

Patent Strategies for Getting a Software Invention through the *Alice* Thicket



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WINNING INTELLECTUAL PROPERTY

Introduction

- ★ The Supreme Court's decisions in *Alice Corp. v. CLS Bank* (2014), *Mayo v. Prometheus* (2012), and *Ass'n for Molecular Pathology v. Myriad* (2013) have subverted long-standing patent eligibility standards, injecting chaos into the patent system
- ★ Hopefully Congress will pass a law to override these decisions, but for now we must deal with the chaos
- ★ Aim for long-term advantage, not overnight success
- ★ Because the law is in a state of flux, these strategies are subject to change as the law develops

Caution: Don't forget the basics of claiming software!

- ★ Method claims should require each step to occur in a machine
- ★ Consider claiming “*a non-transitory computer-readable storage medium* encoded with instructions that, when loaded into a computer, establish a machine performing a computer-implemented method of ...”
- ★ **Claim consistently**
 - If one limitation relates to processes on the server, then the other limitations should relate to server processes
 - If one limitation relates to processes on the client, then the other limitations should relate to client processes
 - The client-server relationships can be handled inferentially

The *Alice* thicket in the PTO

- ★ Routinely adds a challenge to the software application in addition to the challenge of the prior art
- ★ The challenge has a big subjective element because the *Alice* decision reflects fuzzy thinking and the PTO Guidelines do nothing to remove the fuzz

The *Alice* thicket in the PTO:

- ★ Procedure by the PTO adopted in the wake of the *Alice* decision
- ★ To get through the thicket requires the patent applicant to survive 3 steps

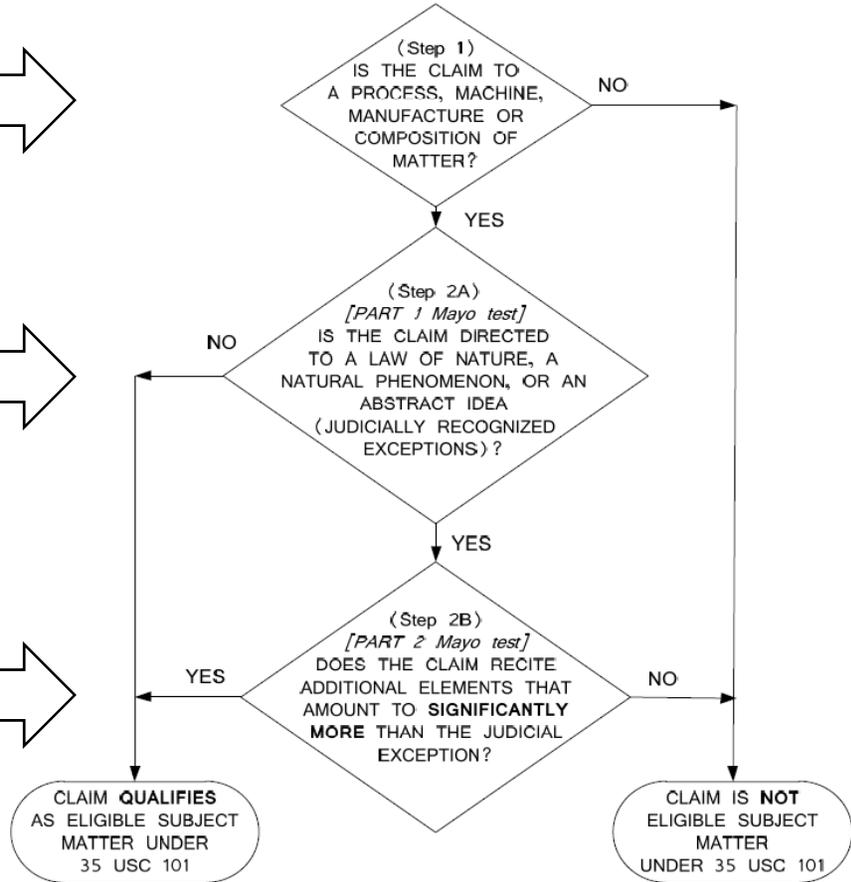
SUBJECT MATTER ELIGIBILITY TEST FOR PRODUCTS AND PROCESSES

PRIOR TO EVALUATING A CLAIM FOR PATENTABILITY, ESTABLISH THE BROADEST REASONABLE INTERPRETATION OF THE CLAIM. ANALYZE THE CLAIM AS A WHOLE WHEN EVALUATING FOR PATENTABILITY.

