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Intellectual Property Alert: Supreme Court Justice Characterizes *Alice v. CLS Bank* as Being on the Idea of “Solvency,” or “Computer, Stop;” While All Justices Search Among King Tut, Scylla, Charybdis and Archimedes for Inspiration

By Charles W. Shifley

April 2, 2014 — The U.S. Supreme Court heard oral argument on March 31 in *Alice v. CLS Bank*, the much anticipated case concerning whether inventions executed on computers are patent-eligible subject matter under the “abstract idea” test.

In *Alice*, the petitioner Alice is a patent owner whose invention was found not patent-eligible at the district court and Federal Circuit. It sought to convince the Supreme Court that its process and system claims to intermediated settlements in trading situations are patent-eligible. The invention faced an uphill battle at the Supreme Court.

Alice argues for its patent

The petitioner’s argument in *Alice* began with counsel Carter Phillips asserting that the only issue to be resolved was whether the existing standard against the patenting of natural phenomena, laws of nature and abstract ideas applied. Justice Breyer, author of *Mayo v. Prometheus* and author of a concurring opinion in *Bilski v. Kappos*, immediately interjected that intermediate settlement was no different than the hedging found ineligible for patenting in *Bilski*. Interestingly, Mr. Phillips conceded that if the patent in suit claimed intermediated settlements, it would not have a distinction from *Bilski*. But he also conceded that with the idea of the patent in hand, a second-year college class in engineering could program the idea over the weekend.

Justice Breyer proceeded to compare the idea to King Tut hiring a man with an abacus to keep track of King Tut giving away chits of gold. Upon seeing on his abacus that a limit had been reached, the “abacist” would say “stop.” He then compared the invention to the same thing with a grain elevator, reservoir of water and his checkbook — the checkbook watched by his mother. To him, the invention was simply maintaining solvency, or meant to cover the command, “computer, stop.” Justice Sotomayor added that she also saw only a function of reconciling accounts, making sure they were paid on time.

Justice Scalia took an opposite tack, asserting that the cotton gin was comparable to the invention because the gin was simply doing through a machine what people once did by hand. But Justice Breyer reasserted himself, with candid words about the limits of Supreme Court decision-making. He stated that in *Mayo v. Prometheus*, he “couldn’t figure out much ... beyond what [he] thought was an obvious case, leaving it up to [the bench and bar] to figure out how to go further.” Mr.

Phillips asserted that the Court should consider all inventions patent-eligible so long as they do not state fundamental truths, or “simply say use a computer.” Justice Kennedy asked whether the invention could have been patented without mention of a computer, and Mr. Phillips again answered “absolutely not.” He then advocated that with his invention and “almost all software,” “any computer group of people sitting around a coffee shop in Silicon Valley could [write the code] over a weekend.”

Justice Breyer pointed out that 42 briefs had been filed in the case by the parties and amici. He stated they were helpful “up to the point where [the Court] has to make a decision.” The problem, he stated, is that if processes implemented on the computer are universally eligible for patent, then competition will not be on the basis of price, service and better production methods, but on who has the best patent lawyer. But on the other hand, if computer-implemented inventions are never patent-eligible, real inventions with computers are ruled out. The issue is “how to go between Scylla and Charybdis,” roughly, between a rock and a hard place.

Asked to step out of his client representation and give the Court advice, an odd request, Mr. Phillips advocated that in providing a covered business method procedure in the America Invents Act, Congress did not say “no” to business method patents. It instead intended to take the resolution of eligibility out of the courts and put it in the Patent Office. His advice, then, was that the Court liberally interpret 35 U.S.C. § 101, and leave the culling of appropriate business method patents to 35 U.S.C. §§ 102 and 103. However, Justice Ginsburg pointed out that four justices in *Bilski* did not liberally interpret the legislative history of 35 U.S.C. § 101 as he suggested. Diverting the argument, Justice Scalia stated that the Court had not concluded in its prior decisions that “you can’t take an abstract idea and then say here is how you implement it,” meaning, apparently, that he might find eligibility for computer implementations that required “how to” explanations.

