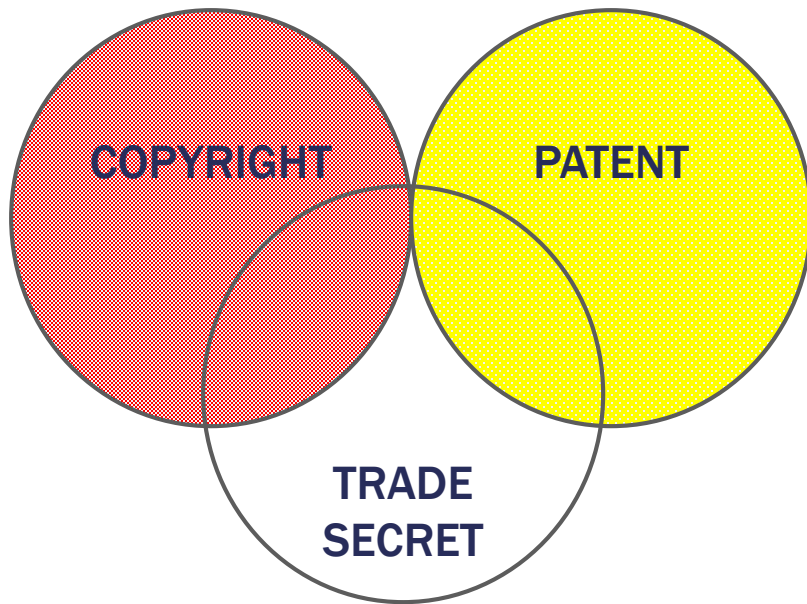


**NAVIGATING THE BOUNDARIES
OF SOFTWARE PATENT-
ELIGIBILITY TWO YEARS
AFTER *ALICE V. CLS BANK***

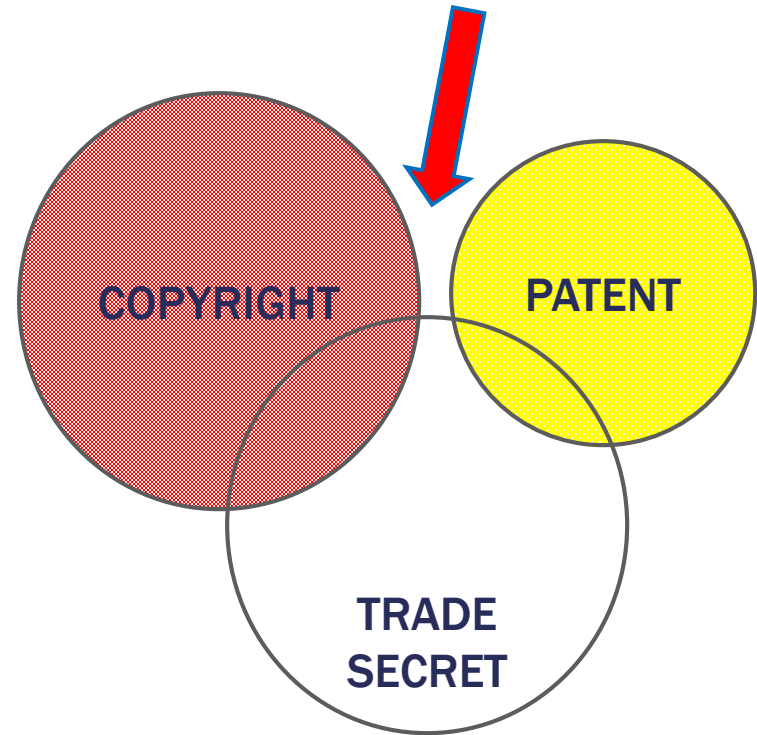
**Charles
Bieneman**
BEJIN BIENEMAN PLC

June 2, 2016

THE CHANGE THAT ALICE WROUGHT



The world after *State Street Bank*



The world after *Bilski, Mayo, and Alice*

A Tale of Two Statutes

PATENT LAW 101 (AS JUDICIALLY MODIFIED)

Inventions patentable. Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title, **so long as the claimed invention (1) is not an abstract idea or law nature without (2) significantly more.**

- 35 U.S.C. § 101 (as modified by the courts).

25 U.S.C. 112(f)

An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure, material, or acts in support thereof, and such claim shall be construed to cover the corresponding structure, material, or acts described in the specification and equivalents thereof.

WILLIAMSON v. CITRIX ONLINE, LLC.

Claim 8, US 6,155,840:

A system for conducting distributed learning among a plurality of computer systems coupled to a network, the system comprising:

* * *

a distributed learning control module [1] for receiving communications transmitted between the presenter and the audience member computer systems **and [2] for relaying the communications** to an intended receiving computer system **and [3] for coordinating** the operation of the streaming data module.

