



# THE *ALICE* RULING: LATEST UPDATES

Dale Lazar  
DLA Piper LLP (US)  
March 1, 2018

## I. Statute



- Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new, useful improvements thereof, may obtain a patent therefor, subject to the conditions and requirements of this Title. 35 U.S.C. Section 101
- Anything under the sun made by man except laws of nature, abstract ideas and physical phenomenon. *Diamond v. Chakrabarty* (1980)

A balance must be struck

- “At some level, **all inventions embody**, use, reflect, rest upon, or apply laws of nature, natural phenomena, or **abstract ideas**.”
- “[A]n invention is not rendered ineligible simply because it involves an abstract concept.”
- “Accordingly, in applying the §101 exception, we must distinguish between patents **that claim the building blocks** of human ingenuity and those that **integrate the building blocks into something more**, thereby **transforming** them into a patent-eligible invention.”

Finding the proper balance – a two-step approach

- “First, we determine whether the claims at issue are directed to one of those patent-ineligible concepts”
- Second, “ask ‘what else is there in the claims before us?’”

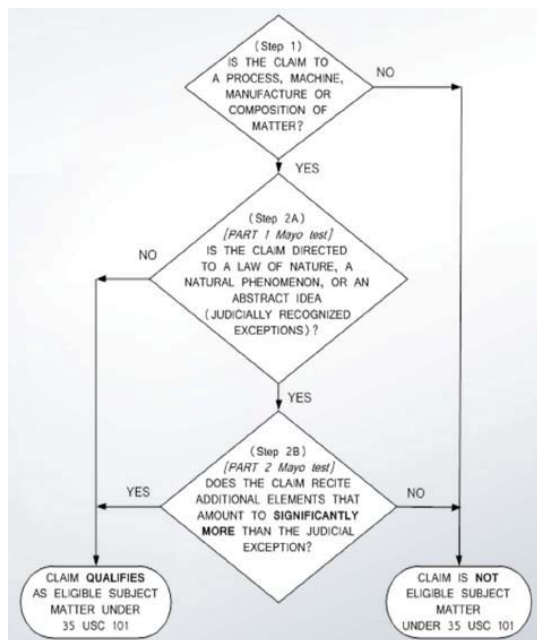
## § 101 Subject Matter Eligibility Test for Products and Processes



Use the broadest reasonable interpretation (BRI) of the claim

Analyze the claim as a whole

Practice compact prosecution by fully examining under 35 U.S.C. §§ 102, 103, 112, and 101 (utility, inventorship, and double patenting) and non-statutory double patenting



5

## *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*



### Step 2A Analysis: Are the claims directed to an abstract idea?

- The Court compared the claims in *Alice Corp.* with the claims held abstract and ineligible in *Bilski v. Kappos*
  - *Bilski* – hedging financial risk
  - *Alice Corp.* – intermediated settlement
- Each is a “fundamental economic practice long prevalent in our system of commerce.”
- Each is a “building block of the modern economy.”
- “Thus, intermediated settlement, like hedging, is an ‘abstract idea’ beyond the scope of §101.”

6

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: The Alice Ruling: Latest Updates

Also available as part of the eCourse

[2018 Advanced Patent Law \(USPTO\) eConference](#)

First appeared as part of the conference materials for the

13<sup>th</sup> Annual Advanced Patent Law Institute session

"Section 101: Software and High Tech"