Panel: Navigating, Litigating, and Even Avoiding Eligible Subject Matter Questions

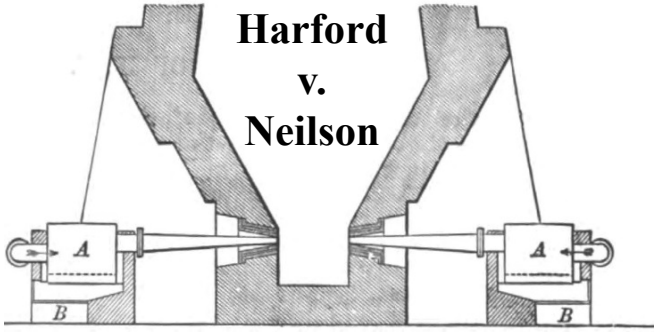
Advanced Patent Law Institute
Dec. 10, 2015

Tracing the History of Patent Eligibility Doctrine

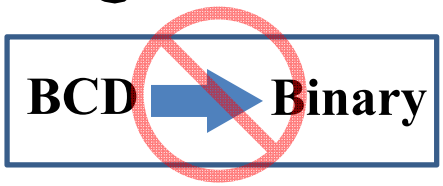
Peter S. Menell
Koret Professor of Law
Director, Berkeley Center for Law & Technology
UC Berkeley School of Law

BerkeleyLaw
UNIVERSITY OF CALIFORNIA

§ 101 Patentable Subject Matter



MAYO CLINIC



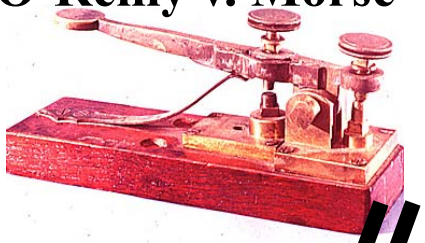
AliceCorp

CLS

LeRoy v.
Tatham

Funk Bros.

O'Reilly v. Morse



1841-1854 // 1948 // 1971-1980 // 2010-14

Primordial | Skeptical | Modern | Post-Modern

v.

1. A method of optimizing therapeutic efficacy for treatment of an immune-mediated gastrointestinal disorder, comprising:

(a) administering a drug providing 6-thioguanine to a subject having said immune-mediated gastrointestinal disorder; and
(b) determining the level of 6-thioguanine in said subject having said immune-mediated gastrointestinal disorder,

wherein the level of 6-thioguanine less than about 230 pmol per 8x108 red blood cells indicates a need to increase the amount of said drug subsequently administered to said subject and

wherein the level of 6-thioguanine greater than about 400 pmol per 8x108 red blood cells indicates a need to decrease the amount of said drug subsequently administered to said subject.

