

Federal Circuit's 101 Opinions First Half of 2016



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Is that light I see

at the end at the (in)eligibility tunnel?

CAFC 101 Cases – 2016 Thus Far

3

- Mortg. Grader, Inc. v. First Choice Loan Servs. Inc., January 20, 2016
 - Chief District Court Judge STARK
- In re Smith, March 10, 2016
 - MOORE, HUGHES, and STOLL
- Genetic Techs. Ltd. v. Merial LLC, April 8, 2016
 - PROST, DYK, and TARANTO
- In re Brown, April 22, 2016
 - PROST, MOORE, and STOLL, per curiam, nonprecedential
- Enfish, LLC v. Microsoft Corp., May 12, 2016
 - MOORE, TARANTO, and HUGHES
- TLI Commc'ns LLC v. AV Auto., LLC, May 17, 2016
 - DYK, SCHALL, and HUGHES
- Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC, June 27, 2016
 - NEWMAN, O'MALLEY, and CHEN
- Rapid Litig. Mgmt. Ltd. v. Cellzdirect, Inc., July 5, 2016
 - PROST, MOORE, and STOLL
- Shortridge v. Found. Constr. Payroll Serv., LLC, July 13, 2016
 - O'MALLEY, LINN, and STOLL, per curiam, nonprecedential

So, probably not

3 cases do not suggest a rise in pro-eligibility decisions

Does the Type of Judicial Exception Matter?

Which are more likely to be eligible?

CAFC 101 Cases – JE Type

6

- Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.
 - Abstract Idea
- In re Smith
 - Abstract Idea
- Genetic Techs. Ltd. v. Merial LLC
 - Law of Nature
- In re Brown (nonprecedential)
 - Abstract Idea
- Enfish, LLC v. Microsoft Corp.
 - Abstract Idea
- TLI Commc'ns LLC v. AV Auto., LLC
 - Abstract Idea
- Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC
 - Abstract Idea
- Rapid Litig. Mgmt. Ltd. v. Cellzdirect, Inc.
 - Law of Nature
- Shortridge v. Found. Constr. Payroll Serv., LLC (nonprecedential)
 - Abstract Idea

Again, probably not

Just seems to be more cases involving Abstract Ideas

Does the Type of Invention Matter?

Which are more likely to be eligible?

CAFC 101 Cases – Type of Invention

9

- Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.
 - Computer-implemented system for performing a financial transaction
- In re Smith
 - Method of playing a wagering game
- Genetic Techs. Ltd. v. Merial LLC
 - Method of detecting genetic variations
- In re Brown (nonprecedential)
 - Method of cutting hair
- Enfish, LLC v. Microsoft Corp., May 12, 2016
 - Data storage and retrieval system for a computer memory
- TLI Commc'ns LLC v. AV Auto., LLC
 - Method of classifying and storing digital images in an organized manner
- Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC
 - Method of filtering Internet content
- Rapid Litig. Mgmt. Ltd. v. Cellzdirect, Inc.
 - Method of preserving liver cells
- Shortridge v. Found. Constr. Payroll Serv., LLC (nonprecedential)
 - Method of categorizing labor data

Again, probably not

But, ineligibility seems to mostly plague method claims

Do structural limitations matter?

Does requiring the use of device structure render eligibility?

CAFC 101 Cases – Structure Limitations

12

- Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.
 - Requires use of a computer
- In re Smith
 - Requires use of physical playing cards
- Genetic Techs. Ltd. v. Merial LLC
 - Requires genomic DNA and primer pair (which are physical things)
- In re Brown (nonprecedential)
 - Requires a head, a hairline, hair, and scissors
- Enfish, LLC v. Microsoft Corp.
 - Requires means for configuring memory and means for indexing data
- TLI Commc'ns LLC v. AV Auto., LLC
 - Requires telephone unit and server
- Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC
 - Requires a computer and a server
- Rapid Litig. Mgmt. Ltd. v. Cellzdirect, Inc.
 - Requires liver cells and necessarily requires equipment for density fractionation
- Shortridge v. Found. Constr. Payroll Serv., LLC (nonprecedential)
 - Requires use of a computer

A Flat Fat NO.