INDEFINITE FUNCTIONAL LIMITATION

- “distributed learning control module” limitation was in MPF format.
 - “Module” (a “**well-known nonce word**”) replaced “means.”
 - Cf. “mechanism,” “element,” “device”
 - Three performed functions were recited.
- No description of structure, or how the distributed learning control module interacted with other elements to connote structure.
 - The Specification described, but did “not set forth an algorithm for performing the claimed functions.”
- General purpose computer insufficient: was there a special purpose computer programmed to perform specific functions?

REDUCED PRESUMPTION THAT 112(f) DOES NOT APPLY.

- “[E]xpressly overrule[d]” the requirement for a “heightened evidentiary showing” and “the characterization of [the] presumption as ‘strong’.” (*En banc.*)
- New rule: claims are presumed not to invoke 35 U.S.C. § 112(f) but the presumption can be “overcome and § 112[f] will apply if the challenger demonstrates that the claim term fails to ‘recite sufficiently definite structure’ or else recites ‘function without reciting sufficient structure for performing that function’.”
- Rationale: the old rule had inappropriately “shifted the balance struck by Congress in passing § 112[f] and has resulted in a proliferation of functional claiming untethered to § 112[f] and free of the strictures set forth in the statute.”

MEDIA RIGHTS TECHNOLOGIES, INC. v. CAPITAL ONE FINANCIAL CORP.

- U.S. Patent No. 7,316,033 claimed “preventing unauthorized recording of electronic media.”
- Claim 1: “activating a **compliance mechanism** in response to receiving media content by a client system, said compliance mechanism coupled to said client system, said client system having a media content presentation application operable thereon and coupled to said compliance mechanism.”
- 112(6) invoked: “the claims do not use the term ‘compliance mechanism’ as a substitute for an electrical circuit, or anything else that might connote a definite structure.”
- Expert testimony was required, but not provided, to show support for (that the algorithm in the Specification included) functions performed by the “compliance mechanism.”
- No. 2014-1218 (Fed. Cir. Sept. 4, 2015).

WILLIAMSON ON REMAND

- US 6,155,840 issued with independent claims 1, 8, and 17 all directed to a networked, distributed learning / virtual classroom environment.
- Fed. Cir. held Claim 8 invalid under 35 U.S.C. § 112, para. 2, in June 2015, and remanded.
 - Reversed district court construction of “graphical display” limitations.
- Defendants brought motion for Summary Judgement of Section 101 invalidity.
- Independent claims 1 and 17 fall under *Alice*: “None of the asserted claims meaningfully limit the abstract idea of creating a virtual, interactive learning environment.”
 - No. CV 11-02409 SJO (JEMx) (C.D. Cal. Feb 17, 2016).

THE “ABSTRACT IDEA” TEST: *BILSKI* AND *MAYO*

- *Bilksi* (S. Ct. 2010): the test for patent eligibility is whether claims recite an “abstract idea.”
 - Claims were directed to hedging risk in commodities trading: “[a] method for managing the consumption risk costs of a commodity sold by a commodity provider at a fixed price.”
- *Mayo v. Prometheus* (S. Ct. 2012): Newly discovered law of nature is unpatentable.
 - Claims were directed to using concentrations of metabolites in blood to determine drug dosages.
 - Applying a law of nature is not patentable if the application uses only known techniques known in the art → significant additional innovation?
 - Here is the beginning of the end for analyzing the “claim as a whole.”

THE “ABSTRACT IDEA” TEST: ALICE

- S. Ct. June 2014: claims of 4 patents directed to “financial matters and risk management,” i.e., reducing “counterparty” or “settlement” risk following a trade in a trading system.
 - Included system, computer, and method claims (unlike *Bilski*).
- “We [unanimously] hold that the claims at issue are drawn to the abstract idea of intermediated settlement, and that **merely requiring generic computer implementation fails to transform that abstract idea into a patent-eligible invention.**”
- Declined to delimit the precise contours of the ‘abstract ideas’ category in this case.” Examples:
 - fundamental/longstanding economic practices
 - certain methods of organizing human activity
 - an idea of itself
 - mathematical relationships/formulas

WHAT IS “SIGNIFICANTLY MORE?”

