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Let's Get Physical - A Recent Trend Shows Physical Inventions Surviving §101 Challenges at the PTAB

By Patrick T. Muffo

The Patent Trial and Appeal Board hears many cases relating to the patent-eligibility of software patents. Recent Supreme Court cases have changed the landscape for such patents, leading to many §101 rejections at the application level, or §101 invalidity challenges at the post-grant level. In both appeals and validity challenges, however, the PTAB has recently held certain inventions to be patent-eligible based on the "physicality" of the invention.

Software patent claims are unpatentable if they (1) recite an abstract idea; and (2) do so without claiming "something more" that transforms "the nature of the claim into a patent-eligible application."

Physicality has been relevant in both prongs of the *Alice* test. For the "abstract idea" prong, the PTAB held a method of processing paper checks to be patent-eligible. *U.S. Bancorp v. Solutran, Inc.,* (Inst. Dec.) CBM 2014-00076, August 7, 2014. The board reasoned "[W]e find that the basic, core concept of independent claim 1 is a method of processing paper checks, which is more akin to a physical process than an abstract idea." The physicality saved the invention from the abstract idea prong despite parts of the invention being directed to a fundamental economic practice:

> [W]e recognize that some fundamental economic practices are recited, such as 'crediting an account for a merchant.' But application of the Supreme Court's test cannot disembody such recitations from the claim viewed as a whole.

The PTAB also held the addition of a postage stamp is physical, and therefore cannot be an abstract idea. *Ex Parte Martin A. Urban*, (Decision on Appeal) 2012-005678, April 3, 2015 ("the Examiner does not explain how applying an advertisement, i.e., a physical implementation, to a postage stamp, constitutes an abstract idea.") (Emphasis added).

The PTAB also found claims to be patent-eligible under the "something more" prong of the *Alice* test. In *Ex Parte William Schmid*, the applicant invented an infant garment that transmits information relating to the infant's heartbeat, breathing, and sleep position. *Ex Parte Schmid et al.*, (Decision on Appeal) 2012-002155. The PTAB then held that the physical garment ensured that the "abstract idea" of transmitting infant data was not preempted. "[T]he rejected claims are limited to using

the specific structure (infant sleep garment) to perform the abstract method of communicating, thus ensuring that the claims do not monopolize the idea."

None of this is to say physicality is a silver bullet. After all, *Alice* held that a physical computer, if general-purpose, cannot form the basis for patent-eligibility. But where the physicality of the invention is more than nominal, the PTAB appears to be allowing such claims despite §101 challenges from examiners and petitioners alike.

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