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Alice in 101-Land: Defining the Contours of Patentability

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Overview

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- *Alice Corp. v. CLS Bank*
- Decisions Finding Patent Eligibility
  - *Enfish v. Microsoft*
  - *Bascom v. AT&T*
  - *Rapid Litigation Management v. Cellzdirect*
  - *Amdocs (Israel) v. Openet Telecom*
- Decisions Finding Patent Ineligibility
  - *Ariosa Diagnostics v. Sequenom*
  - *Intellectual Ventures I v. Capital One Bank*
- Takeaways

Alice Corp. v. CLS Bank Int'l

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- **U.S. Patent No. 5,970,479:** computerized trading platform to eliminate settlement risk in financial transactions by having a third party ensure contemplated exchange is completed by both or neither party.

> "A method of exchanging obligations as between parties, each party holding a credit record and a debit record with an exchange institution, the credit records and debit records for exchange of predetermined obligations, the method comprising the steps of:
> "(a) creating a shadow credit record and a shadow debit record for each stakeholder party to be held independently by a supervisory institution from the exchange institutions;
> "(b) obtaining from each exchange institution a start-of-day balance for each shadow credit record and shadow debit record;
> "(c) for every transaction resulting in an exchange obligation, the supervisory institution adjusting each respective party's shadow credit record or shadow debit record, allowing only these transactions that do not result in the value of the shadow debit record being less than the value of the shadow credit record at any time, each said adjustment taking place in chronological order, and
> "(d) at the end-of-day, the supervisory institution instructing on[e] of the exchange institutions to exchange credits or debits to the credit record and debit record of the respective parties in accordance with the adjustments of the said permitted transactions, the credits and debits being irrevocable, time invariant obligations placed on the exchange institutions." App. 383–384.

Alice – Supreme Court (June 19, 2014)

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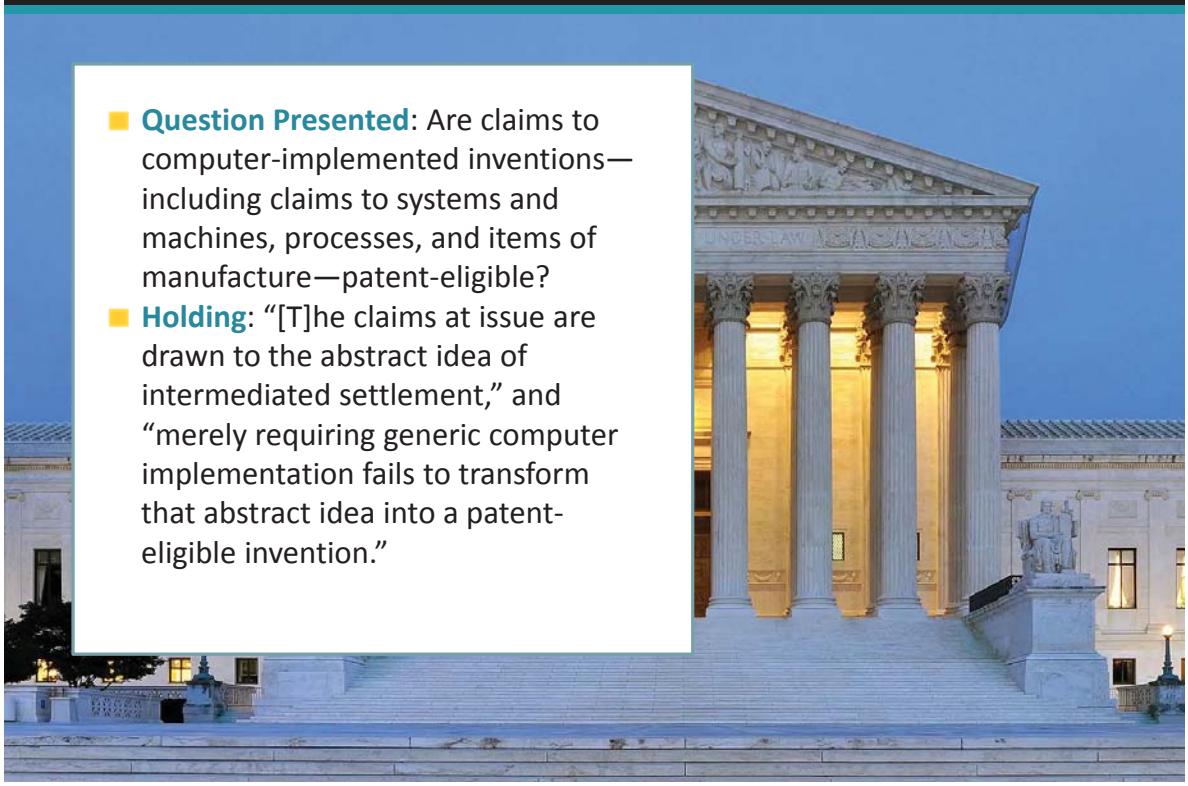
- **Question Presented**: Are claims to computer-implemented inventions—including claims to systems and machines, processes, and items of manufacture—patent-eligible?
- **Holding**: "[T]he claims at issue are drawn to the abstract idea of intermediated settlement," and "merely requiring generic computer implementation fails to transform that abstract idea into a patent-eligible invention."



