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Federal Circuit Finds Claims Valid Under § 101 For Only The Second Time in Almost Two Years

By David A. Klein

Patent subject-matter eligibility under 35 U.S.C. § 101 depends on surviving a two-part test laid out in the United States Supreme Court's June 2014 *Alice v. CLS Bank* decision: (1) is the claim directed to an abstract idea, and (2) if it is, do elements in the claim transform the abstract idea into something that is patent-eligible? Since *Alice*, the Federal Circuit has found the claims in two dozen cases to be patent ineligible. Computer-related patent claims have been particularly hard-hit. However, we now have two decisions finding eligibility: 2014's *DDR Holding v. Hotels.com* and *Enfish, LLC v. Microsoft Corp.,* decided May 12, 2016.

As in *DDR Holdings,* the outcome in *Enfish* was based on the claims satisfying the first prong of Alice's two-part test. *Enfish* sued *Microsoft* for infringement of several patents related to a "self-referential" database. On summary judgment, the district court found all claims invalid as ineligible under § 101. On appeal, the Federal Circuit reversed the summary judgement on § 101, finding that the claims are not directed to an abstract idea. In particular, the Court was persuaded that the self-referential table recited in the claims was a specific type of data structure designed to improve the way a computer stores and retrieves data in memory, such that the claims were directed to a specific implementation of a solution to a problem in the software arts.

J. Hughes explained that an invention's ability to run on a general-purpose computer did not preclude patentability, distinguishing between claims directed to improving the functioning of a computer and claims that simply add a computer to subject matter that was not otherwise patentable. Moreover, a claimed invention need not reference "physical" components -- "logical structures and processes" alone may define advancements made in computer technology.

Five days later, the Federal Circuit was back to invalidating claims under § 101. In *TLI Communications LLC v. AV Automotive*, the claims related to a method and system for taking, transmitting, and organizing digital

images. Based on the language in the claims, the explanation in the specification, and TLI's own statements, the Court held that the claims were directed to an abstract idea, failing the first part of Alice's two-part test. J. Hughes distinguished *Enfish*, explaining that TLI's claims were not directed to a specific improvement to computer functionality, but rather were "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 claims did not fare any better under the second part of *Alice's* test.

An unusual part of the analysis in *TLI* is J. Hughes' use of the specification to reinforce that the invention is nothing more than an abstraction. Among its deficiencies, J. Hughes points out that the "specification fails to provide any technical details for the tangible components," and "instead predominately describes the system and method in purely functional terms," relying on generic computer functions "such as storing, receiving, and extracting data … described in vague terms without meaningful limitations." With the specification making "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," J. Hughes concludes that the claims were not directed to a solution to a "technological problem." Already a common part of the analysis in cases where § 112 is an issue, it will be interesting to see whether a failure to disclose more than function will also contribute to the doom of claims in future § 101 cases.

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Underlying the outcomes in *DDR Holdings, Enfish*, and the other § 101 cases is the Supreme Court's admonishment against "exalting form over substance." In that light, subject matter eligibility depends in large part on first impressions -- is a claim nothing more than an idea dressed up in technology, or is the idea technological in-and-of-itself? There are no magic words that will save an abstract idea -- the more a claim looks like the former than the latter, the more likely it will suffer the same fate as most claims that receive § 101 scrutiny. There is, of course, the "transformational" second prong of *Alice's* two part test. But based on outcomes, if the analysis winds up there, the claim is likely to be held invalid.

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