All require the use of a physical thing, yet 6 of 9 are held to be directed to the Abstract Idea or Law of Nature ITSELF

So what the H...ay confers eligibility?

Mortgage v. First Choice

US 7,366,694 and US 7,680,728 relate to financial transactions including a method for a borrower to evaluate and/or obtain a loan.

District court determined that the claims are directed to the abstract idea of "anonymous loan shopping" and that they include no "inventive concept."

Claim 1 of the '694 patent is representative:

1. A computer-implemented system for enabling borrowers to anonymously shop for loan packages offered by a plurality of lenders, the system comprising:
 - a database that stores loan package data []; and
 - a computer system that provides:
 - a first interface that allows the lenders to securely upload at least some of the loan package data [] to the database over a computer network; and
 - a second interface that prompts a borrower to enter personal loan evaluation information, and invokes, on a computer, a borrower grading module which uses [the] personal loan evaluation information to calculate a credit grading for the borrower [] distinct from a credit score of the borrower [];
 - wherein the second interface provides functionality for the borrower to search the database to identify a set of loan packages for which the borrower qualifies based on the credit grading, and to compare the loan packages within the set [] while remaining anonymous [], said second interface configured to display to the borrower an indication of a total cost of each loan package in the set, said total cost including costs of closing services not provided by corresponding lenders.

Mortgage v. First Choice CAFC Analysis

Abstract Idea:
Anonymous loan
shopping

Agreed that the claims are directed to the abstract idea of "anonymous loan shopping."

The claim limitations, analyzed individually and "as a whole," recite nothing more than the collection of information to generate a "credit grading" and to facilitate anonymous loan shopping.

The series of steps covered by the claims—borrower applies for a loan, a third party calculates the borrower's credit grading, lenders provide loan pricing information to the third party based on the borrower's credit grading, and only thereafter (at the election of the borrower) the borrower discloses its identity to a lender—could all be performed by humans without a computer.

Mortgage v. First Choice
CAFC Analysis

No Inventive Concept

Claim elements add only generic computer components such as an "interface," "network," and "database" that do not satisfy the inventive concept requirement.

Nothing in the asserted claims "purport[s] to improve the functioning of the computer itself" or "effect an improvement in any other technology or technical field."

Nor do the claims solve a problem unique to the Internet.

In addition, the claims are not adequately tied to "a particular machine or apparatus."

Because the asserted claims are directed to an abstract idea and nothing in the claims adds an inventive concept, the claims are not patent-eligible under § 101.

In re Smith

Claims of US 12/912,410 relate to a method of claim in wagering game.

PTAB affirmed Examiner's ineligibility rejection.

Claim 1, which the Board analyzed as representative, recites:

1. A method of conducting a wagering game comprising:
 - [a]) a dealer providing at least one deck of . . . physical playing cards and shuffling the physical playing cards to form a random set of physical playing cards;
 - [b]) the dealer accepting at least one first wager from each participating player on a player game hand against a banker's/dealer's hand; []
 - [e]) the dealer resolving any player versus dealer wagers between each individual player hand that has a Natural 0 count and between the dealer hand and all player hands where a Natural 0 is present in the dealer hand, while the dealer exposes only a single card to the players;[]
 - [h]) [] the dealer comparing a value of each designated player's hand to a final value of the banker's/dealer's hand [] based on a pre-established scoring system [];
 - [i]) the dealer resolving the wagers based on whether the designated player's hand or the banker's/dealer's hand is nearest to a value of 0.

In re Smith

Examiner & Board

No MOT under Bilski

No Inventive Concept

Examiner rejected claims 1-18 as being ineligible under the machine-or-transformation test of Bilski.

Examiner concluded that the claims represented "an attempt to claim a new set of rules for playing a card game," which "qualifies as an abstract idea."

Board affirmed and applied the Mayo/Alice Test, which had been decided in the interim.

