

IP FRONTIERS

Toward rebalancing outcomes of Alice patentable subject matter inquiries

About five months have gone by since my last update on the state of patentable subject matter after the 2014 *Alice* Supreme Court decision and its progeny. A number of important developments have taken place during this time, mostly positive in the sense of rebalancing the outcomes Alice patentable subject matter inquiries by courts.

The two-part *Alice* test for patentable subject matter starts by determining whether the claims are directed to a judicially recognized exception; namely, laws of nature, natural phenomena and abstract ideas. If an exception is present, it is then determined whether the elements of each claim both individually and as an ordered combination, are sufficient to transform the nature of the claim into something patentable. In practice, however, the second part of the test is often given short shrift. During the first four months of 2018, the Federal Circuit (federal appeals court for patents) has, in three cases, found the claims of the relevant patents to be patentable subject matter, surviving the two-step Supreme Court *Alice* test.

For comparison, in only two precedential cases (and one non-precedential) did the Federal Circuit find no patentable subject matter. Further, a fourth case found patentable subject matter in some of the disputed claims and in yet another case, the dismissal on abstract idea grounds was vacated and remanded. In addition, two Patent Trial and Appeal Board (PTAB) cases reversed the Examiner's rejections based on patentable subject matter. Hopefully, this is a trend toward rebalancing *Alice* test outcomes.

In *VANDA Pharmaceuticals v. West-Ward Pharmaceuticals*, the patent at issue was directed to a treatment for schizophrenia and recited a personalized dosage of iloperidone based on a genetic test and the patient's me-



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tabolization rate of iloperidone. Here, the Federal Circuit held that the claims were not directed to a law of nature, as held in the District Court, and were therefore patentable subject matter.

In *Exergen Corp. v. Kaz USA, Inc.*, the patent in question was directed to a body temperature detector and related method. Multiple readings are taken

while laterally moving the detector across the forehead, taking the peak reading and apply a constant coefficient. The Federal Circuit held it to be patentable subject matter, noting that there was no proof that the invention was known to one of ordinary skill in the art at the time of filing the patent application. Interestingly, the majority did not seem to be bothered that body temperature is naturally occurring (a law of nature).

In *Core Wireless v. LG Electronics*, the Federal Circuit found patentable subject matter in a Graphical User Interface (GUI) having a limited menu leading to an application summary with some features of the application available, while the application was in an unlaunched state. Think of this as peeking into the application with limited functionality and without opening the application. The menu also allows for directly launching a file in the application. Here, the Court found the claims not to be directed to an abstract idea, which ended the *Alice* inquiry. Further, it was clear that even if the Court had identified an abstract idea, the claims would have survived the second part of the *Alice* test.

In *Berkheimer v. HP Inc.*, the Federal Circuit found some dependent claims to be directed to patentable subject matter. The patent involved parsing files into multiple objects and tagging the objects to create relationships, then comparing the objects to archived objects to eliminate redundant storage and improve performance. This case is also important for the fact that summary judgment at trial was found improper, because whether the invention is well-known, routine or conventional is an underlying fact question for which the defendant had offered no evidence. Further, the Court noted that disclosure in the prior art alone does not automatically mean it was well known, routine or conventional.

In *Ex Parte Gershfang*, the PTAB found the claims to be directed to an improvement in computer functionality, citing to the Court's *Enfish* decision. The invention was directed to creating barriers in a virtual environment to induce a user's avatar toward an advertisement.

The other PTAB case, *Ex Parte Kotanko*, involved a method of treating a patient undergoing periodic hemodialysis treatments at increased risk for death and treating with sufficient lead time to decrease the patient's risk of death. In finding patentable subject matter, the PTAB held the invention was not a phenomenon of nature, mental process or abstract idea, avoiding part two of the *Alice* test.

In *Aatrix Software, Inc. v. Green Shades Software, Inc.*, the Federal Circuit vacated and remanded to allow the patent holder to amend the complaint to add factual allegations regarding technical improvements of and problems solved by the claimed invention. The Court's reasoning was that, if taken as true, the allegations contradict the District

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Court conclusion that the invention was conventional or routine.

Finally, two cases in which the Supreme Court petitions were filed will be important to watch. In *R&L Carriers, Inc. v. Intermec Technologies Corp.*, the petitioner asks the Court two questions. The first question is whether step one of the *Alice* test can be addressed without looking at individual claim elements, as has been happening in cases involving patentable subject matter. The second question is whether the *Alice* test allows for factual inquiries. In *Cleveland Clinic Foundation v. True Health Diagnostics, LLC*, the petitioner asked the Supreme Court to explain the role of evidence in the

patentable subject matter analysis.

Patentees, of course, are hoping to prevent summary findings of ineligible subject matter by the trial court judge using fact-based pleading regarding the invention in the initial complaint or answer. Indeed, as the PTAB held in *Ex Parte Johnson*, involving an IBM invention directed to managing customer discounts following the receipt of a cancellation notice requested by the customer, the PTAB is "...aware of no controlling authority that requires the Office to provide factual evidence to support a finding that a claim is directed to an abstract idea." Outcomes like *Ex Parte Johnson* could become less likely based on the Supreme Court decision in *R&L Carriers and/*

or Cleveland Clinic.

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