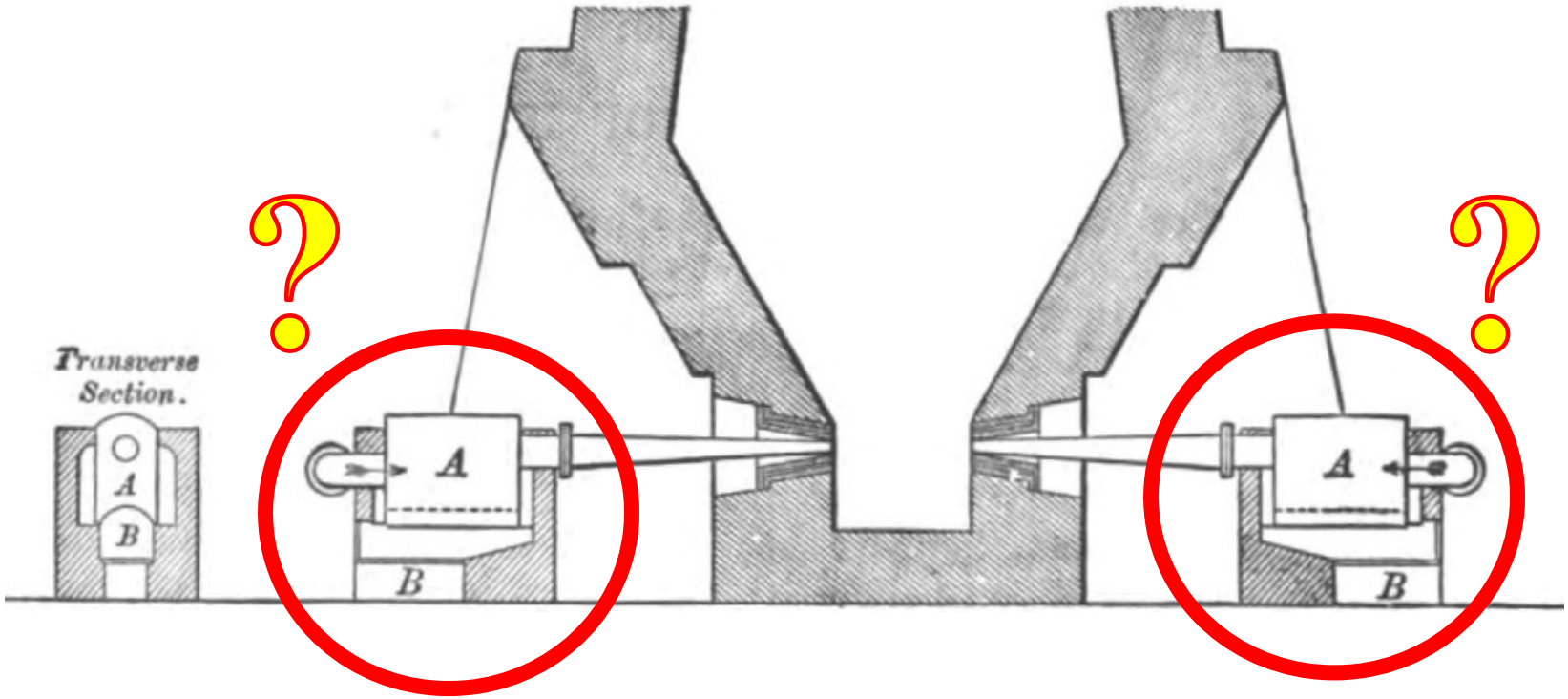
This Court has previously discussed in detail an English case, *Neilson*, which involved a patent claim that posed a legal problem very similar to the problem now before us. * * *

The English court concluded that the claimed process did more than simply instruct users to use the principle that hot air promotes ignition better than cold air, since it explained how the principle could be implemented in an **inventive** way. Baron Parke wrote (for the court):

'It is very difficult to distinguish it from the specification of a patent for a principle, and this at first created in the minds of the court much difficulty; but after full consideration we think that the plaintiff does not merely claim a principle, but a machine, embodying a principle, and a very valuable one. We think the case must be considered as if the principle being well known, the plaintiff had first invented a mode of applying it by a mechanical apparatus to furnaces, and his invention then consists in this: by interposing a receptacle for heated air between the blowing apparatus and the furnace. In this receptacle he directs the air to be heated by the application of heat externally to the receptacle, and thus he accomplishes the object of applying the blast, which was before cold air, in a heated state to the furnace.'

What is Unconventional or Inventive beyond the Scientific Principle?

Thus, the claimed process included not only a law of nature but also several **unconventional steps** (such as inserting the receptacle, applying heat to the receptacle externally, and blowing the air into the furnace) that confined the claims to a particular, useful application of the principle.