Step 1: Board determined that "independent claim 1 is directed to a set of rules for conducting a wagering game which . . . constitutes a patent-ineligible abstract idea."

Step 2: Board concluded that "shuffling and dealing cards are conventional in the gambling art," and as such, "do not add enough to the claims" to render them patent eligible.

In re Smith
CAFC Analysis

Abstract Idea: Method of
conducting a wagering
game

Determined that the claims are directed to rules for conducting a wagering game, which are similar to other "fundamental economic practice[s]" found abstract by the Supreme Court.

As the Board reasoned here, "[a] wagering game is, effectively, a method of exchanging and resolving financial obligations based on probabilities created during the distribution of the cards."

In Alice, the Supreme Court held that a method of exchanging financial obligations was drawn to an abstract idea.

Likewise, in Bilski, the Court determined that a claim to a method of hedging risk was directed to an abstract idea.

Here, Applicants' claimed "method of conducting a wagering game" is drawn to an abstract idea much like Alice's method of exchanging financial obligations and Bilski's method of hedging risk.

Thus, the claims describing a set of rules for a game, are drawn to an abstract idea.

In re Smith
CAFC Analysis

No Inventive Concept

Disagreed with Applicants assertion that the claims require shuffling and dealing "physical playing cards" and therefore brings the claims into patent-eligible territory.

Shuffling and dealing a standard deck of cards are "purely conventional" activities.

Therefore, the claims do not have an "inventive concept" sufficient to "transform" the claimed subject matter into a patent-eligible application of the abstract idea.

That is not to say that all inventions in the gaming arts would be foreclosed from patent protection under § 101. We could envisage, for example, claims directed to conducting a game using a new or original deck of cards potentially surviving step two of Alice.

GTL v. Merial LLC

US 5,612,179 relates to methods of detecting genetic variations. District Court determined that the claims are directed to a law of nature into nothing more than informing a relevant audience about the law of nature.

Claim 1 of the '179 patent recites:

1. A method for detection of at least one coding region allele of a multi-allelic genetic locus comprising:
 - a) amplifying genomic DNA with a primer pair that spans a non-coding region sequence, said primer pair defining a DNA sequence which is in genetic linkage with said genetic locus and contains a sufficient number of non-coding region sequence nucleotides to produce an amplified DNA sequence characteristic of said allele; and
 - b) analyzing the amplified DNA sequence to detect the allele.

GTL v. Merial LLC CAFC Analysis

Law of Nature:
Relationship between non-coding and coding sequences in linkage disequilibrium and the tendency of such non-coding DNA sequences to be representative of the linked coding sequences

The claim is directed to the relationship between non-coding and coding sequences in linkage disequilibrium and the tendency of such non-coding DNA sequences to be representative of the linked coding sequences—a law of nature.

Covers a method of detecting a coding region of a person's genome by amplifying and analyzing a linked non-coding region of that person's genome.

Covers any comparison, for any purpose, of any non-coding region sequence known to be linked with a coding region allele at a multi-allelic locus.

Broadly covers essentially all applications, via standard experimental techniques, of the law of linkage disequilibrium to the problem of detecting coding sequences of DNA.

The product of the method of claim 1 is information about a patient's natural genetic makeup—at least one coding region allele.

Relies on the existence of linkage disequilibrium between the non-coding and coding regions—i.e., the tendency of these regions to be linked.

Linkage disequilibrium is indisputably a universal, inherent feature of human DNA, and the '179 patent itself notes that the claims are based on this fact.

GTL v. Merial LLC
CAFC Analysis

No Inventive Concept

"Amplifying" genomic DNA with a primer pair was indisputably well known, routine, and conventional.

To overcome an examiner's enablement rejection, GTG argued that "amplification . . . [was a] technique[] . . . readily practiced by those in skill at the time the application was filed."

