

# The *Alice* Saga Continues: Further Developments in Section 101 Case Law and Practice

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# Recent *Alice* Caselaw



## Revisiting *Alice* (134 S. Ct. 1749)

- In 2014, the Supreme Court in *Alice* held that claims drawn to an abstract idea are not patent eligible under § 101
- *Alice* Analysis Framework
  - Step 1: “Determine whether the claims at issue are directed to one of those patent-ineligible concepts”
  - Step 2: Determine if “what else is there” amounts to an “inventive concept”

## Before *Amdocs*

- Before *Amdocs*, only four Federal Circuit decisions reversing a lower court decision finding patent claims ineligible under *Alice*:
  - *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)
  - *Enfish, LLC v. Microsoft Corp.*, No. 2015-1244 (Fed. Cir. May 12, 2016)
  - *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC*, No. 15-1763 (Fed. Cir. June 27, 2016)
  - *McRO, Inc. v. Bandai Namco Games America Inc. et al.* No. 15-1080 (Fed. Cir. Sept. 13, 2016)

# *Amdocs v. Openet Telecom*, 841 F.3d 1288 (Fed. Cir. Nov 1, 2016).

- **Background**

- Amdocs asserted four patents relating to a network system that facilitates billing for internet costs via a distributed architecture.
- The patents allegedly provide an advantage over prior art systems that store information in a single location.
- District court (E.D. Va.) granted judgment on the pleadings that all claimed inventions are invalid as non-eligible subject matter under § 101.

# *Amdocs v. Openet Telecom*, 841 F.3d 1288 (Fed. Cir. Nov 1, 2016).

- The below representative claim was the focus of the Federal Circuit panel (claim 1 of '065 patent):
  1. A computer program product embodied on a computer-readable storage medium for processing network accounting information comprising:
    - computer code for receiving from a first source a first network accounting record;
    - computer code for correlating the first network accounting record with accounting information available from a second source; and
    - computer code for using the accounting information with which the first network accounting record is correlated to enhance the first network accounting record.

## *Amdocs v. Openet Telecom*, 841 F.3d 1288 (Fed. Cir. Nov 1, 2016).

- Majority holding (2-1) (Plager / Newman)
  - Commented that “at present there is no such single, succinct, usable definition or test” for what is an “abstract idea”
  - Found that “the decisional mechanism” now “is to examine earlier cases in which a similar or parallel descriptive nature can be seen.”
  - Relied on nested claim constructions and the specification to add substantial meaning and conclude that each “claim entails an unconventional technological solution (enhancing data in a distributed fashion).”

# *Amdocs v. Openet Telecom*, 841 F.3d 1288 (Fed. Cir. Nov 1, 2016).

- Dissent (Reyna)
  - Accuses the majority of failing to determine “whether the asserted claims are directed to an abstract idea.” Argues that “step one” should determine “if the claim fails to describe *how*—whether by particular process or structure—the goal is accomplished.”
  - Criticizes the majority for importing “distribution architecture” from the specification—which “disclose[s] a patent-eligible system—where “that limitation does not exist in all of the claims at issue.”
  - Believes only two of the patents are patent eligible.



# *Visual Memory v. NVIDIA*, 867 F.3d 1253 (Fed. Cir. Aug. 15, 2017).

- **Background**

- Visual Memory sued NVIDIA over a patent describing a computer memory system that can be connected to different kinds of processors.
- Patent includes a microfiche appendix with 263 frames of CDL code that “completely defines a preferred embodiment.”
- District court (Judge Andrews, D. Del.) granted NVIDIA’s motion to dismiss under § 101.

# *Visual Memory v. NVIDIA*, 867 F.3d 1253 (Fed. Cir. Aug. 15, 2017).

- The below representative claim was highlighted by the Federal Circuit panel (claim 1 of '740 patent):

1. A computer memory system connectable to a processor and having one or more programmable operational characteristics, said characteristics being defined through configuration by said computer based on the type of said processor, wherein said system is connectable to said processor by a bus, said system comprising:

- a main memory connected to said bus; and
- a cache connected to said bus,

wherein a programmable operational characteristic of said system determines a type of data stored by said cache.

