

# NOW & NEXT

## Intellectual Property Alert

JANUARY 19, 2022

### Subject matter eligibility considerations can now be deferred under new USPTO pilot program

By Palash Basu and Juliet DeFrancisco

The DSMER Pilot Program allows patent applicants to defer responding to subject matter eligibility rejections.



#### What's the Impact?

- / The DSMER Pilot Program allows patent applicants to address novelty and obviousness rejections before having to address any SME rejections
- / The DSMER pilot program attempts to support a more compact and cost-effective prosecution history

#### Background: Subject matter eligibility considerations during examination of a patent application

Currently, subject matter eligibility (SME) rejections may be issued at any time during examination of a patent application, but are most commonly issued at the outset of examination and before an applicant has responded to novelty or non-obviousness rejections. Moreover, an examiner is free to issue an SME rejection without issuing a novelty or non-obviousness rejection. Thus, it is possible that an examiner may reject a patent application for not having patent eligible subject matter without having reviewed any prior art.

A patent applicant's responses in reply to the examiner's rejections become part of the patent application's prosecution history and may potentially be used in litigation against the patent applicant. Patent applicants are thus advised to be careful about how they respond to rejections, including SME rejections, because they know that anything they put in writing might be used against them in subsequent litigation.

## What new changes happened?

On January 6, 2022, the U.S. Patent and Trademark Office announced that, starting February 1, 2022 and ending on July 30, 2022, selected patent applicants will be invited to participate in the Deferred Subject Matter Eligibility Response (DSMER) Pilot Program. The DSMER Pilot Program will allow patent applicants to defer responding to subject-matter eligibility rejections under 35 U.S.C. Section 101 until all other rejections to patentability have been overcome. Starting February 1, 2022, selected patent applicants will be invited to participate in the DSMER Pilot Program. To participate in the program, the patent application must meet certain criteria:

- / the application is an original non-provisional utility application or national stage application of an international application;
- / the application does not claim the benefit of the earlier filing date of any prior non-provisional application;
- / the application has not been advanced out of turn (e.g., accorded special status);
- / the application is assigned to a participating primary examiner; and
- / the first office action on the merits makes both SME and non-SME rejections.<sup>1</sup>

By participating in the DSMER Pilot Program, a patent applicant can avail the benefit of a limited waiver that allows the patent applicant "to defer presenting arguments or amendments in response to the SME rejection(s) until the earlier of final disposition of the participating application, or the withdrawal or obviation of all other outstanding rejections."<sup>2</sup> Final disposition of a patent application means the earliest of mailing of a Notice of Allowance or a Final Office Action, filing of a Notice of Appeal or a Request for Continued Examination (RCE), or abandonment of the application.

A patent applicant participating in the DSMER Pilot Program will continue to be eligible for other programs like the AFCP 2.0 Program, the Fast-Track Appeals Pilot Program, the Fast-Track for COVID-19-Related Appeals Pilot Program, the Pre-Appeal Brief Conference Pilot Program, and the QPIDS Program.<sup>3</sup> In addition, a patent applicant participating in the DSMER Pilot Program may also request special status or expedited processing through an RCE.<sup>4</sup>

---

<sup>1</sup> [Federal Register Notice from USPTO](#)

<sup>2</sup> [USPTO DSMER Pilot Program Announcement](#)

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

Public comments on the DSMER Pilot Program are currently under consideration till March 7, 2022.<sup>5</sup>

## What do the new changes mean and how they affect patent applicants

The DSMER Pilot Program allows patent applicants to address novelty and obviousness rejections before having to address any SME rejections. In doing so, patent applicants may submit arguments and/or amendments addressing non-SME rejections that help establish why their patent application includes patentable subject matter. That is, if the claims have been determined allowable over the prior art through narrowing amendments, such amendments may make SME rejections less likely thereafter. The DSMER Pilot Program thus particularly benefits applicants who anticipate litigating their patents by allowing them to avoid making early SME arguments on their record before their claims have been deemed otherwise allowable.

Moreover, if the claims in a patent application are not allowable over the prior art, there would be no need to engage in an SME consideration. Further, requiring examiners to review prior art before evaluating SME may lead to a more thorough evaluation of SME in patent applications. Depending on the examiner's findings from the prior art, the need for a SME rejection may even be avoided, and should they be warranted, any such rejections may be more robust.

In short, by addressing the SME issues after addressing non-SME issues, the DSMER pilot program attempts to support a more compact and cost-effective prosecution history, with the auspice of also enhancing the quality of the patent office's examination of subject matter eligibility.

In some instances, however, participation in the DSMER pilot program may not benefit patent applicants. Since the limited waiver of the DSMER pilot program ends when a Final Office Action is issued, participants should respond, with an accompanying RCE, to the Final Office Action by addressing the deferred SME rejections on the existing record, even if the non-SME rejections are appealable.

Patent applicants would be well advised to become aware of the consequences of arriving at a final disposition of the application (discussed above), without addressing any SME rejections. Accordingly, we believe it may be prudent to decline the invitation to participate in the DSMER pilot program in some cases.

---

<sup>5</sup> *Id*

For more information on the content of this alert, please contact your Nixon Peabody attorney or:

**Palash Basu**

202.585.8088

[pbasu@nixonpeabody.com](mailto:pbasu@nixonpeabody.com)

**Juliet DeFrancisco**

617.345.1382

[jdefrancisco@nixonpeabody.com](mailto:jdefrancisco@nixonpeabody.com)

**Jeffrey L. Costellia**

202.585.8207

[jcostellia@nixonpeabody.com](mailto:jcostellia@nixonpeabody.com)

---