2018 Cases on Section 101 Eligible Subject Matter

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In 2018, the Federal Circuit rendered 14 precedential panel decisions addressing Section 101 patent-eligible subject matter. The decisions focused on comparing the claim at issue with those held in, prior Federal Circuit and Supreme Court decisions, to be either eligible or ineligible. Often, the key was whether the panel viewed the claim as reciting a specific technological improvement. The improvement could be software, but it could not be pure information or "mental steps."

Two decisions (*Core, Finjan*) affirmed district court rulings that challenged patent claims were not to abstract ideas and thus were to eligible subject matter. One (*Ancora*) held claims eligible, reversing a district court.

Four decisions (*BSG, Interval, SAP, Voter*) affirmed district court rulings that claims were ineligible as to abstract ideas. The last decision of the year (*Marco*) upheld a PTO rejection of an application's claims to a dice wagering method as drawn to an abstract idea.

Two decisions (*Berkheimer, Data Engine*) reached mixed results, holding some claims ineligible, others eligible (or potentially eligible).

Two decisions addressed challenges based on the "product of nature" and "law of nature" exceptions to eligibility. One, *Vanda*, held that claims were to an eligible treatment method. Another, *Roche*, distinguished *Vanda*, holding ineligible claims to methods and "primers" based on the discovery that there were "signature" nucleotides in a disease-causing bacteria's gene that distinguished similar bacteria.

Two panel decisions (*Aatrix, Berkheimer*), both authored by Judge Moore, held that fact issues could arise in a Section 101 eligibility challenge, at least in regard to whether claim elements were conventional. The fact issues could preclude holding a patent's claims ineligible in the context of a motion based on the pleadings (or for summary judgment) in a patent infringement suit. The Federal Circuit denied rehearing en banc in both cases with two concurring opinions and a dissent by Judge Reyna.

In a concurring opinion in a later panel decision (*Marco*), Judge Mayer argued, vehemently, that *Berkheimer* was incorrect because Supreme Court authority dictated that eligibility was a question of law to be decided based on a patent's claim language and specification and general historical facts of the sort that courts used in deciding other legal issues, such as interpretation of a statute.

Panel decisions after *Berkheimer* cited it for the proposition that there could be fact issues underlying the legal question of eligibility, but none found a disputed fact issue. In *Marco*, the applicant did not dispute that recited steps were conventional. In *SAP*, claim details were either themselves abstract or not supported by factual allegations "from which one could plausibly infer that they were inventive."

One decision (*BSG Tech*) distinguishing *Berkheimer*, indicated that (1) the *Alice* step two inquiry was not whether the claimed invention "as a whole" was unconventional, (2) an abstract idea itself, though unconventional, could not provide an "inventive concept," and (3) it was a "matter of law," not fact, that "narrowing or reformulating an abstract idea" did not add "significantly more" to the idea to satisfy the step two inquiry.

Another decision (*Data Engine*) noted that a court could consider articles praising a commercial embodiment of a patent's claimed invention because the articles were cited during the patent's prosecution history, which was a "matter of public record" and therefore properly considered in assessing a motion for judgment on the pleadings.

In a decision, *Gust*, a patent owner, a "non-capitalized non-practicing entity" represented by a law firm on a contingent fee basis, filed, seven months *after* the Supreme Court's *Alice* decision, a suit for infringement of a software patent relating to "crowd-funding." The patent owner continued the suit for 18 months and then provided a covenant not to sue. A district court awarded the accused infringer its attorney fees against the law firm as well as against the entity. On appeal to the Federal Circuit, a majority and a dissent addressed whether the law on eligibility remained "unsettled" after *Alice* such that the law firm could make good faith arguments for eligibility.

Case List:

1. Aatrix Software, Inc. v. Green Shades Software, Inc., 882 F.3d 1121 (Fed. Cir. 2018), *panel rehearing and rehearing en banc denied*, 890 F.3d 1354 (Fed. Cir. 2018) (en banc)
2. Ancora Technologies, Inc. v. HTC America, Inc., 908 F.3d 1343 (Fed. Cir. 2018)
3. Berkheimer v. HP Inc., 881 F.3d 1360 (Fed. Cir. 2018), *panel rehearing and rehearing en banc denied*, 890 F.3d 1369 (Fed. Cir. 2018) (en banc)
4. BSG Tech LLC v. BuySeasons, Inc., 899 F.3d 1281 (Fed. Cir. 2018)
5. Core Wireless Licensing S.A.R.L. v. LG Elecs., Inc., 880 F.3d 1356 (Fed. Cir. 2018)
6. Data Engine Technologies LLC v. Google LLC, 906 F.3d 999 (Fed. Cir. 2018)
7. Finjan, Inc. v. Blue Coat Sys., 879 F.3d 1299 (Fed. Cir. 2018)
8. Gust, Inc. v. AlphaCap Ventures, LLC, 905 F.3d 1321 (Fed. Cir. 2018)
9. Interval Licensing LLC v. AOL, Inc., 896 F.3d 1335 (Fed. Cir. 2018)
10. *In re* Marco Guldenaar Holding B.V., XXX F.3d XXXX (Fed. Cir. 2018)
11. Roche Molecular Systems, Inc. v. Cepheid, 905 F.3d 1363 (Fed. Cir. 2018)
12. SAP America, Inc. v. InvestPic, LLC, 898 F.3d 1161, 1169 (Fed. Cir. 2018)
13. Vanda Pharms. Inc. v. West-Ward Pharms. Int'l Ltd., 887 F.3d 1117 (Fed. Cir. 2018)
14. Voter Verified, Inc. v. Election Systems & Software LLC, 887 F.3d 1376 (Fed. Cir. 2018)