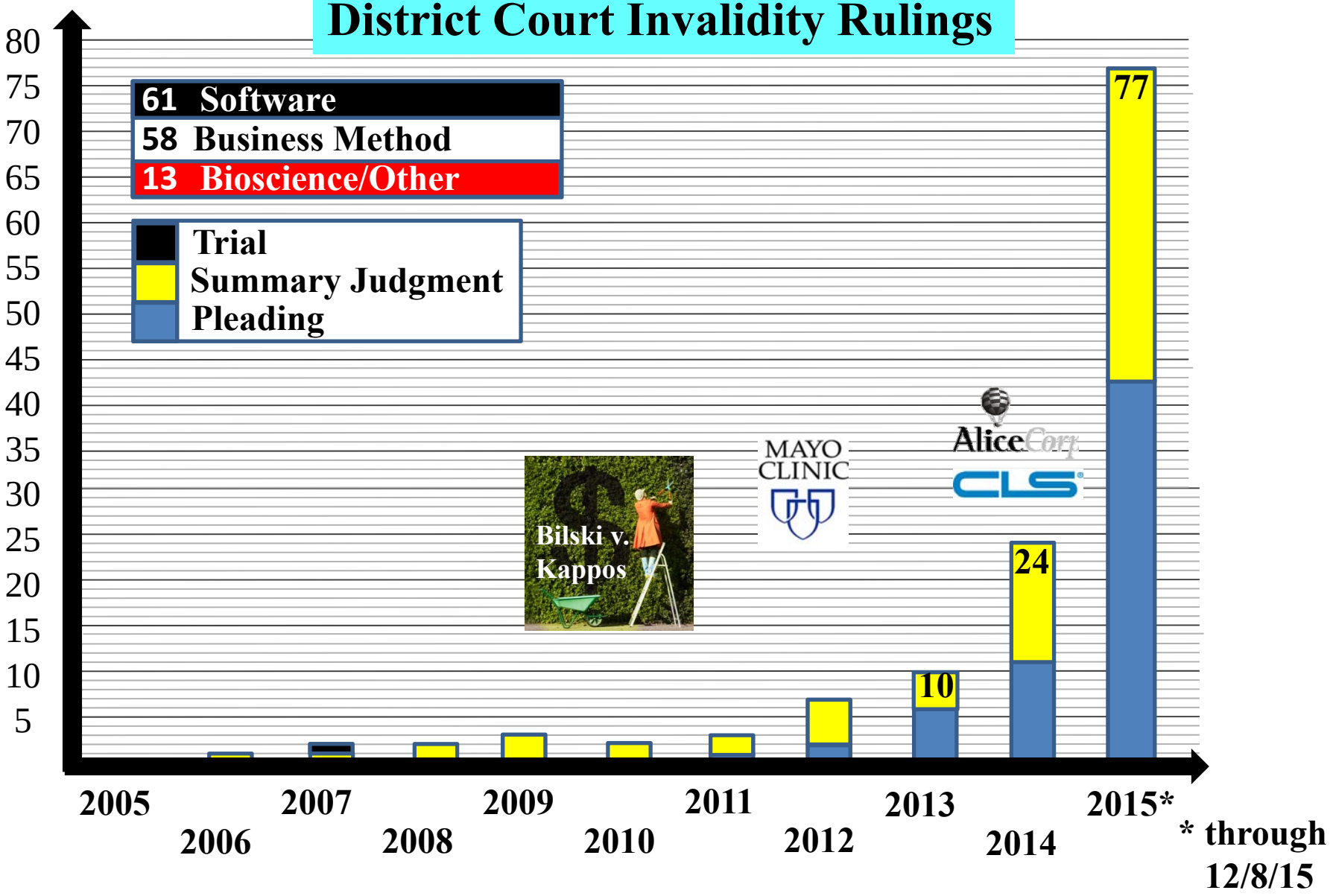


Patentable Subject Matter Limitations

1. Patent Ineligible Subject Matter
   - Law of Nature
   - Natural Phenomena
   - Abstract Idea
   - Rationale: Pre-emption – "patent law may not inhibit further discovery by improperly tying up the future use" of basic building blocks of human ingenuity; could impede cumulative creativity.
2. Inventive Application Doctrine: To be patentable, a claim directed to a patent ineligible concept must contain an *inventive* concept sufficient to transform the patent ineligible concept into a patent-eligible application of the concept.
   - Must be more than well-understood, routine, conventional activity already engaged in by the scientific community.
     - requires "more than simply stat[ing] the [abstract idea] while adding the words 'apply it.' "