CLS argues against the patent

Mark Perry next appeared for CLS Bank. He immediately asserted that the path between Scylla and Charybdis was charted in *Bilski* and *Mayo*. *Bilski*, he said, held that a fundamental economic principle was an abstract idea, and *Mayo* held that running such a principle on a computer was “not a patentable application of that principle.” Dramatically he asserted, “If *Bilski* and *Mayo* stand, Alice’s patents fail.”

In response to questions posed by Justice Kennedy and Justice Sotomayor regarding exemplary business processes that were patentable, Mr. Perry provided examples including encryption technology, solutions to limitations on streaming video and certain e-mail and word processing technology. He further advocated that “only where the method will not work without a computer,” is there to be a patent. He also strongly asserted that blanket eligibility and blanket ineligibility for computer-implemented inventions are both wrong. The rule, he asserted, “will not be bright-line” and the Court must be “contextual,” “nuanced” and “look at things in a more robust way.”

Mayo, Mr. Perry asserted, stated: “Simply implementing a fundamental principle on a physical machine, namely a computer, is not a patentable application of that principle.” Asked why if the test was simple, the Federal Circuit struggled, Mr. Perry responded that the Federal Circuit includes a significant element that disagrees with *Mayo* and has been resistant to applying it. To retreat from the unanimous decision of *Mayo*, he asserted, “would reward intransigence, difficulty, refusal to adhere to

what are clear precedents.” Concluding, Mr. Perry asserted the problem was small, with only 57 district court decisions on 35 U.S.C. § 101 since *Bilski* and only 12 Federal Circuit decisions on computer implementation.

The forecast is for Alice loss

Notable is that the patent owner, through Mr. Phillips, admitted there was no invention in the case in the software by which the intermediated settlements of the case was implemented. The computer implementation, he conceded, was the stuff of college class members programming over a weekend, or even weekend programming at a coffee shop. He combined this with agreeing that if the patent claimed intermediated settlement, the case result was to be just as in *Bilski*. This argument likely may doom the specific patent at issue. The Court will likely take the easy path and affirm that the invention of the patent is not patent eligible.

The transcript of the oral argument in *Alice v. CLS Bank* can be found [here](#).

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**Global PPH and IP5 — Latest
Iteration in the Patent Prosecution
Highway**

Jordan N. Bodner and Erin E. Bryan

***Banner & Witcoff Intellectual
Property Update***

April 21, 2014

GLOBAL PPH AND IP5 – LATEST ITERATION IN THE PATENT PROSECUTION HIGHWAY



BY: JORDAN N. BODNER AND ERIN E. BRYAN

The Patent Prosecution

Highway (also referred to as the “PPH”) embodies numerous bilateral agreements between dozens of countries providing that an indication of allowable subject matter in one country may trigger accelerated examination in another country. The PPH has undergone several iterations in an effort to homogenize aspects of the agreements. Nonetheless, inter-jurisdictional variations in legal and procedural requirements remain a sticking point for many practitioners who view the PPH as unnecessarily onerous and convoluted.

A recent iteration implemented January 6, 2014, came in the form of two programs — the so-called Global Patent Prosecution Highway (Global PPH) that promises to standardize the agreements between 17 offices in 16 countries, as well as the IP5 that standardizes agreements between the United States, the European Patent Office (EPO), Japan, China and Korea.

A PPH PRIMER

The PPH provides accelerated examination of corresponding patent applications by sharing information between multiple patent offices. Once an applicant receives a ruling from an Office of First Filing (OFF) that at least one claim of an application is patentable, the applicant may request that an Office of Second Filing (OSF) fast track the examination of corresponding claims in a corresponding application filed in the OSF. Examination in the second office may be fast tracked to speed

up the examination process and thereby lower costs of the second application. Examination will typically begin within two to three months from the PPH petition being granted (as long as the preliminaries are completed), which provides a greater efficiency for examination.