step 1

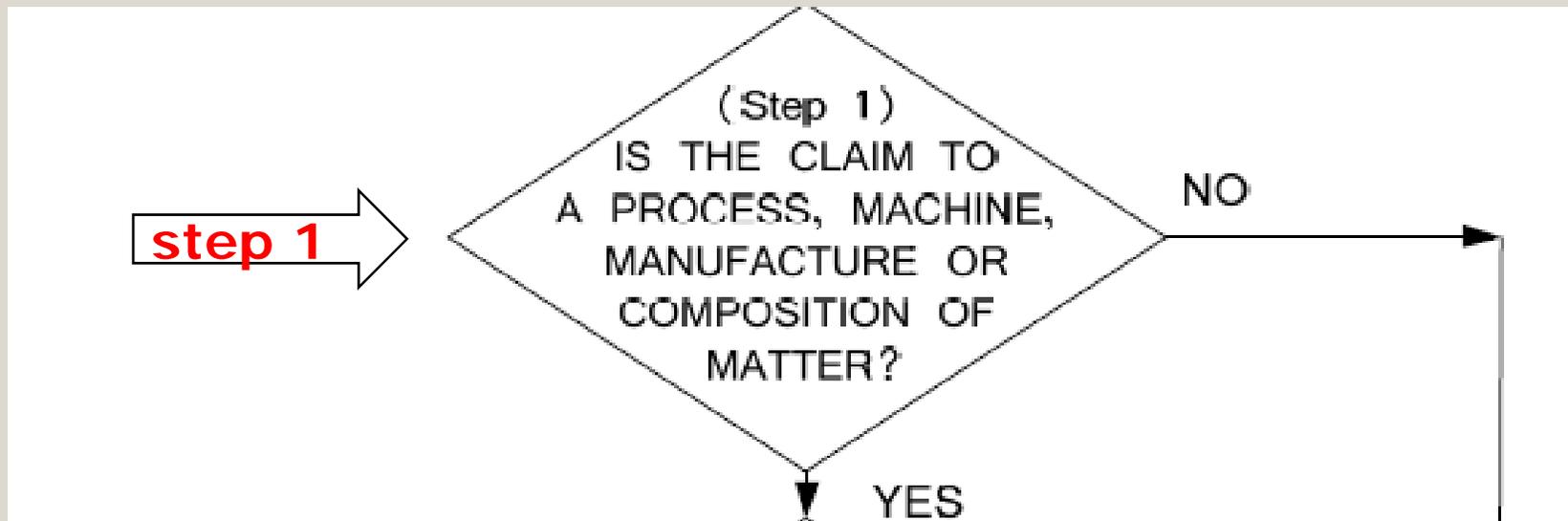
step 2

step 3

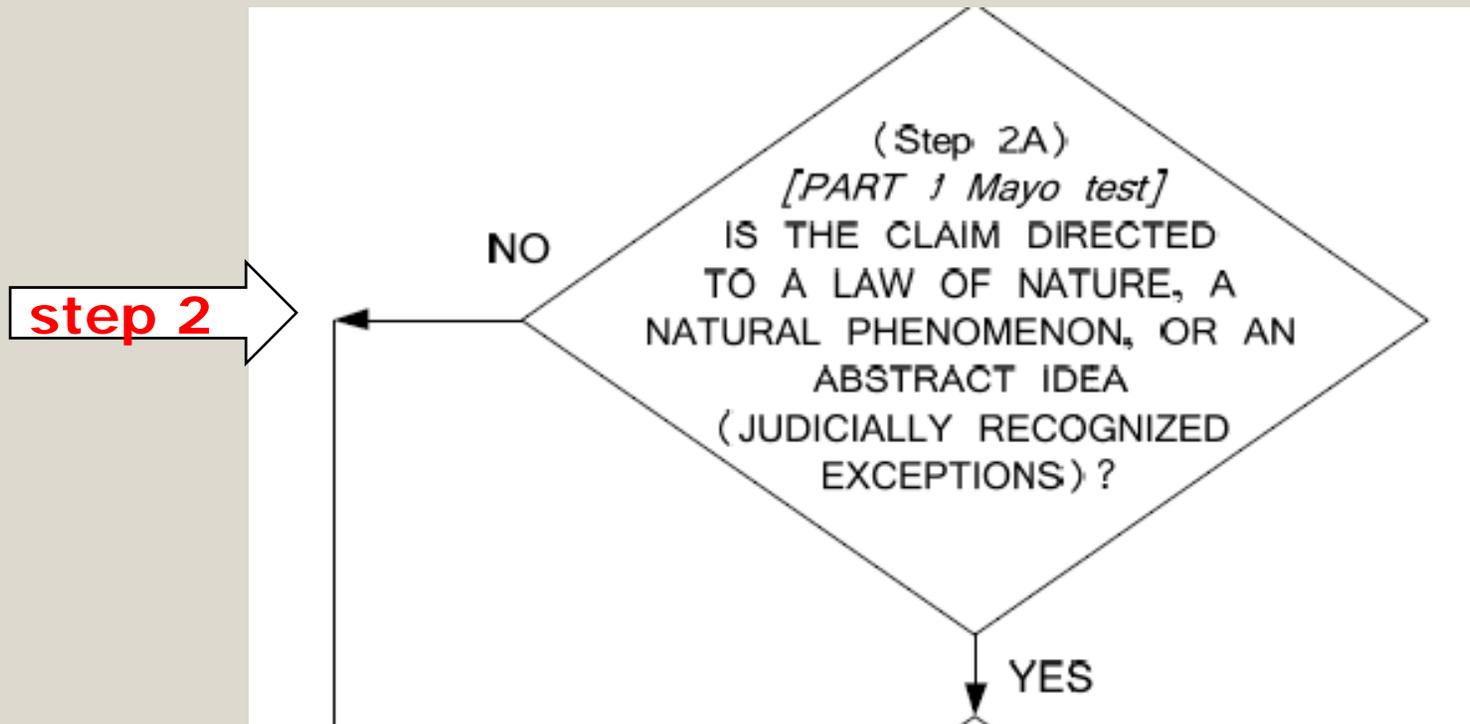


IN ACCORDANCE WITH COMPACT PROSECUTION, ALONG WITH DETERMINING ELIGIBILITY, ALL CLAIMS ARE TO BE FULLY EXAMINED UNDER EACH OF THE OTHER PATENTABILITY REQUIREMENTS: 35 USC §§ 102, 103, 112, and 101 (UTILITY, INVENTORSHIP, DOUBLE PATENTING) AND NON-STATUTORY DOUBLE PATENTING.

Step 1. The easy part of the thicket:



Step 2 in the thicket triggers a problem:



What is an “abstract idea”?

