

## **SELECTED 2013 SECTION 101 CASES**

**Daralyn Durie, Durie Tangri**

***CLS Bank Intern. v. Alice Corp. Pty, Ltd.*, 717 F.3d 1269 (Fed. Cir. 2013) (May 10).**

### **Claim 33 of the '479 patent:**

A method of exchanging obligations as between parties, each party holding a credit record and a debit record with an exchange institution, the credit records and debit records for exchange of predetermined obligations, the method comprising the steps of:

- (a) Creating a shadow credit record and a shadow debit record for each stakeholder party to be held independently by a supervisory institution from the exchange institutions;
- (b) Obtaining from each exchange institution a start-of-day balance for each shadow credit record and shadow debit record;
- (c) For every transaction resulting in an exchange obligation, the supervisory institution adjusting each respective party's shadow credit rating or shadow debit record, allowing only those transactions that do not result in the value of the shadow debit record being less than the value of the shadow credit record at any time, each said adjustment taking place in chronological order; and
- (d) At the end-of-day, the supervisory institution instructing ones of the exchange institutions to exchange credits or debits to the credit record and debit record of the respective parties in accordance with the adjustments of the said permitted transactions, the credits and debits being irrevocable, time invariant obligations placed on the exchange institutions.

**Outcome:** Method claims invalid; judgment of invalidity of system claims affirmed by an equally divided court.

**Rationale (Lourie opinion):** "[P]atents should not be allowed to preempt the fundamental tools of discovery – those must remain 'free to all and reserved exclusively to none.' ... [T]he animating concern is that claims should not be coextensive with a natural law, natural phenomenon, or abstract idea; a patent-eligible claim must include one or more substantive limitations that ... add significantly more to the basic principle, with the result that the claim covers significantly less. ... What matters is whether a claim threatens to subsume the full scope of a fundamental concept, and when those concerns arise, we just look for meaningful limitations that prevent the claim as a whole from covering the concept's every practical application. ... [C]laim drafting strategies that attempt to circumvent the basic exceptions to section 101 using, for example, highly stylized language, hollow field-of-use limitations, or the recitation of token post-solution activity should not be credited. [T]he Supreme Court used the language 'routine' and 'conventional' in *Mayo* to indicate what qualities added to the natural law do not create patent-eligible subject matter. We do not therefore understand that language to be confused with novelty or non-obviousness analyses, which consider whether particular steps or physical components together

constitute a new or nonobvious invention. Analyzing patent eligibility, in contrast, considers whether steps combined with a natural law or abstract idea are so insignificant, conventional or routine as to yield a claim that effectively covers the natural law or abstract idea itself.”

***Ass’n for Molecular Pathology v. Myriad*, 133 S. Ct. 2107 (2013) (June 13).**

**Claim 1 of the ‘282 patent:**

An isolated DNA coding for a BRCA1 polypeptide, said polypeptide having the amino acid sequence set forth in SEQ ID NO:2.

**Outcome:** Summary judgment of invalidity affirmed in part and reversed in part.

**Rationale:** “It is undisputed that Myriad did not create or alter any of the genetic information encoded in the BRCA1 and BRCA2 genes. The location and order of the nucleotides existed in nature before Myriad found them. ... Myriad did not create anything. To be sure, it found an important and useful gene, but separating that gene from its surrounding genetic material is not an act of invention. ... cDNA does not present the same obstacles to patentability as naturally occurring, isolated DNA segments. As already explained, creation of a cDNA sequence from mRNA results in an exons-only molecule that is not naturally occurring. ... As a result, cDNA is not a product of nature and is patent eligible under section 101, except insofar as very short series of DNA may have no intervening introns to remove when creating cDNA. In that situation, a short strand of cDNA may be indistinguishable from natural DNA.”

***Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335 (Fed. Cir. 2013) (June 21).**

**Claim 1 ‘545 patent:**

A method for distribution of products over the Internet via a facilitator, said method comprising the steps of:

A first step of receiving, from a content provider, media products that are covered by intellectual property rights protection and are available for purchase, wherein each said media product being comprised of at least one of text data, music data, and video data;

A second step of selecting a sponsor message to be associated with the media product, said sponsor message being selected from a plurality of sponsor messages, said second step including accessing an activity log to verify that the total number of times which the sponsor message has been previously presented is less than the number of transaction cycles contracted by the sponsor of the sponsor message;

A third step of providing the media product for sale at an internet website;

A fourth step of restricting general public access to said media product;

A fifth step of offering to a consumer access to the media product without charge to the consumer on the precondition that the consumer views the sponsor message;

A sixth step of receiving from the consumer a request to view the sponsor message, wherein the consumer submits said request in response to being offered access to the media product;

A seventh step of, in response to receiving the request from the consumer, facilitating the display of a sponsor message to the consumer;

An eighth step of, if the sponsor message is not an interactive message, allowing said consumer access to said media product after said step of facilitating the display of said sponsor message;

A ninth step of, if the sponsor message is an interactive message, presenting at least one query to the consumer and allowing said consumer access to said media product after receiving a response to said at least one query;

A tenth step of recording the transaction event to the activity log, said tenth step including updating the total number of times the sponsor message has been presented; and

An eleventh step of receiving payment from the sponsor of the sponsor message displayed.