- Improving another technology or technical field – e.g., *Diamond v. Diehr* (mathematical equation to determine when to open a rubber-molding press, thereby solving a practical technological problem).
- Improving functioning of the computer itself (*Enfish*).
- Can a manual process encompass “significantly more?”
 - *I.e.*, are business methods patents totally and completely dead?
- **Can’t be “significantly more” if found in prior art.**

Alice at the Federal Circuit

FEDERAL CIRCUIT SCORECARD

- **Score is 17-2 against**
 - **Three biotech patents invalidated; the rest are software / business methods.**
- ***DDR Holdings* is (was?) the outlier; *Enfish* has shaken things up.**
- **Waiting for *McRo (BluePlanet)***

ALICE AT THE FEDERAL CIRCUIT IN 2014

Case	Date	Summary
<i>Digitech Image Techs., LLC v. Electronics for Imaging, Inc.</i>	7/11/2014	Claimed a device profile including “both spatial properties and color properties of an imaging device.”
<i>Planet Bingo, LLC v. VKGS LLC</i>	8/26/2014	Managing the game of bingo “consists solely of mental steps which can be carried out by a human using pen and paper.”
<i>buySAFE, Inc. v. Google, Inc.</i>	9/3/2014	“[P]roviding a guaranty service for online transactions” not patent-eligible.
<i>Ultramercial, Inc. v. Hulu, LLC</i>	11/14/2014	Invalidated Internet advertising claims.
<i>DDR Holdings, LLC v. Hotels.com, L.P.</i>	12/5/2014	Upheld claims directed to managing the look and feel of e-commerce web pages to provide “store within a store” functionality to product pages.
<i>BRCA1- & BRCA2-Based Hereditary Cancer Test Patent Litig. v. Ambry Genetics Corp.</i>	12/17/2014	Claimed compositions were “structurally identical to the ends of DNA strands found in nature.”
<i>Content Extraction & Transmission LLC v. Wells Fargo Bank, N.A.</i>	12/23/2014	Claims for extracting and storing data from a scanned image, e.g., using software in an ATM machine, “are drawn to the basic concept of data recognition and storage.”

ALICE AT THE FEDERAL CIRCUIT – 2015

Case	Date	Summary
<i>Allvoice Developments US, LLC v. Microsoft Corp.</i>	5/22/2015	Claims drawn to a “universal speech recognition interface,” did not fall into one of the enumerated statutory categories of a “process, machine, manufacture, or composition of matter.”
<i>OIP Techs., Inc. v. Amazon.com, Inc.</i>	6/11/2015	Claims directed to “automated testing and selection of prices for goods and services sold online;” they “merely [used] a general-purpose computer to implement the abstract idea of ‘price optimization’.”
<i>Ariosa Diagnostics, Inc. v. Sequenom, Inc.</i>	6/12/2015	Pre-natal diagnostic method not patent-eligible.
<i>Internet Patents Corp. v. Active Network, Inc.</i>	6/23/2015	Claims were directed to abstract idea of “retaining information lost in the navigation of online forms.”
<i>Intellectual Ventures I LLC v. Capital One Bank (USA)</i>	7/6/2015	Claims to budgeting application and tailoring web pages to individual users, i.e., for advertising purposes, held invalid.
<i>Vehicle Intelligence & Safety LLC v. Mercedes-Benz USA, LLC</i>	12/28/2015	Held patent-ineligible claims drawn to “the abstract idea of testing operators of any kind of moving equipment for any kind of physical or mental impairment.”

ALICE AT THE FEDERAL CIRCUIT – 2016

Case	Date	Summary
<i>Priceplay.com, Inc. v. AOL Advertising, Inc.</i>	1/7/2016	Claims directed to game scoring and processing Internet transactions were not patent-eligible.
<i>Mortg. Grader, Inc. v. Costco Wholesale Corp.</i>	1/20/2016	Claims to computer-implemented system to provide anonymous loan shopping were not patent-eligible.
<i>Wireless Media Innovations LLC v. Maher Terminals LLC</i>	2/8/2016	Claims were directed to a “container monitoring system for accumulating and storing information on shipping containers including container location and container load status.”
<i>In re Smith</i>	3/10/2016	Computerized blackjack not patent-eligible.
<i>Genetic Techs. Ltd. v. Merial L.L.C.</i>	4/8/2016	Detecting DNA coding not patent-eligible.

ALICE AT THE FEDERAL CIRCUIT – 2016

Case	Date	Summary
<i>Enfish, LLC v. Microsoft Corp.</i>	5/12/2016	Reversed findings of invalidity under 35 U.S.C. § 101 for two patents “directed to an innovative logical model for a computer database.”
<i>TLI Communications LLC v. AV Automotive LLC</i>	5/17/2016	Affirmed the invalidity under 35 U.S.C. § 101 of patent claims drawn to “recording and administering digital images.”
<i>McRo, Inc. v. Bandai Namco Games America</i>	Oral arg. 12/11/2015	Claims are directed to a method for automatically performing lip and facial expression synchronization for animated characters to provide a more natural correspondence between the animated characters and recorded sounds.