"Analyzing" amplified DNA to provide a user with information about the amplified DNA, was well-known, routine, and conventional

During prosecution, GTG argued that "Applicant has not invented a new way to analyze genetic loci. Rather Applicant has found that when prior art techniques are applied to the non-coding sequences, the result can be more informative than analysis of the coding regions."

Thus, the physical steps of DNA amplification and analysis of the amplified DNA do not, individually or in combination, provide the requisite inventive concept.

The term "to detect the allele" (in the sense of examining the non-coding region to detect an allele in the coding region) is a mental process step, one that provides a purpose but does not create the requisite inventive concept, because it merely sets forth a routine comparison that can be performed by the human mind.

In re Brown (nonprecedential)

Claims relate to a method of cutting hair.

Board held claims 1-5, 7-9, 17, 18, and 20-22 of US 09/795,210 ineligible.

Claim 1 is representative:

1. A method of cutting hair comprising;
 - a) defining a head shape as one of balanced, horizontal oblong or vertical oblong by determining the greater distance between a first distance between a fringe point and a low point of the head and a second distance between the low point of the head and the occipital bone;
 - b) designating the head into at least three partial zones;
 - c) identifying at least three hair patterns;
 - d) assigning at least one of said at least three hair patterns to each of the said partial zones to either build weight or remove weight in at least two of said partial zones; and
 - e) using scissors to cut hair according to said assigned hair pattern in each of the said partial zones.

In re Brown CAFC Analysis

Abstract Idea: Assigning
hair designs to balance
head shape

We agree with the Board's determination that the central purpose of the claimed method is the process before cutting, and that the hair-cutting step constitutes "insignificant post-solution activity."

Brown argues the claims are not directed to an abstract idea because steps (a), (b), and (e)—defining a head shape, designating the head, and using scissors—require physical manipulation.

Step (a) does not recite instructions for one to physically measure a head. Nowhere in the specification does it indicate or suggest this step must be performed physically, or what instrument could be used.

Step (b) is not confined to physically designating the head into partial zones.

Steps (a) and (b) broadly encompass the mere idea of identifying a head shape and applying different known hair styles to balance one's head, which can be performed entirely in one's mind.

In re Brown
CAFC Analysis

No Inventive Concept:
Post-Solution Activity

And the final step, step (e), is to use scissors to cut the hair after you determine the appropriate hair style.

Step (e) does not transform this abstract idea into patent-eligible subject matter.

Brown argued that the hair cutting step in step (e) is a meaningful and necessary limitation, and that the scissors used in that step render the claims patent eligible under the machine-or-transformation test.

While it is true that a hair cut would not result without practicing the final step of cutting hair, step (e) merely instructs one to apply the abstract idea of steps (a) and (b) with scissors.

We hold that step (e), using scissors to cut hair, is insignificant post-solution activity.

Steps (a)-(d) teach the stylist how to choose the hair style, step (e) amounts to "apply it."

Enfish v. Microsoft

US 6,151,604 and US 6,163,775 relate to an innovative logical model for a computer database that is self-referential.

District court found claims ineligible as being directed to an abstract idea.

Claim 17 of the '604 patent recites:

17. A data storage and retrieval system for a computer memory, comprising:
- means for configuring said memory according to a logical table, said logical table including:
 - a plurality of logical rows, each said logical row including an object identification number (OID) to identify each said logical row, each said logical row corresponding to a record of information;
 - a plurality of logical columns intersecting said plurality of logical rows to define a plurality of logical cells, each said logical column including an OID to identify each said logical column; and
 - means for indexing data stored in said table.

Enfish v. Microsoft CAFC Analysis

Not Directed to an Abstract Idea

The claims are not simply directed to any form of storing tabular data, but instead are specifically directed to a self-referential table for a computer database which is a specific improvement to the way computers operate.

Alice does not broadly hold that all improvements in computer-related technology are inherently abstract and, therefore, must be considered at step two.

Some improvements in computer-related technology when appropriately claimed are undoubtedly not abstract, such as a chip architecture, an LED display, and the like.

Software can make non-abstract improvements to computer technology just as hardware improvements can, and sometimes the improvements can be accomplished through either route.