§ 101 Patentable Subject Matter

District Court Invalidity Rulings



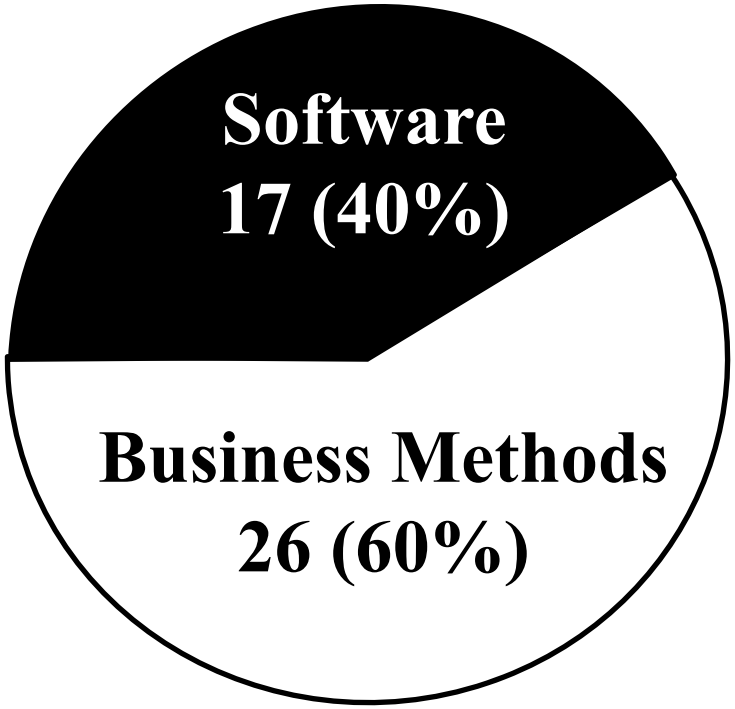
§ 101 Patentable Subject Matter

2015* District Court Invalidity Rulings

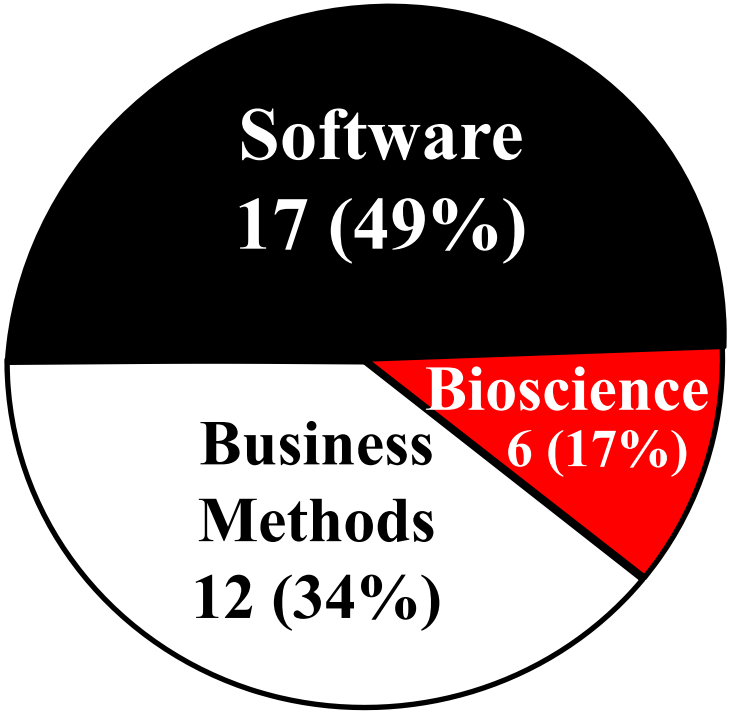
* through 12/8/15

34	Software
38	Business Method
6	Bioscience/Other

Pleading Stage



Summary Judgment



§ 101 Patentable Subject Matter: Case Management

Interplay with § 103 Analysis

Question of Law

Mixed question/ subsidiary facts?

Timing

Pleading Stage

MSJ/Trial

Abstract Business Methods and Software

Pure Bioscience

Complex Applied Bioscience

§ 101 Patentable Subject Matter: Interplay with § 103/ § 112 Analysis

Perspectives

§ 101 requires a point-of-novelty approach, in which courts filter out claim elements found in the prior art before evaluating a claim for abstractness.

McRO, Inc. v. Sega of America, Inc., 2014 WL 4749601, (CDCal Sept. 22, 2014) (Wu, J.)

"It is important to distinguish novelty and obviousness from the 'inventive feature' inquiry required by the Supreme Court in *Alice*." Focus on whether the patent adds something to the abstract idea that is "integral to the claimed invention" and avoids preemption/encumbering fundamental principle (§ 112 overbreadth).

Cogent Medicine, Inc. v. Elsevier Inc., 2014 WL 4966326, n.3 (NDCal 2014) (Whyte, J.)

Cf. California Institute of Technology v. Hughes Communications, 2014 WL 5661290 (CDCal Nov. 3, 2014) (Pfaelzer, J.)

§ 101 Patentable Subject Matter: Interplay with § 103/ § 112 Analysis

It is important to distinguish novelty and obviousness from the "inventive feature" inquiry required by the Supreme Court in *Alice*. . . . [T]he inventive feature question concerns whether the patent adds something to the abstract idea that is "integral to the claimed invention...." *Bancorp*, 687 F.3d at 1278. . . .[I]n the context of § 101, "inventive feature" is better understood as referring to the abstract idea doctrine's prohibition on patenting fundamental truths, whether or not the fundamental truth was recently discovered. *Alice*, 134 S.Ct. at 2357 (discussing *Gottschalk v. Benson*, 409 U.S. 63 (1972): "Because the algorithm was an abstract idea, the claim had to supply a 'new and useful' application of the idea in order to be patent eligible. But the computer implementation did not supply the necessary inventive concept; the process could be 'carried out in existing computers long in use.' "). The addition of a conventional element like a generic computer to an abstract idea does not add an "inventive feature" to the abstract idea, and thus the claim is unpatentable under § 101.