An applicant is eligible to request expedited review through the PPH once allowable claims have been identified by the OFF. The claims of the application filed in the OSF must correspond to the allowable claims in the OFF application. Once an allowance has been received, the applicant may file a request for PPH in the OSF. If the applicant is filing an application with the U.S. Patent & Trademark Office (USPTO) as the OSF, then a petition to make special may be filed with the application. The petition should be filed before substantive examination at the OSF begins, however the request may be filed when the applicant chooses. Once the petition is accepted, the applications examination may be accelerated. The examiner at the OSF will examine the application in view of the local patent laws, but may utilize the OFF’s work product, including notice of allowance and/or search reports.

In a variation, the PCT-PPH program utilizes Patent Cooperation Treaty (PCT) work product as the basis for accelerated examination. For instance, depending upon the International Searching Authority being used, accelerated examination may be requested utilizing a Written Opinion established and/or an International Preliminary Examination Report.

Revised PPH requirements were published on July 15, 2011, as part of the so-called MOTTAINAI pilot program. Designed to

[MORE>](#)

make the PPH more useful (the Japanese word, “mottainai,” refers to a sense of regret from wasting a resource), this program was implemented by a number of patent offices.

Among other changes, the revisions implemented by the MOTTAINAI program eliminated the OFF and OSF relationship, broadened the definition of “sufficient correspondence,” and eased the requirements for entering the PPH. The OSF and OFF are now identified as an Office of Later Examination (OLE) and an Office of Earlier Examination (OEE), respectively. The OLE may use examination results of the OEE as long as the OLE and the OEE have an agreement on revised requirements and the applications have the same priority/filing date. The claims of the application must be the same or similar in scope, or the claims must be narrower.

GLOBAL PPH AND IP5

On January 6, 2014, the Global PPH and IP5 programs were initiated. Both programs generally utilize the same criteria for examining applications and are only different as to which countries participate.

Global PPH

[USPTO \(US\)](#)

[JPO \(Japan\)](#)

[KIPO \(Korea\)](#)

[UKIPO \(United Kingdom\)](#)

[PRV \(Sweden\)](#)

[NPI \(Nordic Patent Institute\)](#)

[DKTPO \(Denmark\)](#)

[CIPO \(Canada\)](#)

[LPO \(Israel\)](#)

[SPTO \(Spain\)](#)

[IP Australia](#)

[HPO \(Hungary\)](#)

[ROSPATENT \(Russia\)](#)

[IPO \(Iceland\)](#)

[NBPR \(Finland\)](#)

[INPI \(Portugal\)](#)

[NIPO \(Norway\)](#)

IP5

[USPTO \(US\)](#)

[EPO \(Europe\)](#)

[SIPO \(China\)](#)

[JPO \(Japan\)](#)

[KIPO \(Korea\)](#)

In the participating offices, the Global PPH and IP5 programs supersede previous applicable versions of the PPH. For an application to be eligible for either the Global PPH or IP5 programs, the application filed at the OLE and the OEE must have:

- the same earliest priority date;
- the OEE must have allowed at least one claim;
- all of the claims presented for examination at the OLE must sufficiently correspond to the one or more claims found allowable by the OEE;
- the OLE must not yet have begun substantive examination of the application, and a request for substantive examination must have been filed at the OLE either at the time of the PPH request or earlier;
- depending on the OLE that the request is filed in, a petition fee may be required; and
- the OEE application must have been valid and must have been substantively examined for novelty and inventive step.

When filing a request under the Global PPH and IP5, the applicant must submit a completed request form, a copy of appropriate work product relevant to the allowability of the claims of the corresponding OEE application (for instance, examination reports, etc.), and a copy of the claims found to be allowable by the OEE if not available to the OLE. Additional information that may need to be submitted includes copies of citations raised against the OEE application if not available to the OLE, translations of any documents submitted and a claim correspondence table showing the relationship between the claims of the OLE application and the OEE application.