Therefore, we find it relevant to ask whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea, even at the first step of the Alice analysis.

For that reason, the first step asks whether the focus of the claims is on the specific asserted improvement in computer capabilities (i.e., the self-referential table for a computer database) or, instead, on a process that qualifies as an "abstract idea" for which computers are invoked merely as a tool.

The plain focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity.

Accordingly, the claims are not directed to an abstract idea.

Enfish v. Microsoft
CAFC Analysis

Not Directed to an
Abstract Idea

Because the claims are not directed to an abstract idea under step one of the Alice analysis, we do not need to proceed to step two of that analysis.

In other cases involving computer-related claims, there may be close calls about how to characterize what the claims are directed to.

In close cases, an analysis of whether there are arguably concrete improvements in the recited computer technology could take place under step two.

Here, though, we think it is clear for the reasons stated that the claims are not directed to an abstract idea, and so we stop at step one.

We conclude that the claims are patent-eligible.

TLI v. AV Auto

US 6,038,295 relates generally to an apparatus for recording of a digital image, communicating the digital image from the recording device to a storage device, and to administering the digital image in the storage device.

District court determined that claims no more than the abstract idea of classifying and storing digital images in an organized manner.

Claim 17 is representative:

17. A method for recording and administering digital images, comprising the steps of:

- recording images using a digital pick up unit in a telephone unit,
- storing the images recorded [] in a digital form as digital images,
- transmitting data including at least the digital images and classification information to a server, wherein said classification information is prescribable by a user of the telephone unit for allocation to the digital images,
- receiving the data by the server,
- extracting classification information which characterizes the digital images from the received data, and
- storing the digital images in the server, said step of storing taking into consideration the classification information.

TLI v. AV Auto CAFC Analysis

Abstract Idea: Concept of classifying an image and storing the image based on its classification

While claim 17 requires concrete, tangible components such as "a telephone unit" and a "server," the specification makes clear that the recited physical components merely provide a generic environment in which to carry out the abstract idea of classifying and storing digital images in an organized manner.

The claims are not directed to a specific improvement to computer functionality. Rather, they are directed to the use of conventional or generic technology in a nascent but well-known environment, without any claim that the invention reflects an inventive solution to any problem presented by combining the two.

The problem facing the inventor was not how to combine a camera with a cellular telephone, how to transmit images via a cellular network, or even how to append classification information to that data. Nor was the problem related to the structure of the server that stores the organized digital images.

Rather, the inventor sought to "provid[e] for recording, administration and archiving of digital images simply, fast and in such way that the information therefore may be easily tracked."

TLI v. AV Auto CAFC Analysis

Abstract Idea: Concept of classifying an image and storing the image based on its classification

The specification does not describe a new telephone, a new server, or a new physical combination of the two.

The specification fails to provide any technical details for the tangible components, but instead predominately describes the system and methods in purely functional terms. For example, the "telephone unit" of the claims is described as having "the standard features of a telephone unit," ... Put differently, the telephone unit itself is merely a conduit for the abstract idea of classifying an image and storing the image based on its classification.

In other words, the focus of the patentee and of the claims was not on an improved telephone unit or an improved server.

For these same reasons, the claims are not directed to a solution to a "technological problem".

Instead, the claims, as noted, are simply directed to the abstract idea of classifying and storing digital images in an organized manner.

TLI v. AV Auto
CAFC Analysis

No Inventive Concept

The claims fail to recite any elements that individually or as an ordered combination transform the abstract idea of classifying and storing digital images in an organized manner into a patent-eligible application of that idea.

It is well-settled that mere recitation of concrete, tangible components is insufficient to confer patent eligibility to an otherwise abstract idea.

Instead, the components must involve more than the performance of well-understood, routine, and conventional activities previously known to the industry.

The "telephone unit," "server", "image analysis unit," and "control unit" are generic and conventional components and therefore fail to add the requisite inventive concept.

And the vague, functional descriptions of server components are also insufficient.