***Cogent Medicine, Inc. v. Elsevier Inc.*, 2014 WL 4966326, n.3 (2014) (Whyte, J.)**

DDR HOLDINGS, LLC **v.** Hotels.com

19. A system useful in an outsource provider serving web pages offering commercial opportunities, the system comprising:

(a) a computer store containing data, for each of a plurality of first web pages, defining a plurality of visually perceptible elements, which visually perceptible elements correspond to the plurality of first web pages;

(i) wherein each of the first web pages belongs to one of a plurality of web page owners;

(ii) wherein each of the first web pages displays at least one active link associated with a commerce object associated with a buying opportunity of a selected one of a plurality of merchants; and

(iii) wherein the selected merchant, the outsource provider, and the owner of the first web page displaying the associated link are each third parties with respect to one other;

(b) a computer server at the outsource provider, which computer server is coupled to the computer store and programmed to:

(i) receive from the web browser of a computer user a signal indicating activation of one of the links displayed by one of the first web pages;

(ii) automatically identify as the source page the one of the first web pages on which the link has been activated;

(iii) in response to identification of the source page, automatically retrieve the stored data corresponding to the source page; and

(iv) using the data retrieved, automatically generate and transmit to the web browser a second web page that displays: (A) information associated with the commerce object associated with the link that has been activated, and (B) the plurality of visually perceptible elements visually corresponding to the source page.

United States Patent
Ross, Jr. et al.

(10) **Patent No.: US 7,818,399 B1**
(45) **Date of Patent: Oct. 19, 2010**

19. A system useful in an outsource provider serving web pages offering commercial

(b) a computer server at the outsource provider, which computer server is coupled to the

Upon the click of an advertisement for a third-party product displayed on a host's website, the visitor is no longer transported to the third party's website. Instead, the patent claims call for an 'outsource provider' having a web server which directs the visitor to an automatically-generated hybrid web page that combines visual 'look and feel' elements from the host website and product information from the third-party merchant's website related to the clicked advertisement.

(ii) wherein each of the first web pages dis-

page, automatically retrieve the stored data

In this way, rather than instantly losing visitors to the third-party's website, the host website can instead send its visitors to a web page on the outsource provider's server that 1) incorporates "look and feel" elements from the host website, and 2) provides visitors with the opportunity to purchase products from the third-party merchant without actually entering that merchant's website.

to the source page.

Patentable Subject Matter Limitations

Step 1: Abstract Idea

- **mathematical algorithms, including those executed on a generic computer**
- **some fundamental economic and conventional business practices**
  Bilski/Alice (hedging); *Ultramercial* (advertising as a currency); *buySAFE* (using a computer to create a "transaction performance guaranty"); *Accenture Global Servs.* ("generalized software components" to implement insurance-policy-related tasks); *Bancorp Servs.* (using computer to manage a stable-value protected life insurance policy)

Is the claim invention *rooted* in the functioning of the computer?

"these claims stand apart [from the aforementioned abstract ideas] because they do not merely recite the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet. Instead, the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks."

***DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)**

Patentable Subject Matter Limitations

Step 1: Abstract Idea

"upon the click of an advertisement for a third-party product displayed on a host's website, the visitor is no longer transported to the third party's website. Instead, the patent claims call for an 'outsource provider' having a web server which directs the visitor to an automatically-generated hybrid web page that combines visual 'look and feel' elements from the host website and product information from the third-party merchant's website related to the clicked advertisement."

- **Dissent characterizes this as little more than a "store within a store," but this overlooks the computer/web functionality.**
- **Majority focuses on the specific application; this does not preempt the idea.**

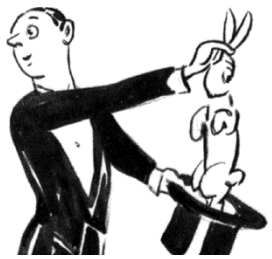
***DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)**

Patentable Subject Matter Limitations

Step 2: Inventive Application

"Instead of the computer network operating in its normal, expected manner by sending the website visitor to the third-party website that appears to be connected with the clicked advertisement, the claimed system generates and directs the visitor to the above-described hybrid web page that presents product information from the third-party and visual "look and feel" elements from the host website."

- **"When the limitations of the '399 patent's asserted claims are taken together as an ordered combination, the claims recite an invention that is not merely the routine or conventional use of the Internet."**



How did the majority reach this conclusion?

- **bald assertion? No discussion of prior art.**

- **backstop: "the claims at issue do not attempt to preempt every application of the idea of increasing sales by making two web pages look the same."**

***DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)**