ULTRAMERCIAL, INC. V. HULU, LLC **(NOV. 14, 2014)**

- Claims were directed to a “method for distribution of products over the Internet via a facilitator,” i.e., to monetize content.
- Went to S. Ct. twice; Fed. Cir. (Judges Lourie, Mayer, and O’Malley) invalidated on third go-round.
- “The process [steps] of receiving copyrighted media, selecting an ad, offering the media in exchange for watching the selected ad, displaying the ad, allowing the consumer access to the media, and receiving payment from the sponsor of the ad all describe an abstract idea, devoid of a concrete or tangible application.
 - “None of these eleven individual steps . . . transform the nature of the claim into patent-eligible subject matter.”
- This result surprised no one (and *cert. denied* July 2015).
- Mayer concurrence: there is now a “technological arts” test.

DDR HOLDINGS, LLC V. HOTELS.COM, L.P.

(DEC. 5, 2014)

- Patent claims at issue were directed to managing the look and feel of e-commerce web pages to provide “store within a store” functionality to product pages.
- Majority (Judges Chen and Wallach) didn’t fully reach abstract idea question because the claims addressed the “problem of retaining website visitors,” which had no analog in the bricks-and-mortar world.
 - Judge Mayer dissented: claimed abstract idea is “that an online merchant’s sales can be increased if two web pages have the same “look and feel”—and apply that concept using a generic computer.”
- Thus, majority stated that “the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.”
 - Problem was “the problem of retaining website visitors that, if adhering to the routine, conventional functioning of Internet hyperlink protocol, would be instantly transported away from a host’s website after ‘clicking’ on an advertisement and activating a hyperlink.”

CAN *ULTRAMERCIAL* AND *DDR* BE RECONCILED?

- Judge Chen: *Ultramercial* claims “broadly and generically claim ‘use of the Internet,’” whereas in *DDR Holdings* the claims went to “how interactions with the Internet are manipulated to yield a desired result—a result that overrides the routine and conventional sequence of events ordinarily triggered by the click of a hyperlink.”
- Judge Mayer did not bother to mention *Ultramercial*: the *DDR* patent claims simply took the old and well-known idea of having a “store within a store” and applied it to the Internet.
 - Under *Alice*, the appropriate test is a “technological arts” test.
- If these cases cannot be reconciled, where is the boundary of patent-eligibility? → Do *Enfish* and *TLI* clarify?

ENFISH, LLC V. MICROSOFT CORP.

- “Patented logical model” of U.S. Patent Nos. 6,151,604 and 6,163,775 “include[d] all data entities in a single table, with column definitions provided by rows in that same table.”
- Rejected the idea “that claims directed to software, as opposed to hardware, are inherently abstract.”
- Claims here “are directed to a specific implementation of a solution to a problem in the software arts.”
 - The self-referential table achieved computing efficiencies.
 - No abstract idea (2nd prong of *Alice/Mayo* test not reached).
- “Technical effect” test!
- Opinion by Judge Hughes.

TLI COMMUNICATIONS LLC V. AV AUTOMOTIVE LLC

- U.S. Patent No. 6,038,295 claimed “recording and administering digital images.”
- Physical elements “merely provide a generic environment in which to carry out the abstract idea of classifying and storing digital images in an organized manner.”
- Lack of (enabling?) technical detail meant claims did not recite “significantly more” than the abstract idea.
 - “[S]teps that generically spell out what it means to ‘apply it on a telephone network’ also cannot confer patent eligibility.”
- “Technical effect” test!
- Opinion by Judge Hughes.

WAITING FOR *McRO* (*BLUE PLANET*)

- C.D. Cal. (Wu, J.; Sept. 22, 2014) granted Rule 12(c) motion.
- Claims of US 6,307,576 and 6,611,278 were directed to automatically performing lip and facial expression synchronization for animated characters to provide a more natural correspondence to recorded sounds.
- Rejected the defendant’s arguments “that the patents cover the mere idea of using rules for three-dimensional lip synchronization, without requiring specific content for those rules;” the claims each covered a specific “approach to automated three-dimensional computer animation.”
- BUT: once the court, analyzing the claims **element-by-element**, stripped away prior art methods admitted in the patents, what was left was an unpatentable abstract idea: “what the claim adds to the prior art is the use of rules, rather than artists, to set the morph waits and transitions between phonemes.”
- Oral argument Dec. 11, 2015: Fed. Cir. Panel (Taranto, Reyna, Stoll) seemed skeptical of lower court reasoning.

Patent Practice Following *Alice*

TO PATENT OR NOT TO PATENT

- **USPTO examination under § 101 varies widely by art unit.**
 - Can you draft to avoid risky categories (finance, e-commerce, data management, etc.), and for “technological arts?”
- **USPTO, PTAB, and Fed. Court approaches can differ.**
 - So you need to consider patentability at the PTO during examination as well as likely subsequent treatment.
- **§ 101 law is still evolving – what to do with IP in the grey area in the meantime?**
 - Copyright or trade secret?
 - Perfect patent filings now in hopes (or in case) the pendulum will swing back in the future?

