

Daily Journal

www.dailyjournal.com

WEDNESDAY, MARCH 15, 2017

PERSPECTIVE

Decision is the latest chapter in the *Alice* progeny

By Steve Bachmann

The U.S. Supreme Court's decision in *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014), has turned software patents upside down, instigating a huge rise in software patent invalidations.

In the *Alice* case, the Supreme Court formulated a two-part test for software patentability. First, determine if the claims are directed to a "judicial exception" to patent eligibility, such as a law of nature, physical phenomena or abstract idea.

Second, if directed to an exception such as an abstract idea, determine if the claim include an element that amounts to "significantly more" than the ineligible concept. In *Alice*, the court applied the test to find that the claims in the patent at issue recited a fundamental economic practice of risk intermediation through third-party settlement — an abstract idea. The court further held that the presence of generic computing elements was not sufficient to provide an inventive concept to the abstract idea.

Since *Alice* was decided, the Federal Circuit has issued several cases to clarify applying the *Alice* test. For example, the U.S. Court of Appeals for the Federal Circuit has found software can be patent-eligible if the claimed subject matter is "necessarily rooted in computer technology," to overcome a business challenge particular to a computer technology. *DDR Holdings, LLC v. Hotels.com*, 773 F.3d 1245 (Fed. Cir. 2014).

The Federal Circuit has also held that software can be patent-eligible if directed to a specific asserted improvement in the way a computer operates. *Enfish, LLC v. Microsoft, Inc.*, 822 F.3d 1327 (2016).

In another case, the Federal Circuit held that a software invention is patent-eligible if the invention is a non-conventional or non-generic arrangement of known, conventional pieces, claimed in a clear, specific and concise way. *BASCOM Global Internet Services, Inc. v. AT&T*

Mobility LLC, 2015-1763 (Fed. Cir. June 27, 2016).

Additionally, the Federal Circuit has found that software can be patent-eligible if the automated process differs from the prior art process (e.g., manual process), and the differentiating automated process improves the technology. *McRo v. Bandai Namco Games America*, 837 F.3d 1299 (2016).

What these cases have in common is that they each focus on a technical aspect of the claims of a patent — rooted in computer technology, computer operation and technology improvement. To be patent-eligible subject matter, the claims of a patent must recite technical features or aspects that amount to significantly more than an abstract idea.

The delineation between claims directed to an abstract idea and those directed to technical features that implement an abstract idea is illustrated in *Evolutionary Intelligence LLC v. Sprint Nextel Corp.*, 2016-1188, (Fed. Cir. Feb 17, 2017). In *Evolutionary Intelligence*, the most recent holding related to *Alice* and its progeny, the Federal Circuit affirmed a lower court holding that the claims of two patents directed to information processing were patent ineligible.

District Court

Evolutionary Intelligence LLC sued 12 companies for patent infringement. The patents, which shared the same written description, were directed to systems and methods for allowing computers to process data that is dynamically modified based upon external-to-the-device information, such as location and time. The specification described containers storing information on computer and digital networks, and indicated the containers included registers that perform functions and gateways to control container interactions. The claims were directed to a "means to create and manipulate information containers."

The district court applied the two-part *Alice* test to the claims to determine that

the claims were not patent-eligible subject matter.

Under the first step, the court held that the claims recited "age-old forms of information processing," such as those used in "libraries, businesses, and other human enterprises with folders, books, time-cards, ledgers, and so on," and therefore were abstract ideas. Under the second step of the *Alice* test, the district court found each step of the method and several components required to implement the method to be routine and conventional.

The district court further held that the problem solved by the Evolutionary Intelligence patents, a failure to dynamically update data structures over time and by location or search history, was not unique to computing or even a computing problem. Rather, the court found the problem to be simply "an information organization problem." Because the problem to be solved could be found in a non-computer field, the court dismissed the solution provided by the ordered combination of the claims.

The district court stated that an inventive feature question (which it read as being equivalent to improving the functionality of a computer) under Section 101 asks whether the patent adds something to the abstract idea that is "integral to the claimed invention." In making this inquiry, the court noted it was important to "distinguish between claim elements that are integral to the claimed invention from those that are merely integral to the abstract idea embodied in the invention." The district court granted the defendant's motion to dismiss and motion for judgment on the pleadings.

Federal Circuit

The Federal Circuit affirmed the district court decision, holding that the claims were directed to patent-ineligible subject matter. In its analysis under *Alice*, the Federal Circuit distinguished the present case from *Enfish* and *Bascom Global*.

With respect to *Enfish*, the court

noted the claims in *Evolutionary Intelligence* were directed to selecting and sorting information by user interest or subject matter, a longstanding activity of libraries and other human enterprises. Claims directed to a longstanding activity differ from the claims of *Enfish*, which focus on an improvement to a specific computer functionality itself, regardless of the subject matter the functionality might be applied to.

Further, the Federal Circuit found that the claims recite conventional elements ("containers," "registers," "gateways") at too high a level of generality to constitute an inventive concept, unlike the "specific, discrete implementation of the abstract idea" recited in the claims of *Bascom Global*. The Federal Circuit found the focus of *Evolutionary Intelligence's* patent claims to be integral to the abstract idea of information organization rather than the invention of "dynamically" updating information containers and registers.

This case illustrates the importance of crafting claim language to address a specific implementation of an invention rather than the abstract idea under which it may fall. To avoid such pitfalls, claims should include specific technical components that relate to the invention rather than an abstract idea, and should be supported in the specification. Further, patents should specify how an invention distinguishes from the prior art and how it relates to *Alice's* progeny of examples of patent-eligible subject matter.

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