Bascom v. AT&T

US 5,987,606 relates to a system for filtering Internet content.

District court found that the claims directed to the abstract idea of "filtering content" because content provided on the Internet is not fundamentally different from content through other mediums like books, magazines, television, or movies.

For the individually customizable filtering claims, claim 1 as instructive:

1. A content filtering system for filtering content retrieved from an Internet computer network by individual controlled access network accounts, said filtering system comprising:

- a local client computer generating network access requests for said individual controlled access network accounts;
- at least one filtering scheme;
- a plurality of sets of logical filtering elements; and
- a remote ISP server coupled to said client computer and said Internet computer network, said ISP server associating each said network account to at least one filtering scheme and at least one set of filtering elements, said ISP server further receiving said network access requests from said client computer and executing said associated filtering scheme utilizing said associated set of logical filtering elements.

Bascom v. AT&T
CAFC Analysis

Abstract Idea (close call):
Filtering content on the
Internet

We agree with the district court that filtering content is an abstract idea because it is a longstanding, well-known method of organizing human behavior, similar to concepts previously found to be abstract.

This case, unlike *Enfish*, presents a "close call [] about how to characterize what the claims are directed to."

Bascom v. AT&T CAFC Analysis

Inventive Concept when in Ordered Combination

Agreed with the district court that the limitations of the claims, taken individually, recite generic computer, network and Internet components, none of which is inventive by itself.

Disagreed with the district court's analysis of the ordered combination of limitations that looked similar to an obviousness analysis except lacking an explanation of a reason to combine the limitations as claimed.

The inventive concept is the installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user by associating individual accounts with their own filtering scheme and elements while locating the filtering system on an ISP server.

This design gives the filtering tool both the benefits of a filter on a local computer and the benefits of a filter on the ISP server.

The claims do not merely recite the abstract idea of filtering content along with the requirement to perform it on the Internet, or to perform it on a set of generic computer components.

Although filtering content on the Internet was already a known concept, and the patent describes how its particular arrangement of elements, which particular arrangement is unconventional, is a technical improvement over prior art ways of filtering such content.

Thus, the claims are to a technology-based solution to filter content on the Internet that overcomes existing problems with other Internet filtering systems and therefore represent a software-based improvement to the performance of the computer system itself.

RLM v. Cellzdirect

US 7,604,929 relates to an improved process of preserving hepatocytes.

District court held the claims are directed to a patent-ineligible law of nature—that hepatocytes are capable of surviving multiple freeze-thaw cycles.

Claim 1 is representative:

1. A method of producing a desired preparation of multi-cryopreserved hepatocytes, said hepatocytes being capable of being frozen and thawed at least two times, and in which greater than 70% of the hepatocytes of said preparation are viable after the final thaw, said method comprising:

- (A) subjecting hepatocytes that have been frozen and thawed to density gradient fractionation to separate viable hepatocytes from non-viable hepatocytes,
- (B) recovering the separated viable hepatocytes, and
- (C) cryopreserving the recovered viable hepatocytes to thereby form said desired preparation of hepatocytes without requiring a density gradient step after thawing the hepatocytes for the second time, wherein the hepatocytes are not plated between the first and second cryopreservations, and wherein greater than 70% of the hepatocytes of said preparation are viable after the final thaw.

RLM v. Cellzdirect
CAFC Analysis

No Judicial Exception

The end result of the claims is not simply an observation or detection of the ability of hepatocytes to survive multiple freeze-thaw cycles.

Rather, the claims are directed to a new and useful method of preserving hepatocyte cells.

Indeed, the claims recite a "*method of producing* a desired preparation of multi-cryopreserved hepatocytes."

Through the recited steps, the invention achieves a better way of preserving hepatocytes.

The '929 patent claims are like thousands of others that recite processes to achieve a desired outcome, e.g., methods of producing things, or methods of treating disease. That one way of describing the process is to describe the natural ability of the subject matter to undergo the process does not make the claim "directed to" that natural ability.