- ★ The Alice decision does not say
- ★ Nor does the PTO
 - But there are examples:
 - <http://www.uspto.gov/patent/laws-and-regulations/examination-policy/2014-interim-guidance-subject-matter-eligibility-0>

What is an “abstract idea”?

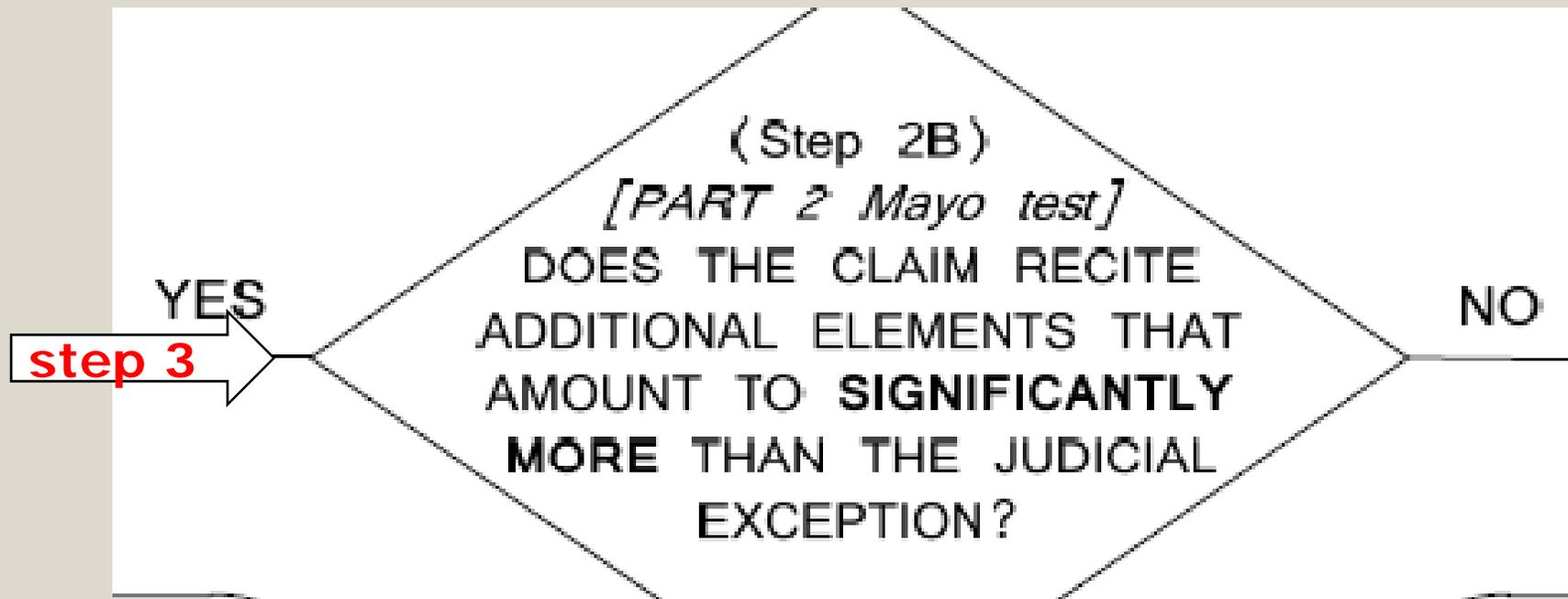
- ★ Sometimes examiners will not recite what they think is the abstract idea—violates PTO guidelines. 79 FR at 74624 (12/16/14)
- ★ Sometimes examiners will not refer to the PTO’s examples, or will quote them indiscriminately, to support the rejection