EVEN IF NOT TRADE SECRET, SOME INVENTIONS ARE NOT WORTH FILING

- See US 8,894,416 (“**System and method for evaluating job candidates**”), invalidated in *SkillSurvey, Inc. v. Checkster, LLC.*, No. 15-1766 (E.D. Pa., Mar. 31, 2016).
- **Abstract:** Human resource system for collecting and analyzing survey data from reference providers identified by a job candidate for use by an employer. The system sends an electronic communication to the reference providers to request completion of survey questions and electronically receives the survey data from the reference providers, preferably through webpages. An analysis module combines the received survey data from the reference providers and generates a confidential candidate report for an employer which excludes identification of any ratings or comments by any reference providers. The system also generates customized interview probe questions for use during job interviews and coaching tactics for use after the hiring, based on the weak areas that have been identified from the completed surveys in order to assist the hiring manager to bring the new hires up to speed quickly and effectively.

USE THE PROBLEM-SOLUTION APPROACH

- **Why:** claims pass *Alice* if they provide a technical solution to a technical problem.
- **Old thinking:** state a problem or need very broadly if at all. The drafter should take care that claim scope is not limited to solving a stated problem to avoid limiting claim construction.
- **New thinking:** the drafter should state a technical problem that is being solved to limit claim scope to a technical solution.
- **Example:** “Computers running ABC apps typically receive data in X format. This is a problem because web browsers need data in Y format. Disclosed herein is receiving data in a computer in X format, and **more quickly** converting the data to Y format.”
- **Authority:** *Ulramercial* (Mayer), *DDR Holdings*, *Enfish*; *Epicor Software Corp. v. Protegrity Corp.*, (PTAB CBM April 18, 2016).

CONSIDER CLAIM PREAMBLES

- **Why:** district courts in particular are often guided by the description of subject matter in a claim preamble.
- **Old thinking:** Minimalist preamble to avoid limiting claim construction.
- **New thinking:** Use the preamble to characterize the claimed subject matter.
- **Example:** “A system for improved memory allocation, comprising . . .” or “A system for improved retrieval of data stored in a computer memory, comprising . . .”
- **Authority:** A lot of district court cases, e.g., *Williamson II* (*supra*); *Intellectual Ventures I* and *Vehicle Intelligence and Safety LLC* (see Appendix).

DON'T USE FUNCTIONAL LANGUAGE

- **Why:** *Williamson* and *Alice* both punish functional claiming (and not just under 112(f)).
- **Old thinking:** functional language gives the broadest protection.
- **New thinking:** limit functional language.
- **Examples:**
 - “a temperature sensor,” and not “a sensor for providing a temperature;”
 - “a computer programmed to perform A, B, and C” and not “a module for achieving X, Y, and Z.”
- **Authority:** *Williamson* and *Alice*

AVOID INVENTING TERMINOLOGY

- **Why:** Claim terms that are not terms of art invite the problems of functional claiming, plus indefiniteness attacks.
- **Old thinking:** invented terms provide latitude in claim construction, so use them.
- **New thinking:** invented terms provide latitude for invalidity attacks, so avoid them.
- **Examples:**
 - “a computer” and not “a weather analysis device”
 - a “lidar sensor” or “a camera,” and not “an image data mechanism”
- **Authority:** *Williamson and Alice*

BE YOUR OWN LEXICOGRAPHER

- **Why:** claim terms can be read as directed to an abstract idea if they can be read to encompass non-technical features.
- **Old thinking:** the drafter should be careful in defining terminology in a way that could subsequently limit a claim construction, i.e., an attempt to accuse an infringing product.
- **New thinking:** the drafter should define terms to preclude non-technical definitions from being included in claim scope.
- **Example:** claim recites “receiving image data.”
 - Define image data so it could only be found in a machine environment, e.g., “image data” means “a digital representation of an image, i.e., a pixel map or other representation of an image including numeric values stored a file and usable to render an image in an electronic display.”
- **Authority:** E.g., *Epicor Software Corp. v. Protegrity Corp.*, CBM2015-00006 (PTAB April 18, 2016).

TAKE CARE WITH PERMISSIVE LANGUAGE

- **Why:** open-ended explanations of claim elements can leave claim scope covering manual or abstract steps.
- **Old thinking:** use permissive language (“may,” “can”) liberally in the Specification to avoid limiting claim scope.
- **New thinking:** continue to use permissive language liberally, but not so as to include a manual step or abstract idea.
- **Examples:**
 - “The image data *is* digital data,” not “the image data *could include* digital data.”
 - But: “the computer *may* be communicatively coupled to one or more peripheral devices” is still OK.