The Global PPH request will be considered promptly by the OLE and, if any deficiencies are identified, the applicant will be given at least one opportunity to correct the application within a specified period of time. Where a country participates in both the Global PPH and IP5 programs (i.e., the U.S., Japan and Korea), the applicant may file a PPH request based on work product of an office participating in either program.

Details of the Global PPH and IP5 programs may be found on the website of the USPTO at www.uspto.gov/patents/init_events/pph/, and on the website of the JPO at www.jpo.go.jp/ppph-portal/index.htm. PPH request forms may be found at the corresponding OLE website.

A SECOND LOOK

The Patent Prosecution Highway, in all its forms, has proven to be an effective tool, but may be more effective in certain countries. According to statistics provided by the JPO, the PPH can significantly improve both first action allowance rate and overall pendency of applications.

For instance, the first action allowance rate for a PPH (not including PCT-PPH) application versus all applications for the period of July to December 2013 was 27.1 percent versus 17.3 percent at the USPTO, 24 percent versus 16 percent in Japan, and 48.8 percent versus 10.5 percent in Korea.

And, during that same period, the pendency to final decision of such PPH applications versus all applications in the USPTO, Japan and Korea was, respectively, 4.4 months versus 18 months, 2 months versus 13 months, and 2.5 months versus 13.2 months.

Additional offices (e.g., UKIPO, IP Australia and others) have exhibited shortened application pendency, as well as an increase in first action allowance rate, while other offices (e.g., EPO) do not provide any statistics regarding pendency or first action allowance, making it difficult to quantify how effective the PPH is at the EPO.

Points to keep in mind when deciding whether to utilize the PPH include the potential for examiners to overlook possible application issues in an effort to expedite examination, which depending on the office, may have an effect on the presumption of validity of an allowed application. Additionally, the application at the OLE is limited to claims substantially the same as the claims from the OEE, so the application may be narrower in scope than if otherwise examined as a new application in each office. Finally, consider the possibility of integrating the PPH with other accelerated examination procedures at the OEE. For example, allowed claims in a U.S. patent application filed using Track 1 prioritized examination procedures may be used as the basis for PPH filings in other countries.

With revisions such as MOTTAINAI and PCT-PPH, and now the Global PPH and IP5 programs, the PPH is evolving and may be worth a second look as a tool to be used in your practice. ■

Points to keep in mind when deciding whether to utilize the PPH include the potential for examiners to overlook possible application issues in an effort to expedite examination, which depending on the office, may have an effect on the presumption of validity of an allowed application.



**Justices Set to Rule on Test for
Patent Indefiniteness**

Paul M. Rivard

***Banner & Witcoff Intellectual
Property Alert***

April 29, 2014



Intellectual Property Alert: Justices Set to Rule on Test for Patent Indefiniteness

By Paul M. Rivard

On April 28, 2014, the U.S. Supreme Court heard arguments in *Nautilus, Inc. v. Biosig Instruments, Inc.* involving the statutory requirement in 35 U.S.C. § 112, second paragraph for distinct patent claiming. The patent at issue relates to a heart rate monitor capable of measuring the heartbeat of an individual while exercising without attaching electrodes. The device compares electrical waves from an electrode gripped by the left hand to those from an electrode gripped by the right end in order to calculate the individual's heart rate.

Nautilus contended that the patent is indefinite based on a feature that common electrodes are placed in a "spaced relationship" to the live electrodes that record the signals. When an appropriate spacing is provided between the electrodes, interfering "noise" signals can be removed so that it is possible to determine heart rate. Nautilus urged that the patent's failure to define the particular magnitude of the spacing between the electrodes renders it fatally defective.

The district court agreed with Nautilus and ruled that the patent was invalid under 35 U.S.C. § 112, second paragraph. The district court explained that the term "spaced relationship" did not inform "what precisely the space should be" or "whether the spaced relationship on the left side should be the same as the spaced relationship on the right side."

