

# Alice in 101-derland



## Michael Mehrman analyses a case that puts the landmark *Alice v CLS Bank* Supreme Court decision into practice

**Approaching five months since the landmark Supreme Court decision in *Alice Corp v CLS Bank*, 14 out of 15 district courts asked to invalidate patents as “ineligible subject matter” directed to “abstract ideas” under 35 USC § 101 have done so.<sup>1</sup>**

On the administrative side, the US Patent and Trademark Office (USPTO) issued new patent examination guidelines to implement the new “101 analysis” under the *Alice* standard on 30 June 2014. The USPTO subsequently withdrew allowances in 830 pending patent applications.<sup>2</sup> Like Alice from Lewis Carroll’s *Wonderland*, the patent law in 101-derland seems to speak, “How puzzling all these changes are! I’m never sure what I’m going to be, from one minute to another.”

A pair of beautifully penned, patent-crushing decisions have taken the lead in colourfully putting Alice into practice.<sup>3</sup> While these two decisions cover much of the same ground, *Planet Blue v Namco Bandi Games America, Inc.*, has more interesting subject matter (lip-sync animation), more extensive claim analysis, and thus makes for the better read.

With much historical analysis, some of which was surely tongue in cheek, the *Planet Blue* decision amusingly lays out the historical and legal analysis of the new 101 standard. The circuitous route cites the likes of Thomas Jefferson and Oliver Wendell Holmes, Jr, and then takes a salacious turn through the red light district by analogising abstract patent claims to pornography with Justice Potter Stewart’s famous quip, “I shall not today attempt further to define the kinds of material I understand to be embraced within that shorthand description; and

perhaps I could never succeed in intelligibly doing so. But I know it when I see it.”

The opinion brushes aside the role that the written description and enablement standards of 35 USC §112 have historically played in regulating patentable subject matter by observing that, “In any event the Supreme Court has spoken, and §101 now plays an important limiting role”. The new 101 analysis strips the patent claims of all prior art elements to reveal the “point of novelty,” and then considers whether that remaining subject matter is written in such functional terms that it effectively claims an abstract idea. In *Planet Blue*, the court summed up the point of novelty as, “rules-based lip-synchronized animation on a computer” before finding that it amounted to an abstract idea.

It is important to appreciate that this result arose even though the claimed methods “are tangible, each covering an approach to automated three-dimensional computer animation, which is a specific technological process.” And the claims were held invalid even though they “do not claim a monopoly” effectively preempting animated lip-synch the technology. So despite what some may have thought, *reciting tangible subject matter* within the claim and avoiding preemption of a broad area of technology are *insufficient* to render a claim eligible for patenting under the 101 analysis imparted by *Alice*.

In reaching this conclusion, the *Planet Blue* decision applied what patent lawyers will recognise as the *Halliburton* Rule from the 1930-50s, previously thought to have been statutorily overturned in 1952 by Congressional adoption of the “means for” provision of 35 USC

§112(f). But in the 101-derland of *Alice*, new wine fills the old wineskin of the *Halliburton* Rule with logical ease:

“the vice of a functional claim exists not only when a claim is ‘wholly’ functional, if that is ever true, but also when the inventor is painstaking when he recites what has already been seen, and then uses conveniently functional language at the exact point of novelty.” *Gen. Elec. Co. v. Wabash Appliance Corp.*, 304 U.S. 364, 371, 58 S. Ct. 899, 903 (1938). An abstract idea is the extreme case of functional language.

Thus, where a claim recites tangible steps, but the only new part of the claim is an abstract idea, that may constitute a claim to an abstract idea. See *Alice*, 134 S. Ct. at 2358. (disregarding the presence of a computer in the claim given “the ubiquity of computers”); *Mayo*, 132 S.Ct. at 1297-98 ([disregarding claim language that is] “well known in the art”).