PROVIDE DETAILED FLOW DESCRIPTIONS

- **Why:** the less detail you put in your process flow the more likely you are to suffer from functional descriptions.
- **Old thinking:** none – detailed process flows have always been a good idea.
- **New thinking:** see above: supplement “black boxes” in block diagrams with as much detail as possible concerning algorithms implemented in the black boxes.
- **Example:**
 - Claims recite an “actuator:” include flowcharts and, if appropriate, other diagrams, describing operation of the “actuator.”

AVOID “NONCE” WORDS

- **Why:** possible 112(b) and (f) indefiniteness, but also potential problems under *Alice* (mere recitation of a “generic device” does not save patent-eligibility).
- **Old thinking:** Generic terms are broad and therefore better.
- **New thinking:** generic terms remain unavoidable and are often recommended (see above), but if used need to be defined.
- **Example:** generic device is relied on.
 - Describe the device as a particular kind of computer programmed in a particular way.

“NONCE” WORDS: A RADICAL IDEA

- If claiming functionality is unavoidable, then claim *only* the functionality, and not any structure.
- Claim 8 of the '840 patent in *Williamson* recited “a distributed learning and control module for receiving communications transmitted between the presenter and the audience member computer systems.”
- Go all-in on reciting functionality: What if claim 8 of the '840 patent in *Williamson* had simply recited “receiving communications transmitted between the presenter and the audience member computer systems”?

INCLUDE AN EXPLICIT MPF CLAIM TERM: A LESS RADICAL IDEA

- Might make stronger the presumption, weakened by *Williamson*, that other independent claims should not fall under 112(f).
- Forces the drafter to consider how claimed functionality is supported in the specification.
- Probably doesn't help or hurt under *Alice*.

WHAT LAW DOES THE USPTO FOLLOW?

- Analogizing your claims to an example of patent-eligibility in the USPTO's Interim Guidance on Subject Matter Eligibility can overcome 101 rejections (the *DDR* argument).
- The Guidance summarizes Supreme Court and Federal Circuit case law but is not itself law.
 - See *In re Smith*, No. 2015-1664 (Fed. Cir. March 10, 2016)
 - Applicant had no legal basis to argue that a rejection was improper because the examiner did (or did not) rely on the USPTO's patent-eligibility guidance.
 - Affirmed the examiner's rejection of claims that "cover only the abstract idea of rules for playing a wagering game and use conventional steps of shuffling and dealing a standard deck of cards."
 - *But see Finjan, Inc. v. Blue Coat Systems, Inc.*, 5-13-cv-03999 (N.D. Cal. Nov. 20, 2015) (holding claim to security inspection of downloaded files patent-eligible in part based on similarity to a guidance example).

ALICE AND THE EXAMINING CORPS

- **Business methods art units are rejecting almost everything.**
- **But others are inconsistent; some seem to be business-as-usual.**
 - **Interview to learn what standards and process the examiner will follow in your individual case.**

PROSECUTION AT THE USPTO

- **Interview!**

- Different art units apply *Mayo* and *Alice* differently.
- An amendment you might not think of could be sufficient to cure the rejection.

- **Arguments:**

- Non-abstractedness flows from elements not taught or suggested by the prior art.
- Present claims are like Example __ from the Guidelines.
- Claims solve a technical problem (*DDR Holdings* and now *Enfish*).

THANK YOU

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The Software Intellectual Property Report
swipreport.com

Appendix I

Alice Examples

WHICH OF THESE CLAIMS IS PATENT-ELIGIBLE?

1. A method comprising:
receiving by an inspector a Downloadable;
generating by the inspector a first Downloadable security profile that identifies suspicious code in the received Downloadable; and
linking by the inspector the first Downloadable security profile to the Downloadable before a web server makes the Downloadable available to web clients.

1. A system for managing messaging on a limited-area network comprising:
a network management device attached to a wide area network;
a limited area network attached to said network management device, said limited area network capable of connecting network devices identified by a unique attribute to said network management device;
a controller attached to said network management device;
wherein said controller authenticates a particular network device identified by its unique attribute;
wherein responsive to authenticating said particular network device identified by its unique attribute, said controller creates a first access rule within said network management device for said particular network device;
wherein said network management device provides a level of access to a wide area network from said limited area network to said particular network device pursuant to said first access rule;
wherein responsive to a message sent to said particular network device identified by its unique attribute, said controller creates a second access rule within said network management device for said particular network device;
wherein said second access rule limits access to the wide area network by said particular network device identified by its unique attribute more than said first access rule;
wherein said network management device provides a level of access to said wide area network from said limited area network pursuant to said second access rule until said message sent to said particular network device is acknowledged by a user of said particular network device; and
wherein responsive to said user acknowledging said message, said network management device provides a level of access to said wide area network from said limited area network pursuant to said first access rule.