What is an “abstract idea”?

★ Bilski tells us something about an abstract idea:

- ★ “[a] principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right.” *Bilski v. Kappos*, 130 S. Ct. 3218, 3230 (2010). “Hedging is a fundamental economic practice long prevalent in our system of commerce and taught in any introductory finance class.” *Id.*, at 3231. “The concept of hedging, described in claim 1 and reduced to a mathematical formula in claim 4, is an unpatentable abstract idea, just like the algorithms at issue in *Benson and Flook.*”. *Id.*

Step 3 in the thicket also triggers a problem:



What is “significantly more”?

- ★ Examiners are fond of quoting from examples in the guidelines without referencing the subject matter defined by the claims:
 - “Simply appending well-understood, routine and conventional activities previously known to the industry, specified at a high level of generality, to the judicial exception, e.g., a claim to an abstract idea requiring no more than a generic computer to perform generic computer functions that are well understood, routine and conventional activities previously known to the industry”

Strategic moves to get through the thicket—1

- ★ Push further—develop claims that require physical and technological features of the invention
 - Novel data gathering methods
 - Novel communication paths
 - Novel uses of computer memory
 - Physical effects resulting from deployment of the software
- ★ If these features are not initially present in the invention, try working with the technical team to develop and to incorporate such features in the description and the claims

Strategic moves to get through the thicket—1 (cont'd)

- ★ Claiming physical and technological features of the invention distinguishes the invention from an “abstract idea”:
 - “As in *DDR Holdings*, the patents here do not simply apply a known business practice from the pre-Internet world to computers or the Internet. ‘The claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks.’ See *DDR Holdings*, [2014 WL 6845152](#), at [*10](#).” *Smartflash LLC v. Apple Inc.*, 2015 WL 661174, *8 (E.D.Tex. 2/13/15).

Strategic moves to get through the thicket—2

- ★ Make it hard for the examiner to argue that the claims are directed to an “abstract idea”
 - Make the preamble of the claim long so as to reflect important physical and technological features of the invention that are in the body of the claim (see previous slide)
 - A longer preamble makes it harder for the examiner to point to a broad “abstract idea”

Strategic moves to get through the thicket—2 (cont'd)

★ Preamble examples:

- “A method, comprising:” *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350 (Fed. Cir. 2014)—**ineligible**
- “A method of placing a trade order for a commodity on an electronic exchange having an inside market with a highest bid price and a lowest ask price, using a graphical user interface and a user input device, said method comprising:” *Trading Technologies International, Inc. v. CQG, Inc.*, 2015 WL 774655 (N.D.III. 2/24/15)—**eligible**

- ★ A longer, more technologically oriented preamble helps set the stage for the applicant

Strategic moves to get through the thicket—3

- ★ Argue in the response that the examiner has failed to show that the claims are directed to an “abstract idea”
 - Point to “technological content” of the claims as being distinct from the alleged abstract idea
 - Point out that not every idea is an “abstract idea” within the meaning of *Alice*—for example, *Bilski* references algorithms and hedging as “a fundamental economic practice long prevalent in our system of commerce and taught in any introductory finance class”
 - Point out that the claimed subject matter, unlike the abstract idea of *Alice*, is itself novel and therefore incapable of being such an “abstract idea”