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Another important aspect of this approach is that the 101 analysis is conducted “on the pleadings” before discovery has been conducted to identify the most relevant prior art references. Instead, the *Planet Blue* decision found the prior art (that is, the part of the claim to be disregarded during the 101 analysis) through admissions within the patent itself. Small solace can be found in the court’s observation that, “One unintended consequence of *Alice*, and perhaps of this and other decisions to come, is an incentive for patent applicants to say as little as possible about the prior art in their applications.” A new vision of patent litigants placed in “unfamiliar and uncomfortable positions” also materialised:

Section 101 motions can place parties in unfamiliar and uncomfortable positions: here it is to the patentee’s advantage to identify noninfringing alternatives, and it is the accused infringer’s advantage to posit the lack of any; the reverse of their positions at the infringement and damages stages of the case.

Recognising that the new *Alice* standard may invalidate an untold number of patents, including those of defendant and plaintiff alike, the *Planet Blue* decision offers only the comfort that, “it is hard to fault anyone for seeking patents that may turn out to be invalid where the applicable standards are shifting and uncertain” citing Bob Dylan with what has to have been a wry smile, “A change in the weather has known to be extreme” from the track *You’re a Big Girl Now* on his 1974 *Blood on the Tracks* album.

With all those patents blowing in the wind, can a safe harbor be found anywhere? Well, there is one potential argument not addressed in the *Planet Blue* decision. That is the fact that the “means for” provision

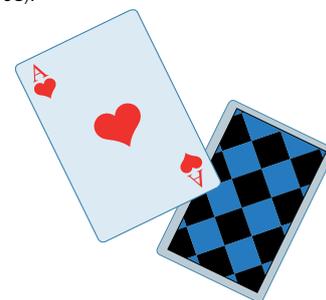
in 112(f) of the patent statute was enacted for the specific purpose of overturning the *Halliburton* Rule, which provided the lynchpin of the court’s 101 analysis. Of course, the *Planet Blue* decision did not address 112(f) because the claims were not written in the explicit “means for” language signaling the drafter’s intention to invoke 112(f), and neither party contended that the claims fall within 112(f). Plus, given the discussion of the specification within the *Planet Blue* decision, that additional bit of analysis would have not changed the outcome. But it might in subsequent cases.

We will therefore have to wait for future decisions to take on situations where the claim language expressly uses the “means for” formulation, or where the patent owner argues that the “functional claim language at the point of novelty” inherently brings the claim within the scope of 112(f). After all, when the point of novelty recited in the claim is determined to be an “abstract idea,” which the *Planet Blue* decision describes as the “extreme case of functional language,” then logic would seem to dictate that claim language should fall under 112(f). But patent owners making this argument will be sailing against the prevailing winds because the current state of the law under 112(f) limits the application of the “means for” provision to situations where the claim language evinces the claim drafter’s intention to invoke the clause.<sup>4</sup>

In the wake of *Alice* bringing the *Halliburton* Rule back into play, it might make sense for the courts to “adjust” the law to apply 112(f) to functional claim language generally. Then “functional language at the point of novelty” would necessarily invoke 112(f) limiting the functional claim language to “the corresponding structure, material, or acts described in the specification and equivalents thereof.” To get there, however, the Federal Circuit or the Supreme Court would have to reverse its well settled 112(f) precedent. But that just might happen. After all, “A change in the weather has known to be extreme”.

**Footnotes**

1. A handy table is available at <http://intellectualpropertyfilegw.com/?p=374>
2. Tristan Gray-Le Coz and Charles Duan, Apply It to the USPTO: *Review of the Implementation of Alice v CLS Bank in Patent Examination*, 2014 Patently-O Law Journal 1.
3. *McRO Inc d.b.a. Planet Blue v Namco Bandi Games America, Inc*, (CV 12=10322-GW(FFMx) (22 Sep 2014); *Eclipse IP LLC v McKinley Equipment Corp*, CV 14-154-GW(AJWx) (4 Sep 2014).
4. *Eg, Microprocessor Enhancement Corp v Texas Instruments Inc*, 520 F.3d 1367 (Fed Cir 2008).



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