THE ANSWER MAY SURPRISE YOU

- **Claims of US 6,154,844 (“System and method for attaching a downloadable security profile to a downloadable”) were held patent-eligible.**
 - **Post trial conclusions of law pursuant to FRCP 52(a).**
 - ***Finjan, Inc. v. Blue Coat Systems, Inc.*, 5-13-cv-03999 (N.D. Cal. Nov. 20, 2015).**
- **Claims of US 7,631,079 (“System and method of messaging and obtaining message acknowledgement on a network”) held patent-ineligible.**
 - **Magistrate R & R on Rule 12(b)(6) motion to dismiss.**
 - ***Network Apparel Group, LP v. Airwave Networks Inc.*, 6-15-cv-00134 (W.D. Texas Dec. 30, 2015)**

RATIONALE?

- **US 6,154,844:** patent-eligibility despite claims being “directed to the abstract idea of ‘receiving’ a downloadable, ‘generating’ information, and then ‘linking’ the downloadable and generated information.”
 - USPTO’s “2014 Interim Guidance on Patent Subject Matter Eligibility,” included a “hypothetical claim [that] covers ‘receiving an electronic communication,’ ‘storing the communication,’ and ‘extracting . . . malicious code from the electronic communication to create a sanitized electronic communication.’”
 - Present claim, like the USPTO’s example, was “necessarily rooted in computer technology.”
- **US 7,631,079:** “[T]he purpose of the ‘079 Patent is to incentivize an end user to acknowledge the receipt of a message and that such purpose is a well-known, longstanding, commercial business practice.”
 - Therefore, “as a matter of law . . . the claims of the ‘079 Patent are directed to an [unpatentable] abstract idea.”

EXAMPLE OF PATENT-INELIGIBILITY (1)

1. A method of collecting information, the method comprising:

transmitting a discovery rule across a communication link to a computer system, wherein the discovery rule is to be applied to data about the computer system or a user to generate information, and wherein the data is collected by a discovery agent located in the computer system, and

receiving the information from the computer system.

- **Claims of US 6,519,581** amounted to “a method for performing the abstract idea of gathering, storing, and acting on data based on predetermined rules,” and “using mathematical formulas and code sequences do not transform it into patent-eligible subject matter.”
- ***Intellectual Ventures I LLC v. Erie Indemnity Company*, Nos. 1: 14-cv-00220, 2:14-cv-01130 and 2:14-cv-01131 (W.D. Penn. Sept. 25, 2015)**

EXAMPLE OF PATENT-INELIGIBILITY (2)

8. A method to screen an equipment operator for impairment, comprising:

screening an equipment operator by one or more expert systems to detect potential impairment of said equipment operator;

selectively testing said equipment operator when said screening of said equipment operator detects potential impairment of said equipment operator; and

controlling operation of said equipment if said selective testing of said equipment operator indicates said impairment of said equipment operator,

wherein said screening of said equipment operator includes a time-sharing allocation of at least one processor executing at least one expert system.

- **Claims of 7,394,392, were drawn to “the abstract idea of testing operators of any kind of moving equipment for any kind of physical or mental impairment.”**
- **Rejected application of *DDR Holdings*.**
- ***Vehicle Intelligence and Safety LLC v. Mercedes-Benz USA LLC*, No. 2015-1411 (Fed. Cir., Dec. 28, 2015) (*per curiam*).**

EXAMPLE OF PATENT-ELIGIBILITY (1)

1. A multi-player game system comprising:

a game server configured to run a game software to facilitate a multi-player game, the game server further configured to provide display signals for displaying the multi-player game;

a display system having primary display means, the display system being configured to provide a primary game display of the multi-player game on the primary display means in response to the display signals;

a plurality of handheld game controllers, each handheld game controller having secondary display means and input means; and

communication controller for enabling communication between the game server and each handheld game controller;

wherein the plurality of handheld game controllers are located in proximity to the primary display means such that the primary display means is visible to game players manipulating respective handheld game controllers; and

wherein the game server is configured to download a game software module to each handheld game controller using the communication controller prior to initiation of the multi-player game, each game software module executable by the corresponding handheld game controller to enable the corresponding handheld game controller to provide a secondary game display on the secondary display means in response to player input received at the input means, wherein the secondary game display is complementary to the primary game display, and to enable participation in the multi-player game by the corresponding game player.

EXAMPLE OF PATENT-ELIGIBILITY (1, CONT'D.)

- No claim construction needed; court could dispose of patent-eligibility question at pleadings stage.
- Parties agreed that the claims were “directed to the ‘idea of multi-player gaming using a hand-held controller that has a display screen where the players are also in front of a shared display.’”
- The defendants did not meet their burden of showing “that such an idea, which is by definition limited to the field of multi-player gaming and which requires the use of multiple hardware components—unlike the claims in *Bilski* and *Alice* which, at least in theory, could be performed without a computer—is ‘abstract’ within the meaning of Section 101.”
 - *DDR Holdings* applied: presently recited hardware elements such as “a handheld gaming controller equipped with a screen and the capability of downloading software” went beyond simply linking a claimed method to a particular technological environment.
- *Timeplay, Inc. v. Audience Entertainment LLC*, No. CV 15-05202 SJO (JCx) (C.D. Cal. Nov. 10, 2015) (US 8,951,124).