The Federal Circuit reversed, concluding that "the claims provide inherent parameters sufficient for a skilled artisan to understand the bounds of 'spaced relationship.'" In addition, a skilled artisan could apply a test and determine the 'spaced relationship' as pertaining to the function of substantially removing EMG signals." The Federal Circuit reiterated its "insolubly ambiguous" standard under which claims should not be ruled indefinite as long as they are amenable to construction. Judge Schall concurred, agreeing that the claims are not indefinite but disagreeing that the "spaced relationship" is defined by the function of removing EMG signals.

The Supreme Court granted *certiorari* to consider the questions of (1) whether the Federal Circuit's acceptance of ambiguous patent claims with multiple reasonable interpretations – so long as the ambiguity is not "insoluble" by a court – defeats the statutory requirement of particular and distinct patent claiming; and (2) whether the presumption of validity dilutes the requirement of particular and distinct patent claiming.

Nautilus argued that whenever, after applying the tools of claim construction, a patent claim is subject to more than one reasonable construction, i.e., whenever it is ambiguous, it should be ruled indefinite. Nautilus argued that patent attorneys can easily draft claims which are not

ambiguous, but that economic incentives lead to the drafting of overly broad and ambiguous claims.

Several of the justices seemed troubled by this approach. Justice Sotomayor analogized claim construction to statutory construction and noted that judges frequently disagree over the meaning of statutory language. She was concerned that Nautilus' approach could present "a really big problem" by exposing nearly all patents to invalidation.

Justice Scalia asked whether guidance might be taken from the procedure used for courts to review agency action. Under the so-called *Chevron* rule, a reviewing court first determines whether there is more than one reasonable interpretation (i.e., ambiguity), and then looks at whether the agency's interpretation is reasonable. Nautilus suggested that a similar approach could be used for reviewing patent claims, except that whenever ambiguity is found the patent should be ruled indefinite.

Chief Justice Roberts questioned whether the standard proposed by the Solicitor General provided a better approach. Under this standard, "a patent satisfies the requirement if, in light of the specification and the prosecution history, a person skilled in the art would reasonably understand the scope of the claim." Nautilus agreed, provided that this meant there was "reasonable certainty" in the scope of the claim.

Counsel for Biosig argued the Federal Circuit correctly held that the claims were definite because their bounds were understood, and that the claims' functional language shed additional light on the "spaced relationship" limitation. Biosig also pointed to evidence that a person skilled in the art could make the invention in only a few hours after reading the patent, and argued that the patent law has long permitted some amount of experimentation.

Biosig urged that the Supreme Court's decision in *Markman* contemplated that there would be disputes between reasonable constructions of patent terms, and that patents should not be held invalid merely because there is more than one possible interpretation. Biosig agreed that a patent should be found invalid when there are two "equally plausible" constructions, but argued that indefiniteness should not be found if "the right answer is appreciably better than the second best answer."

The Court is expected to issue its ruling this June.

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**There's the Devil Federal Circuit
Reiterates: No Room for Error in
Priority Claims**

**Jordan N. Bodner and William E.
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**North Carolina Bar Association
*IP Links***

April 30, 2014

There's the Devil Federal Circuit Reiterates: No Room for Error in Priority Claims

Article Date: Wednesday, April 30, 2014

Written By: Jordan N. Bodner and William E. Wooten

Introduction | The late Chief Judge Giles S. Rich, in an oft-quoted précis of U.S. patent law, remarked that “the name of the game is the claim.” Giles S. Rich, “The Extent of the Protection and Interpretation of Claims — American Perspectives,” 21 *Int'l Rev. Indus. Prop. & Copyright L.*, 497, 499 (1990). The U.S. Court of Appeals for the Federal Circuit's recent decision in **Medtronic CoreValve, LLC v. Edwards Lifesciences Corp. (CoreValve)** serves as a reminder that the claims at the beginning of a patent can be just as important as those at the end.