**Outcome:** Dismissal reversed

**Rationale:** “[I]t will be rare that a patent infringement suit can be dismissed at the pleading stage for lack of patentable subject matter. That is so because every issued patent is presumed to have been issued properly, absent clear and convincing evidence to the contrary. ... Thus, the only plausible reading of the patent must be that there is clear and convincing evidence of ineligibility. ... [T]here is no doubt that the section 101 inquiry requires a search for limitations in the claims that narrow or tie the claims to specific applications of an otherwise abstract concept. ... Almost by definition, analyzing whether something was conventional or routine involves analyzing facts. ... [C]laim construction normally will be required. ... [A] claim is not patent eligible only if, instead of claiming an application of an abstract idea, the claim is instead to the abstract idea itself.

***Accenture Global Services, GMBH v. Guidewire Software, Inc.*, 728 F.3d 1336 (Fed. Cir. 2013) (Sept. 5).**

**Claim 1 of the ‘284 patent:**

A system for generating tasks to be performed in an insurance organization, the system comprising:

An insurance transaction database for storing information related to an insurance transaction, the insurance transaction database comprising a claim folder containing the information related to the insurance transaction decomposed into a plurality of levels from the group comprising a policy level, a claim level, a participant level and a line level, wherein the plurality of levels reflects a policy, the

information related to the insurance transaction, claimants and an insured person in a structured format;

A task library database for storing rules for determining tasks to be completed upon an occurrence of an event;

A client component in communication with the insurance transaction database configured for providing information relating to the insurance transaction, said client component enabling access by an assigned claim handler to a plurality of tasks that achieve an insurance related goal upon completion; and

A server component in communication with the client component, the transaction database and the task library database, the server component including an event processor, a task engine and a task assistant;

Wherein the event processor is triggered by application events associated with a change in the information, and sends an event trigger to the task engine; wherein in response to the event trigger, the task engine identifies rules in the task library database associated with the event and applies the information to the identified rules to determine the tasks to be completed, and populates on a task assistant the determined tasks to be completed, wherein the task assistant transmits the determined tasks to the client component.

**Outcome:** Summary judgment of invalidity affirmed.

**Rationale:** “The district court in this case held that the method claims of the ‘284 patent are invalid under section 101. That judgment was not appealed by Accenture. ... Because the ‘284 patent’s method claims have been found to be patent ineligible, we first compare the substantive limitations of the method claim and the system claim to see if the system claims offers a ‘meaningful limitation’ to the abstract method claim .... Because the system claim and method claim contain only ‘minor differences in terminology [but] require performance of the same basic process,’ they should rise or fall together. ... While it is not always true that related system claims are patent-ineligible because similar method claims are, when they exist in the same patent and are shown to contain insignificant meaningful limitations, the conclusion of ineligibility is inescapable.”

***Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, C11-06391 SI (N.D. Cal. Oct. 30, 2013).**

**Claim 1 of the ‘540 patent:**

A method for detecting a paternally inherited nucleic acid of fetal origin performed on a maternal serum or plasma sample from a pregnant female, which method comprises amplifying a paternally inherited nucleic acid from the serum or plasma sample and detecting the presence of a paternally inherited nucleic acid of fetal origin in the sample.

**Outcome:** Summary judgment of invalidity

**Rationale:** “[T]he claimed process – apart from the natural law, natural phenomenon, or abstract idea – must involve more than ‘well understood, routine, conventional activity’ previously engaged in by those in the field. ... Ariosa argues that the additional limitations in the claims either apply well-understood, routine, and conventional activity to the natural phenomenon or limit the natural phenomenon to specific types of natural phenomenon, which are also unpatentable. The Court agrees. ... Ariosa has presented the Court with evidence, including the specification and prosecution history ... stating that the amplification and detection of DNA sequences in plasma or serum was well known by 1997. ... [B]ased on the undisputed facts before the Court, the only inventive part of the patent is that conventional techniques of DNA detection known at the time of the invention are applied to paternally inherited cffDNA as opposed to other types of DNA. Thus, the only inventive concept contained in the patent is the discovery of cffDNA, which is not patentable.”

***Ubicomm, LLC v. Zappos IP, Inc., 1:13-cv-01029-RGA (D. Del. Nov. 13, 2013)***

**Claim 1 of the ‘054 patent:**

A method of triggering a selected machine event in a system including a multiplicity of computer controlled machines and a multiplicity of users, each computer controlled machine being capable of performing a one of the multiplicity of the types of machine events, some of the computer controlled machines being stationary and others of the computer controlled machines being mobile, the method comprising the steps of:

Selecting a type of machine event to be triggered;

Selecting triggering properties of said system necessary for triggering said selecting machine event;

Selecting triggering conditions of an identified user necessary for triggering said selected machine event;

Perceiving said triggering conditions;

Determining whether said triggering conditions are met; and

Triggering said selected machine event when the triggering properties are met and the triggering conditions are perceived.

**Outcome:** Motion to dismiss granted.

**Rationale:** “[T]he Court agrees with the Defendant that the abstract idea at the heart of the claim is very concept of a condition action. ... A conditional action is a basic tool on which a multitude of disciplines rely upon for innovation. ... A conditional action is a more fundamental concept that either hedging or processing information through a clearinghouse. ... Thus, as a condition action is one

building block of an idea that the Federal Circuit has already found to be abstract, it too must be an abstract idea.”