EXAMPLE OF PATENT-ELIGIBILITY (2)

1. A system for providing access to a personal computer having a location on the Internet defined by a dynamic IP address from a remote computer, the system comprising:

(a) a personal computer linked to the Internet, its location on the Internet being defined by either (i) a dynamic public IP address (publicly addressable), or (ii) a dynamic LAN IP address (publicly un-addressable), the personal computer being further linked to a data communication facility, the data communication facility being adapted to create and send a communication that includes a then current dynamic public IP address (publicly addressable) or dynamic LAN IP address (publicly un-addressable) of the personal computer;

(b) a locator server computer linked to the Internet, its location on the Internet being defined by a static IP address, and including a location facility for locating the personal computer; and

(c) a remote computer linked to the Internet, the remote computer including a communication facility, the communication facility being operable to create a request for communication with the personal computer, and send the request for communication to the locator server computer;

wherein the data communication facility includes data corresponding to the static IP address of the locator server computer, thereby enabling the data communication facility to create and send on an intermittent basis one or more communications to the locator server computer that include the then current dynamic public IP address or dynamic LAN IP address of the personal computer; and

wherein the locator server computer is operable to act as an intermediary between the personal computer and the remote computer by creating one or more communication sessions there between, said one or more communication sessions being created by the location facility, in response to receipt of the request for communication with the personal computer from the remote computer, by determining the then current location of the personal computer and creating a communication channel between the remote computer and the personal computer, the location facility being operable to create such communication channel whether the personal computer is linked to the Internet directly (with a publicly addressable) dynamic IP address or indirectly via an Internet gateway/proxy (with a publicly un-addressable dynamic LAN IP address).

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EXAMPLE OF PATENT-ELIGIBILITY (2, CONT'D)

- Alleged abstract idea: “an intermediary that, in response to a request for communication, finds a current location of the requested endpoint and creates a connection between the two devices, and argues that the invention could be, and was, performed by humans when telephone operators connected one caller to a second caller at the first caller’s request.”
- Court: claim considered as whole did not require simply using IP addresses, analogous to telephone numbers, but included additional recitations, e.g., “creating the private communication channel for remote access is not simply to allow people to talk with each other, but to allow direct access of data on the personal computer from the remote computer.”
 - *DDR Holdings* applied.
- *01 Communique Laboratory, Inc. v. Citrix Systems, Inc.*, No. 1:06-cv-253 (N.D. Ohio Dec. 21, 2015.) (US 6,928,479).

Appendix II: Hypotheticals

HYPOTHETICAL #1

- Algorithm for crunching health insurance statistics and improving their usefulness to underwriters so that insurance companies can maximize profits and the benefits provided
- Considerations:
 - Heavy in pure algorithm and business method language
 - Detectability for enforcement reasons
 - Section 101 - Abstract Idea
 - Protectable as a trade secret
 - Copyright
 - Trademark (Brand the "gold standard" for such data)

HYPOTHETICAL #2

- A system for (a) a new user interface for collecting inventory data and (b) a new algorithm for real-time prediction of inventory shortages and surpluses in the future.
- **Considerations:**
 - Heavy in business method and data processing language
 - Detectability for enforcement reasons
 - Section 101 - Abstract Idea
 - Protectable as a trade secret
 - Copyrights (client and server)
 - Design patent application on UI
 - Trademark (Brand the "gold standard" for such an inventory control system)

HYPOTHETICAL #3

- A system for providing promotional offers through a mobile device based on GPS/beacon location information.
- Considerations:
 - Involves promotional/business method concepts
 - Section 101 - Abstract Idea
 - Copyright
 - Trademark
 - Probably not a strong trade secret option either

HYPOTHETICAL #4

- A system for providing changes in communication channels used by a mobile device (e.g., LTE to WiFi data only) based on GPS/beacon location information indicating that the device is outside of the user's LTE service area.
- Considerations:
 - Section 101 - Changes the way in which the mobile device functions (focus on technical features/avoid business case)
 - Copyright
 - Trademark
 - Probably not a strong trade secret option

HYPOTHETICAL #5

- A system for monitoring (a) moisture sensors in a lawn and flower beds and (b) a Web-based weather service to control timing, duration, and location of home sprinkler systems.
- Considerations:
 - Section 101 - Signaling a home sprinkler control system versus actuating one or more valves in a home sprinkler system (focus on technical features/avoid business case)
 - Copyright
 - Trademark
 - Broad signaling independent claim vs. valve actuating independent/dependent claims?
 - Probably not a strong trade secret option

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