements that provide a concrete solution to the identified problem, in other words, elements that recite more than functional terms at a high degree of generality. Expert testimony should identify factual support in identifying the technical problem and technical solution.

The ruling clarifies the legal framework for determinations of patentable subject matter under Section 101.