



THE *ALICE* RULING: LATEST UPDATES

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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?’”

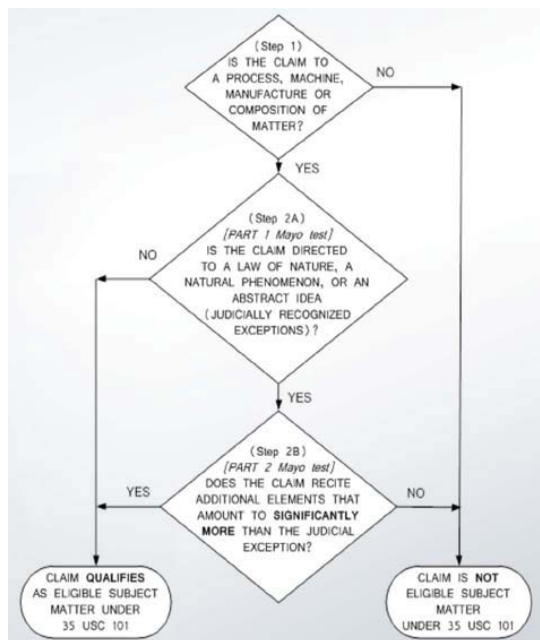
§ 101 Subject Matter Eligibility Test for Products and Processes



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



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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.”

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First appeared as part of the conference materials for the
13th Annual Advanced Patent Law Institute session
"Section 101: Software and High Tech"