Alice – Supreme Court (June 19, 2014)

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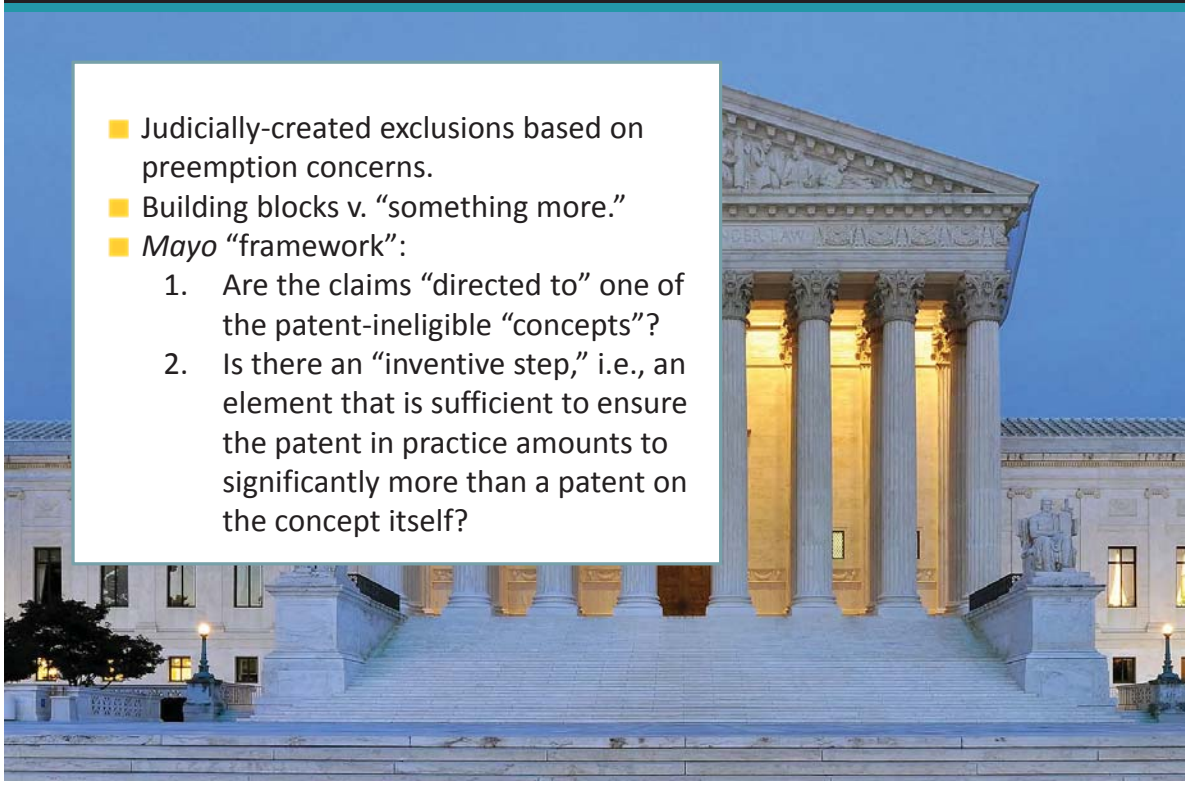

- Judicially-created exclusions based on preemption concerns.
- Building blocks v. "something more."
- *Mayo* "framework":
  1. Are the claims "directed to" one of the patent-ineligible "concepts"?
  2. Is there an "inventive step," i.e., an element that is sufficient to ensure the patent in practice amounts to significantly more than a patent on the concept itself?

Alice Step One – Abstract Idea?

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- "[W]e need not labor to delimit the precise contours of the "abstract ideas" category in this case. It is enough to recognize that there is no meaningful distinction between the concept of risk hedging in *Bilski* and the concept of intermediated settlement at issue here. Both are squarely within the realm of 'abstract ideas' as we have used that term."

Title search: Alice in 101-Land: Defining the Contours of Patentability

Also available as part of the eCourse
2016 Advanced Patent Law eConference - Austin

First appeared as part of the conference materials for the
21st Annual Advanced Patent Law Institute session
"Defining the Contours of *Alice*"