## *Visual Memory v. NVIDIA*, 867 F.3d 1253 (Fed. Cir. Aug. 15, 2017).

- Majority holding (2-1) (O'Malley / Hughes)
  - Held that the claims “are directed to an improved computer memory system, and not to the abstract idea of categorical data storage.”
  - Identifies the “use of programmable operational characteristics that are configurable based on the type of processor” as a “specific asserted improvement in computer capabilities.”
  - Specifically cites the “263 frames of computer code” and other portions of the specification as evidence that the claims at issue are “more than a black box” as alleged by the dissent.

## *Visual Memory v. NVIDIA*, 867 F.3d 1253 (Fed. Cir. Aug. 15, 2017).

- Dissent (Hughes)
  - Argues that analysis cannot be “untethered from the language of the claims,” and must be assessed at “the same level of generality or abstraction expressed in the claims themselves.”
  - Claims ineligible because “not directed to a specific means or method of implementing a ‘programmable operational characteristic’”—a feature he describes as “nothing more than a black box.”
  - Believes majority’s analysis—including “considering the microfiche code”—“is untethered from the ’740 claims and the specification.”

# *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121 (2018)

- Background
  - Aatrix sued Green Shades on two patents describing a processing system for importing third-party data to fill out forms.
  - The district court granted Green Shades motion to dismiss under Rule 12(b)(6), finding that the asserted claims lacked subject matter eligibility under § 101.
  - The district court also denied Aatrix's subsequent motions for reconsideration and for leave to file a second amended complaint.

## *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121 (2018)

- Majority holding (2-1) (Moore / Taranto)
  - Held that “refusal to permit an amended complaint was erroneous because at that stage there certainly were allegations of fact that, if Aatrix's position were accepted, would preclude the dismissal.”
  - “The proposed second amended complaint contains allegations that, taken as true, would directly affect the district court's patent eligibility...[allegations] that individual elements and the claimed combination are not well-understood, routine, or conventional activity.”
  - Judge Reyna concurred with remand, but disagreed “on the role of factual evidence in a § 101 inquiry.”

# *Berkheimer v. HP, Inc.*, 881 F.3d 1360 (Fed. Cir. 2018)

- **Background**

- Berkheimer sued HP on a patent on “digitally processing and archiving files in a digital asset management system.”
- The district court granted summary judgment that certain claims were directed to the abstract idea of “using a generic computer to collect, organize, compare, and present data for reconciliation prior to archiving,” and thus not patent eligible under § 101.

# *Berkheimer v. HP, Inc.*, 881 F.3d 1360 (Fed. Cir. 2018)

- Holding (3-0) (Moore / Taranto / Stoll)
  - Agreed that the claims “are directed to an abstract idea” under step one of the *Alice* inquiry.
  - Under step two, held that “[w]hile patent eligibility is ultimately a question of law, the district court erred in concluding there are no underlying factual questions to the § 101 inquiry. Whether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination. Whether a particular technology is well-understood, routine, and conventional goes beyond what was simply known in the prior art.”



## *Aatrix and Berkheimer* – en banc request denied (May 31, 2018)

- Judge Moore: “*Berkheimer* and *Aatrix* stand for the unremarkable proposition that whether a claim element or combination of elements would have been well-understood, routine, and conventional to a skilled artisan in the relevant field at a particular point in time is a question of fact.”
- Judge Lourie: Concurrs, but asks for Supreme Court review because the cases “dig[] the hole deeper by further complicating the § 101 analysis.”
- Judge Reyna: Believes the cases are an affront to “our precedent that the § 101 inquiry is a question of law.”

# Best Practices



## Best Practices – Prosecution

- Make sure that the specification describes “improvements and problems solved” by the invention.
  - Such “improvements and problems solved” must be attributable to one or more specific claim elements
- Include descriptions in the specification as to how the claimed inventions represent an advancement over the prior art, and are not “well-understood, routine, and conventional to a skilled artisan at the time”

## Best Practices – Patent Owner in Litigation

- Include express allegations in the complaint that individual claim elements and the claimed combination “are not well-understood, routine, or conventional activity.”
  - Cite improvements in technology described in the specification with respect to one or more claim elements.
  - Include an expert declaration attached to the complaint with testimony verifying that specific elements or the combination of elements “are not well-understood, routine, or conventional activity.”

# Speaker Contact Information



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