In **CoreValve**, the Federal Circuit affirmed an invalidity determination, declined to adopt a proposed “reasonable person” test for interpreting the sufficiency of a priority claim, and reiterated that the burden of properly claiming priority rests squarely on the patentee. **CoreValve**, No. 2013-1117, slip op. at 12-13 (Fed. Cir. Jan. 22, 2014).

The CoreValve Family | At issue in **CoreValve** was Medtronic's U.S. Patent No. 7,892,281, entitled “Prosthetic Valve for Transluminal Delivery.” The '281 patent issued from U.S. Application Serial Number 12/348,892 (referred to in the opinion as “U.S. Application 10”). U.S. Application 10 and, in turn, the '281 patent, included two separate priority chains, only one of which was at issue in **CoreValve**. The priority chain at issue included a claim to U.S. Application Serial Number 12/029,031 (U.S. Application 8), U.S. Application Serial Number 11/352,614 (U.S. Application 6), U.S. Application Serial Number 10/412,634 (U.S. Application 4), and International Application Number PCT/FR 01/03258 (International Application 2b); International Application 2b claimed priority to French Application Number FR 00/14028 (French Application 1b). *Id.* at 3.

The Gap | U.S. Application 10 recited a priority chain that included claims to U.S. Applications 6 and 8, each of which included the following priority claim: “[T]his application is also a continuation-in-part of International Application No. PCT/FR 01/03258 [International Application 2b]. . . .” *Id.* at 9. The district court found that the phrase “this application” must mean “the present application” (i.e., U.S. Applications 6 and 8, respectively), and thus the priority claims in U.S. Applications 6 and 8 were defective as not expressly identifying U.S. Application 4 as the continuation-in-part. *Id.* at 10. The **CoreValve** panel deduced that Medtronic apparently “recycled the priority claim in [U.S. Application 4] for use in U.S. Applications 6 and 8.” *Id.*

Game Changer | Edwards contended that, due to the improper priority claims in intermediate U.S. Applications 6 and 8, the '281 patent should not be entitled to the benefit of French Application 1b and International Application 2b's filing dates, that patents issued from French Application 1b and International Application 2b constitute prior art under 35 U.S.C. section 102, and that their disclosures anticipate the claims of the '281 patent asserted by Medtronic. *See id.* at 6.

Medtronic's Position | Declining to contest the substance of Edwards' invalidity contentions, Medtronic focused on the priority date issue. Specifically, Medtronic argued: (1) “that the phrase ‘this application’ is not self-referential from application to application; rather, it always refers to U.S. Application 4, whether it is being used in U.S. Application 4, 6, or 8”; and (2) “that the meaning of the phrase ‘this application’ should not be rigidly determined, but instead should be based on what a reasonable person would understand it to disclose within the context.” *Id.* at 10-11.

The Federal Circuit's Response | Noting that Medtronic's priority date position hinged on a determination that the '281 patent's priority chain complied with the strictures of both 35 U.S.C. section 119 and 120, the **CoreValve** panel opted to address only the latter route—the one paved with precedent. *See id.* at 7 (“[W]e choose [section] 120”). The Federal Circuit explained that they had “recently clarified that the ‘specific reference’ requirement [of section 120] mandates ‘each [intermediate] application in the chain of priority to refer to the prior applications.’” *Id.* at 7-8 (quoting **Encyclopaedia Britannica, Inc. v. Alpine Elec. of Am., Inc.**, 609 F.3d 1345, 1352 (Fed. Cir. 2010)).

The panel concluded that, due to the failure of U.S. Applications 6 and 8 to “specifically reference the earlier filed applications in the priority chain, the '281 patent is not entitled to claim the priority date of International Application 2b under [section] 120.” **CoreValve**, slip op. at 8. Referring to the priority chain of U.S. Applications 6 and 8, the panel dryly noted that “[m]ore is required.” *Id.* at 9.