The new and improved technique falls squarely outside those categories of inventions that are "directed to" patent-ineligible concepts.

RLM v. Cellzdirect CAFC Analysis

Even so, the ordered combination provides an Inventive Concept

Even if the claims were "directed to" hepatocytes' natural ability to survive multiple freeze-thaw cycles, the claims would be eligible.

Under step two, claims that are "directed to" a patent ineligible concept, yet also "improve[] an existing technological process," are sufficient to "transform[] the process into an inventive application" of the patent-ineligible concept.

Claims are to an improved process for preserving hepatocytes for later use. The benefits of the improved process over the prior art methods are significant. The claimed method is used to create hepatocyte preparations that no longer exhibit unacceptable loss of viability. And it allows researchers to pool samples together in advance and preserve them for later use, rather than needing to wait until enough single samples are accumulated that can be pooled and used immediately.

That each of the claims' individual steps (freezing, thawing, and separating) were known independently in the art does not make the claim unpatentable.

Here, the claimed process involves freezing and thawing hepatocytes twice. The individual steps of freezing and thawing were well known, but a process of preserving hepatocytes by repeating those steps was itself far from routine and conventional.

Shortridge v. Foundation (nonprecedential)

US 8,744,933 relates to a computer implemented business method and process directed to enabling a public works contractor employer to generate payroll records.

District court held the claims ineligible as being directed to an abstract idea.

Claim 1 of the recites:

1. A method of public works construction payroll processing for a contractor comprising:

processing payroll related data with a computer implemented core payroll calculation and processing engine, the processing including:

- sharing between conjoined computer processor components, input data stored in a relational database, [];
- distinguishing between public works projects and private sector projects based on the input data and identifying the project as a public works project based on the input data;
- verifying input data [];
- sharing, between conjoined computer processor components [data];
- storing the [data]; and
- producing [the payroll records].

Shortridge v. Foundation CAFC Analysis

Conceded Abstract Idea:
Cataloging labor data

Shortridge conceded that the '933 patent is directed to an abstract idea (or ideas) and did not urge an adoption of a different abstract idea (or ideas).

So, the Federal Circuit begins its analysis at step two of the Alice framework.

Shortridge v. Foundation CAFC Analysis

No Inventive Concept

The patent describes "a computer implemented business method" and Shortridge acknowledged that generation of CPRs using core processing data is a business method predating the invention

The use of a general purpose computer to perform a business method does not in and of itself render it eligible. The generation of CPRs "in conjunction with and simultaneous with" core payroll processing does not impart eligibility.

The computer components contemplated by the '933 patent were conventional and known to the industry at the time of the patent.

While it may be true that a human could not easily process core payroll while simultaneously generating CPRs, "relying on a computer to perform routine tasks more quickly or more accurately is insufficient to render a claim patent eligible."

A process that employs mathematical algorithms to manipulate existing information to generate additional information is not eligible without additional limitations.

Shortridge did not argue, and the written description does not support, that the claimed "relational database" is used to solve a uniquely technical problem.

Rather, the claims directed to nothing more than the performance of an abstract business practice . . . using a conventional computer.

Technological Improvements

Is it really this simple?

Probably Not

More likely (in)eligibility turns on how the claim is characterized

Nevertheless, DO try to:

46

- Avoid Step 2 of the Mayo/Alice Test by characterizing the invention under one of the four statutory categories
- Present the claimed invention as a technological improvement to the functioning of a thing itself
- Argue the ordered combination is unconventional if the individual elements are known
- Push back when an Examiner asserts that a given step can be performed solely in the mind when it can't
 - And if a given step can be performed solely in the mind, add limitations so it can't

And, Avoid:

47

- Conceding that a claim is “directed to” a JE
- Indicating that certain elements are well-known, conventional, or routine
- Relying on structural limitations
- Functional limitations
 - Consider it lucky if functional limitations are ignored as non-limiting (i.e., insufficient to make generic structure a specific and unconventional device) as functional limitations may likely result in invalidity under 112

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Thank You!

49



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