IP Alert: All Software Inventions Are Not Necessarily Abstract: Enfish, LLC v. Microsoft Corp.

ALL SOFTWARE INVENTIONS ARE NOT NECESSARILY ABSTRACT: *ENFISH, LLC V. MICROSOFT CORP.*

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Not since late 2014 has the Court of Appeals for the Federal Circuit reversed a district court to hold that patent claims are patent eligible under 35 U.S.C. § 101 as not being directed to an abstract idea.[1] On May 12, 2016, in *Enfish, LLC v. Microsoft Corporation*, Appeal No. 2015-1244 (Fed. Cir. 2016), the Federal Circuit held that even at the first step of the two-part *Alice* test[2] for patent eligibility, it is "relevant to ask whether the claims are directed to an improvement in computer functionality versus being directed to an abstract idea."[3] The Court held that the "focus of the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity."[4] Moreover, the Court noted that "software inventions can make non-abstract improvements to computer technology just as hardware improvement can."[5]

THE TECHNOLOGY IN DISPUTE

Enfish received U.S. Patent Nos. 6,151,604 and 6,163,775 in late 2000, concerning a type of computer database program generally involving a "'self-referential' property of a database."[6] The Court stated that the self-referential design stores "all data entities in a single table, with column definitions being provided by rows in that same table."[7] The Court discussed the self-referential property in comparison to existing relational databases and object oriented database technology at the time of filing.[8] The Court noted that the patents teach that the self-referential design allows for faster searching of data, more effective storage of data, and more flexibility in configuring a database.[9]

TWO-PART TEST UNDER *ALICE*

In *Alice*, the Supreme Court provided a two-part test to determine whether claims are directed to patent ineligible subject matter under § 101, as discussed by the Court:

Supreme Court precedent instructs us to "first determine whether the claims at issue are directed to a patent ineligible concept." *Alice Corp. Pty Ltd. v. CLS Bank Int'l* , — U.S. —-, 134 S. Ct. 2347, 2355 (2014). If this threshold determination is met, we move to the second step of the inquiry and "consider the elements of each claim both individually and 'as an ordered combination' to determine whether the additional elements 'transform the nature of the claim' into a patent-eligible application." *Id.*(quoting *Mayo*, 132 S. Ct. at 1298, 1297).[10]

The *Enfish* Court noted that the Supreme Court "has not established a definitive rule to determine what constitutes an 'abstract idea' sufficient to satisfy the first step of the Mayo/Alice inquiry."[11] Rather, the Court states that the "Supreme Court has suggested that claims 'purport[ing] to improve the functioning of the computer itself,' or 'improv[ing] an existing technological process' might not succumb to the abstract idea exception."[12] Here, the Court found "it relevant to ask whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea, even at the first step of the Alice analysis,"[13] and noted that describing the claims at "a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule."[14] The Court then looked to the specification with regards "to a self-referential table for a computer database" in support of its "conclusion that the claims are directed to an improvement of an existing [database] technology."[15]

The *Enfish* Court was "not persuaded that the invention's ability to run on a general-purpose computer dooms the claims" as the "patent-ineligible claims in issue in other cases recited use of an abstract mathematical formula on any general purpose computer."[16] The Court further held "that the improvement is not defined by reference to 'physical' components does not doom the claims" since "[t]o hold otherwise risks resurrecting a bright-line machine-or-transformation test … or creating a categorical ban on software patents."[17]Rather, the Court notes: "[m]uch of the advancement made in computer technology consists of improvements to software that, by their very nature, may not be defined by particular physical features but rather by logical structures and processes. We do not see in Bilski or Alice, or our cases, an exclusion to patenting this large field of technological progress."[18]

HOLDING

The Court held:

In sum, the self-referential table recited in the claims on appeal is a specific type of data structure designed to improve the way a computer stores and retrieves data in memory. The specification's disparagement of conventional data structures, combined with language describing the "present invention" as including the features that make up a self-referential table, confirm that our characterization of the "invention" for purposes of the § 101 analysis has not been deceived by the "draftsman's art." *Cf. Alice*, 134 S. Ct. at 2360. In other words, we are not faced with a situation where general-purpose computer components are added post-hoc to a fundamental economic practice or mathematical equation. Rather, the claims are directed to a specific implementation of a solution to a problem in the software arts. Accordingly, we find the claims at issue are not directed to an abstract idea.[19]

The Court further "recognize[d] that, in other cases involving computer-related claims,

there may be close calls about how to characterize what the claims are directed to. In such cases, an analysis of whether there are arguably concrete improvements in the recited computer technology could take place under step two."[20]

USPTO'S MEMORANDUM TO EXAMINERS

Shortly after *Enfish*, the U.S. Patent and Trademark Office released a memorandum to its patent examiners. In its memo, the USPTO noted that "an examiner may determine that a claim directed to improvements in computer-related technology is not directed to an abstract idea under Step 2A of the subject matter eligibility examination guidelines (and is thus patent eligible), without the need to analyze the additional elements under Step 2B." The memo also reiterated to examiners that "when performing an analysis of whether a claim is directed to an abstract idea (Step 2A), examiners are to continue to determine if the claim recites (i.e., sets forth or describes) a concept that is similar to concepts previously found abstract by the courts." (underlining added). Notably, although the *Enfish* court provided guidance as to how that Court believes the "directed to" inquiry should be applied, the USPTO's memo simply reiterated its previous guidance without expressly including clear, additional guidance to examiners on that front.

Click here to download the decision in *Enfish v. Microsoft*, and click here to download the USPTO's memorandum following *Enfish*.

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[1]*See DDR Holdings, LLC v. Hotels.com, L.P*, 773 F.3d 1245 (Fed. Cir. 2014) (holding the claims to be patent eligible because "[w]hen the limitations of the '399 patent's asserted claims are taken together as an ordered combination, the claims recite an invention that is not merely the routine or conventional use of the Internet.") *See also* 35 U.S.C. § 101 (a patent may be obtained for "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof").
[2]*See Alice Corp. Prop. Ltd. v. CLS Bank Int'l*, 134 C. St. 2347, 2355 (2014); *See also, Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S.Ct. 1289, 1297 (2012).
[3]*See Enfish, LLC v. Microsoft Corporation*, No. 2015-1244 (Fed. Cir. 2016), slip op. at 11.
[4]*See Enfish, slip op.* at 12.
[5]*See Id.* At 11.
[6]*See Id.* at 3.
[7]*See Id.* at 3.
[8]*See Id.* at 2-7.
[9]*See Id.* at 7.
[10]*See Id.* at 9.
[11]*See Id.*
[12]*See Id.* at 10.
[13]*See Id.*
[14]*See Id.* at 14.
[15]*See Id.* at 15.
[16]*See Id.* at 16-17.
[17]*See Id.* at 17-18.
[18]*See Id.*
[19]*See Id.* at 18.
[20]*See Id.* at 19.

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