

# **IP Alert: Computer-Implemented Inventions: Ideas That Are Fundamental Truths And Generically Implemented Are Not Patent Eligible**

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## **Computer-Implemented Inventions: Ideas That Are Fundamental Truths And Generically Implemented Are Not Patent Eligible**

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In a unanimous opinion authored by Justice Thomas on June 19, 2014, the Court held in *Alice Corp. v. CLS Bank Int'l*, 13-298, that all the patent claims in the case, meaning all method, system and “computer-readable medium” claims, were not patent eligible.

While unanimous, the details of the opinion will nevertheless likely be debated hotly and without foreseeable end by IP professors, commentators, and practitioners, just as will be the whole of the subject of patent eligibility for computer-implemented inventions. Debate will continue in that essentially nothing new was added by the opinion to the subject’s jurisprudence, and provocative ambiguities were expressly placed in the opinion.

While three Justices in concurrence would have decided the case on the principle that no business method patents should exist whatsoever, their principle was not implemented by the whole of the Court. The Court’s test of eligibility, in contrast, is more nuanced blocking patents on fundamental, long-existing practices of human activity, implemented generically on computers, but leaving other practices and implementations open to the possibility of patenting. The question of whether an improvement in computer functioning,

or an improvement in non-computer technology or a technical field, will be required for a computer-implemented invention will be a central focus of the foreseeably unending debate.

### **Petitioner's weakness eases Court's decision**

In *Alice*, the petitioner was a patent owner whose invention was found not patent eligible by the district court and Federal Circuit. It sought to convince the Supreme Court about the patentability of its process and system claims to intermediated settlements in trading situations. It lost. The Federal Circuit was affirmed.

Major reasons for the patent owner's loss are revealed by the weaknesses of the owner's case. The owner/petitioner's brief conceded that its patent claims described intermediated settlement. Slip op. at 9. At oral argument, given opportunity, the petitioner was unable to articulate anything that distinguished the inventions from intermediated settlements in the abstract. Oral argument further included the concession that with the idea of the patent in hand, a second-year college class in engineering could program the idea over the weekend at a Silicon Valley coffee shop. (This is not an exaggeration; this was the actual concession, down to the engineering class, weekend, and coffee shop.)

Unfortunate for others was the ease of decision that the petitioner's weaknesses provided the Court. Rather than be required to state how the public could determine whether the idea of an invention was abstract, the Court could shirk that it "need not labor to delimit the precise contours of the 'abstract ideas' category." Slip op. at 10. It only had to inform the petitioner that the abstract ideas category was not limited to principles that existed apart from human action. Slip op. at 10.

Rather than be required to confront specifics of sophisticated computer programming, the Court could state that the patent claims at issue involved only "generic computer implementation." Slip op. at 10. Put in other words, "each step [of the claims] does no more than require a generic computer to perform generic computer functions." Slip op. at 15. Put somewhat more carefully, the Court could state that the method claims involved only electronic recordkeeping, obtaining data, adjusting account balances, and automated instructions, while the system claims involved only a data processing system, a communications controller, and a data storage unit. Slip op. at 15-16.

### **Court waffles with abstract ideas and required inventive concept**

Unfortunately for the public and practitioners, the Court shifted between broad and narrow articulations of the abstract ideas category, and broad and narrow articulations of what additions to an abstract idea an "inventive concept," may entitle a patent claim to eligibility.

In describing what constitutes an abstract idea, the Court in places stated broadly that an idea fits the abstract ideas category if the idea is a "building block of human ingenuity." E.g., slip op. at 6. Elsewhere, it articulated more specifically that an idea might only be abstract if it covered a fundamental practice long prevalent in one of the public's systems of activities, such as its system of commerce. Slip op. at 9.

With respect to additions to an abstract idea that may entitle the idea to be eligible for patent, the Court stated broadly that only an inventive concept was necessary. Slip op. at 12. The concept could be any element or combination of elements sufficient to ensure the patent amounts to significantly more than a patent on the abstract idea itself. Slip op. at 7.

But elsewhere, it articulated that an improvement to the functioning of a computer was possibly necessary, or an improvement in a non-computer technology or technical field. Slip op at. 15.

Given the ambiguities of the opinion in its shifting articulations of the tests for the abstractness of ideas and the inventiveness of inventive concepts, patent owners in future disputes can be imagined to potentially argue that the ideas of their patents are not fundamental to the overarching system such as commerce within which they exist, but only one of many available and alternative practices within the system. They might also argue that their ideas were not long prevalent in the system, but instead, in their full conception down to their details, conceived and brought into existence first by their alleged inventors. Forced to concede the existence of abstract ideas, patent owners might alternatively argue that the additions to the ideas in the claims, whatever the additions are, other than generic computer implementations, are sufficient to ensure that the patents involved are more than patents on the abstract ideas themselves.

In contrast, accused infringers can be imagined arguing that the ideas of asserted patents are building blocks of human ingenuity, even where they are smaller blocks — because no size of block was stated in *Alice*. Accused infringers can also be imagined to argue as if a specific form of an idea was instead the idea itself, especially in their labeling of the idea. Accused infringers can also easily be imagined arguing that patents having abstract ideas are not eligible for the patenting they received because they do not include improvement to the functioning of computers or improvements in a non-computer technology or technical field.

### **Decision fails to provide solution**

Given the lack of labor of the opinion in delimiting the contours of the abstract ideas category, patent professors and commentators are predicted to continue their outcry that no one knows what an abstract idea is. Because apart from the ideas of *Bilski*, hedging financial risk, and *Alice*, intermediated settlement, and apart from the formulas of *Benson*, *Flook*, and *Diehr*, they are right, we don't.

And given the heavy emphasis on the need for an inventive concept, the same professors and commentators will start a cry that no one knows what an inventive concept is. And again, apart from generic computer implementation by electronic recordkeeping, obtaining data, adjusting account balances, and automated instructions, through data processing systems, communications controller, and data storage units, we don't.

What we do know, giving *Alice* an evenhanded interpretation, is only that patents on ideas that cannot be distinguished from fundamental truths long prevalent in human systems, such as commerce, which are only generically computer implemented, are not eligible for patents.

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Please see below for the USPTO's memorandum to patent examiners regarding the *Alice v. CLS Bank* decision.

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