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## IP FRONTIERS

### Toward rebalancing outcomes of *Alice* patentable subject matter inquiries — part two

It has been about nine months since my last patentable subject matter (aka “*Alice*”) update, tracking cases and other important information in the wake of the *Alice* Supreme Court decision. Things continue to improve at the Court of Appeals for the Federal Circuit and with examination at the U.S. Patent and Trademark Office.

The two-part *Alice* test for patentable subject matter starts by determining whether the claims are directed to a judicially recognized exception — namely, laws of nature, natural phenomena and abstract ideas. If an exception is present, it is then determined whether the elements of each claim, both individually and as an ordered combination, are sufficient to transform the nature of the claim into something patentable.

*Finjan, Inc. v. Blue Coat Systems, Inc.* (Fed. Cir. Jan. 10, 2018) involved a method and system for computer security involving attaching a security profile to an executable (downloadable application program). It is a behavior-based virus scanning technique. The Court found the claims not to be abstract, as they are employing a new type of file-enabling capability; in this case, scanning for previously unknown security threats.

*Data Engine Technologies LLC v. Google LLC* (Fed. Cir. Oct. 9, 2018). *Data Engine Technologies* involved four patents directed to spreadsheets; three of them concerning tabs for navigating through multiple spreadsheets conceptually “stacked” in a three-dimensional



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fashion. The tabbed spreadsheet patents saved the user from navigating through complicated spreadsheets and searching for applicable complicated (and proprietary) commands. The Court held patentable subject matter — not an abstract idea.

*Ancora Techs. v. HTC Am.* (Fed. Cir. Nov. 16, 2018) involved a method of restricting a computer’s use of a program in accordance with a license using a verification structure stored in erasable non-volatile memory of the BIOS. As with the cases above, the claim was held not to be abstract, so there was no need to address step two of the *Alice* §101 inquiry.

*IBG v. Trading Technologies* (Fed. Cir. Feb. 13, 2019) (non-precedential) is not technically an *Alice* case, but in practice serves a similar purpose. *IBG* involved four patents directed to a Graphical User Interface (GUI) for a trading system including a dynamic display of market depth, which addresses price changes during the time between the trader reading the price and actually entering a trade order. The basis for determining eligibility is, in part, whether it solves a technical problem using a technical solution, similar to an *Alice* review. Relying on a prior Fed. Cir. Decision, the court concluded the invention was a specific improvement

to computer operation, the GUI providing a specific solution to a specific problem with trading system software.

*Endo Pharmaceuticals, Inc. v. Mallinckrodt LLC* (Fed. Cir. March 28, 2019) involved a patent related to treating kidney-impaired patients for pain using oxymorphone. The district court had found the claims to fail the *Alice* test, finding them to be directed to a law of nature. The CAFC reversed, explaining the invention is a new way to treat such patients. Specifically, a lower dose could be used to achieve a similar level of oxymorphone in the blood, due to such patients more slowly metabolizing the drug because of their kidney impairment.

*Ironworks v. Apple* (D. Del. 2018) involved patents directed to the use of various tactile sensation patterns to convey information to a user. Think haptic feedback. The defendant characterized the invention as abstract without more, using a kind of vocabulary to convey information, analogizing to the Braille system. The court found the claimed device and mobile station not to preempt all vibration-based inventions and included tangible systems with specific components configured to perform specific functions in response to specific events. The district court admitted that the claims include the abstract idea of using a vocabulary to convey information, but that the claims in their entirety were directed to patentable subject matter.

*In Ricipi Communications LLC v. JPS Interoperability Solutions, Inc.* (D. Del.,

March 18, 2019), the district court held as patentable a system using two-way radios to communicate over a computer network or the internet. The court found the invention to be an improvement over prior art systems using telephone lines and the claims to be non-abstract. Further, the court opined that even if the claims were held to be abstract, the remaining parts impart enough to make them patentable.

The best news for patent applicants affected by *Alice* in the recent past is the January 2019 U.S. Patent and Trademark Office §101 Guidance for Patent Examiners. Under the Guidance, a claim of a patent application is not to be considered abstract, except in rare circumstances, unless it falls within one of three groupings of abstract ideas: mathematical concepts; mental processes; and certain methods of organizing human activity.

The category of mathematical concepts includes mathematical relationships, mathematical formulas or equations and

mathematical calculations. Mental processes include concepts performed in the human mind (including an observation, evaluation, judgment, opinion). Although the mental processes group seems harmless enough at first glance, note that the USPTO will review a computer-implemented invention claim as if the computer were not present. In this exercise, if, for example, the steps of a method claim are found to include an abstract idea, the inquiry will include whether the steps (absent the programmed computer) could be performed in the human mind. If so, the claim will fail the *Alice* inquiry.

Finally, certain methods of organizing human activity include fundamental economic principles or practices (including hedging, insurance, mitigating risk); commercial or legal interactions (including agreements in the form of contracts; legal obligations; advertising, marketing or sales activities or behaviors; business relations); and managing personal be-

havior or relationships or interactions between people (including social activities, teaching, and following rules or instructions).

While the new examination guidelines should make prosecuting previously §101-challenged applications easier with more certain outcomes, the guidelines are not law (statutory or judicial). Any patent issued under the guidelines that is challenged or enforced, will also need to survive application of §101 inquiry in practice at that time. In that regard, the Senate Judiciary Committee has hearings in June regarding a statutory fix to §101.

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