

IP Frontiers: A look back at Alice decisions in 2019



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In this update to my prior articles on the state of patentable subject matter in the wake of the Supreme Court Alice decision, CAFC decisions in 2019 identified as precedential and involving abstract ideas (computer-related inventions) are considered.

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.

In *The Chamberlain Group, Inc. v. Techtronic Industries Co., et al.* (Fed. Cir. Aug. 21, 2019), the invention of one pat-

ent related to wirelessly communicating information about the status of a movable barrier, e.g., a garage door. The difference with the prior art was found to be that a wired path was used to communicate the status information. The Court found the claims drawn to the abstract idea of wirelessly communicating status information about a system. Moving onto Alice step two, the Court found each claim element to be known in the art; the Patentee arguing the invention lies in the combination of the elements. The Court was not persuaded. This case is notable in that some commentators viewed the invention as an improvement to a garage door opener (a physical thing). However, such reasoning ignores that the claims nowhere recite a garage door opener.

Solutran, Inc. v. Elavon, Inc., U.S. Bancorp. (Fed. Cir. July 30, 2019) involves the processing of paper checks. Applying step

one of Alice, the Court found claim 1 to be directed to the abstract idea of crediting a merchant's account as early as possible while electronically processing the check. In step two of the Alice test, the Court found the only new aspect of claim 1 to be the timing of the merchant account crediting step (before the paper check is scanned), which is the abstract idea itself. The Court found no technical improvement to a computer, a scanner or other technology involved. In addition, unfortunately, the patentee admitted via the patent itself and at oral argument, that every individual step in claim 1 (the representative claim) was known. This is a lesson in minimizing admissions in U.S. practice. European practice, for example, requires a discussion of the prior art.

SRI International, Inc. v. Cisco Systems, Inc. (CAFC July 12, 2019) is the sole precedential CAFC case of 2019 finding the claims not abstract, such that Alice step two is not applicable. The invention generally relates to detecting hackers on a network in real time. The Court identified in the claims a specific technique using analysis of different types of data from multiple network monitors and integrating reports from the monitors to solve a technical problem, namely, identifying hackers or potential network intruders in real time. In other words, the claims were directed to an improvement to computer network technology.

University of Florida Research Foundation, Inc. v. General Electric Company, et al. (CAFC Feb. 26, 2019) involved a method and system for integrating physiologic data from bedside machine(s). A bedside device connected to the bedside machines converts received data streams from the bedside machines to a machine-independent format. The standardized data can be conveyed to the bedside device for display

on a graphical user interface. The CAFC agreed with the District Court regarding Alice step one, finding the claims directed to the abstract idea of collecting, analyzing, manipulating and displaying data. In Alice step two, the CAFC determined that the claims did not recite an inventive concept. For example, the patent nowhere explained how the software driver(s) accomplish conversion. The converting itself was found insufficient to save the claims. This case is a classic example of automating a prior manual process using a computer, which is not patentable subject matter.

Trading Technologies International, Inc. v. IBG LLC, Interactive Brokers, LLC (CAFC April 18, 2019) involved three patents relating generally to a graphical user interface (“GUI”) for electronic trading. For two of the three related patents, the CAFC agreed with the District Court that neither included a technological advance and that the purportedly improved user interface may make the trader faster/more efficient, it does nothing to improve the computer. Not surprisingly, the Court also agreed that the two patents were ineligible subject matter. However, the third patent was different in that it helps the trader to more quickly make/execute trading decisions by dynamically displaying market depth. While suffering the same fate as the other two patents, some commentators argue that since dynamically displaying

market depth has been shown to improve trading, it should be patentable.

Chargepoint, Inc. v. Semaconnect, Inc. (CAFC March 28, 2019) involved four patents sharing the same specification, broadly directed to networked electric vehicle charging stations. Although the specification describes, for example, the ability to locate available charging stations remotely, altering the availability of electricity based on power grid data from utilities (e.g., utility servers) and the ability for users to transfer power to the grid, the particular eight claims asserted by the patentee were each found to be directed to their abstract idea, which cannot be the basis for patentability. Broadly speaking, the Court found the asserted claims to be directed to the abstract idea of communicating over a network for device interaction, which the Court identified as a building block of the economy.

Cellspin Soft, Inc. v. Fitbit, Inc., et al. (CAFC June 25, 2019) involved four patents sharing the same specification, generally relating to connecting a data capturing device, e.g., a digital camera, to a mobile device for automatically or with minimal efforts, publishing content from the data capture device to one or more websites. One patent requires establishing a paired connection between the device(s) before data transmission. In another patent, the claims were more narrow, reciting a dig-

ital camera and a cellular phone using “short-range wireless” signals. While some of the asserted claims were noted by the Court as including limitations evidencing an inventive concept, the asserted claims are directed to an abstract idea. In Alice step two, the Court identified several credible allegations in the patentee’s pleadings that, if taken as true (under 12(b)(b) motion to dismiss), would preclude dismissal due to the presence of factual disputes. In relevant part, the Court vacated the grant of dismissal by the District Court and remanded.

The U.S. Patent and Trademark Office in October 2019 updated the January 2019 subject matter eligibility guidelines making no changes but sought to explain certain points from the existing guidance and add further examples.

Here’s to looking forward in 2020 to legislation broadening what can be patented.

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