Strategic moves to get through the thicket—4

- ★ Argue in the response that even if the claims would be deemed directed to an “abstract idea”, the claims define “significantly more” than this abstract idea
- ★ The novel subject matter defined by the claims is precisely the “significantly more”

Strategic moves to get through the thicket—5

- ★ Use a declaration to build a factual record that refutes the positions taken by the examiner
- ★ The declaration can point out technological features claimed that are inconsistent with the examiner's argument for an "abstract idea"
- ★ It can identify novel features claimed
- ★ And can enumerate prior art approaches that can be used in lieu of the claimed subject matter to perform the "abstract idea"

Strategic moves to get through the thicket—6

- ★ **The response can use the declaration to show these points:**
 - Technological features claimed that are inconsistent with the examiner's argument for an "abstract idea"
 - Novel features claimed
 - Prior art approaches that can be used in lieu of the claimed subject matter to perform the "abstract idea"
- ★ **Because prior art approaches can be used to perform the "abstract idea", there cannot be a preemption that is the rationale for the *Alice* decision**

Alice Corp. v. CLS Bank, 6/19/14

Rationale

- ★ “Laws of nature, natural phenomena, and abstract ideas are the basic tools of scientific and technological work.”
- ★ “Monopolization of those tools through the grant of a patent might tend to impede innovation more than it would tend to promote it, thereby thwarting the primary object of the patent laws.” [citations and interior quotes eliminated]
- ★ Warning: PTO Guidelines don’t discuss this! “Preempt” mentioned only once. 79 FR 74627.

Strategic moves to get through the thicket—7

- ★ When there is no preemption by the claimed subject matter, there is no basis for a finding of patent ineligibility
- ★ *California Inst. of Tech. v. Hughes Communications*, 2014 WL 5661290 at *14 (C.D. Calif. 11/3/14)
 - “Although many of these limitations are mathematical algorithms, these algorithms are narrowly defined, and they are tied to a specific error correction process. These limitations are not necessary or obvious tools for achieving error correction, and they ensure that the claims do not preempt the field of error correction. The continuing eligibility of this patent will not preclude the use of other effective error correction techniques. Therefore, all of the asserted claims are patentable.”
- ★ Also *Smartflash LLC v. Apple Inc.*, 2015 WL 661174, *9 (E.D.Tex. 2/13/15).

Who has the burden of proof?—1

- ★ At best, the law is unclear
- ★ Like obviousness in view of the prior art, patent ineligibility is a legal conclusion
- ★ Even though obviousness is a legal conclusion, the legal conclusion can be rebutted by argument and evidence provided by the applicant. See MPEP § 2142.

Who has the burden of proof?—2

- ★ **Arguably, patent ineligibility should work the same way.**
 - Once the applicant has rebutted a prima facie case of patent ineligibility with argument and facts in a declaration, the burden should shift to the examiner to establish anew a case for patent ineligibility.
 - *Cf. In re Rinehart*, 531 F. 2d 1048, 1052 (CCPA 1976): “When prima facie obviousness is established and evidence is submitted in rebuttal, the decision-maker must start over. Though the burden of going forward to rebut the prima facie case remains with the applicant, the question of whether that burden has been successfully carried requires that the entire path to decision be retraced... Facts established by rebuttal evidence must be evaluated along with the facts on which the earlier conclusion was reached, not against the conclusion itself.” See also *In re Packard*, 751 F. 3d 1307 (Fed. Cir. 2014) (*Rinehart* procedure followed for indefiniteness).

Strategic moves to get through the thicket—8

- ★ Once the declaration is introduced into the record, the response should include the argument that the applicant has rebutted the examiner's grounds for patent ineligibility and that, as a result of such rebuttal, a finding of patent eligibility is required

Summary

- ★ Develop a preamble and body of the claim that invoke technological features of the invention and are inconsistent with an “abstract idea”
- ★ Use a declaration to build a factual record showing alternative ways to address the problem solved by the invention and the novelty of the particular solution claimed
- ★ Make these points in the response and argue that the absence of preemption requires a finding of patent eligibility

Conclusion

- ★ Until and unless Congress passes a law that overrides *Alice* (and *Prometheus* and *Myriad*), it will take creativity, expertise, and determination to get a software invention through the patent system.

Good luck!



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