Citing the Manual of Patent Examining Procedure's instructions for claiming priority to an earlier filed application, as well as its own prior opinions' use of the phrase “this application,” the court dismissed “Medtronic's proposed meaning of ‘this application’ [as] an attempt at linguistic gymnastics [that] makes little sense relative to the straightforward, plain language meaning of the phrase.” *Id.* at 10 (citing M.P.E.P. § 201.11).

The court then declined to adopt Medtronic's proffered “reasonable person” approach for interpreting the disclosure of priority claims. *Id.* at 12. Emphasizing at the outset that Medtronic's “reasonable person” approach “runs afoul” of the section 120 requirement that a priority claim include “a specific reference” to each earlier filed application, the panel buttressed its stance by pointing out that the regulation implementing section 120 prescribes a level of detail that includes both the series code and serial number. *Id.* (citing 37 C.F.R. § 1.78(a)(2)(i)).

The court then shifted to the public policy underlying section 120's stringent requirements, concluding that Medtronic's “reasonable person” approach “improperly places the burden of deciphering a priority claim upon the reader or the public,” rather than the patentee, who is “best suited to understand the genealogy and relationship of her applications.” *Id.* at 13.

The Increased Importance of an ADS | Among the deluge of changes aimed at implementing the America Invents Act (AIA) is a requirement that priority claims be made in an application data sheet (ADS). *See* 37 C.F.R. §§ 1.55(d), 1.76(b)(5)-(6), and 1.78(a)(3). The requirement applies to U.S. non-provisional applications filed on or after Sept. 16, 2012, and Patent Cooperation Treaty (PCT) national stage applications with international filing dates on or after Sept. 16, 2012. The deadline for making priority claims remains unchanged. Priority claims must be made within four months of filing, or, if longer, within 16 months of the earliest priority date claimed. *See id.* §§ 1.55(d) and 1.78(a)(4).

Conclusion | Students of U.S. patent law should not be surprised to find the onus to draft proper priority claims placed squarely on the applicant's shoulders. Patent claims—the ones that come at the end—have long been construed against their authors. See, e.g., **Chef America, Inc. v. Lamb-Weston, Inc.**, 358 F.3d 1371, 1373 (Fed. Cir. 2004) (“It is the job of the patentee, and not the court, to write patents carefully and consistently.”). As the Federal Circuit's decision in **CoreValve** demonstrates, applicants and practitioners should carefully draft and review not only the claims found at the end of an application, but also those traditionally found at the beginning. Moreover, in light of the relatively recent requirement that priority claims be made in an ADS, practitioners would be well served to reconsider who within their organization is responsible for ensuring that ADSs are properly populated and reviewed.

As is so often the case: the devil is in the details. Or, as the late Chief Judge once quipped: “The life of a patent solicitor has always been a hard one.” **In re Ruschig**, 379 F.2d 990, 993 (C.C.P.A. 1967).

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**U.S. Supreme Court Clarifies
Definiteness Standard**

Paul M. Rivard

***Banner & Witcoff Intellectual
Property Alert***

June 3, 2014



Intellectual Property Alert: U.S. Supreme Court Clarifies Definiteness Standard

By Paul M. Rivard

June 3, 2014 —Yesterday, the U.S. Supreme Court issued its ruling in *Nautilus, Inc. v. Biosig Instruments, Inc.* involving the definiteness requirement of 35 U.S.C. § 112 (b). The patent at issue relates to a heart rate monitor capable of measuring the heartbeat of an individual while exercising without attaching electrodes. The device compares electrical waves from an electrode gripped by the left hand to those from an electrode gripped by the right hand in order to calculate the individual's heart rate.

At issue was a claim feature that common electrodes are placed in a “spaced relationship” to live electrodes, which record the signals. The district court construed the term to mean there is a “defined relationship” between the live and common electrodes on each side of the cylindrical bar. However, the district court granted a motion for summary judgment on indefiniteness because the term “spaced relationship” did not inform “what precisely the space should be” or “whether the spaced relationship on the left side should be the same as the spaced relationship on the right side.”

The Federal Circuit reversed, concluding that “the claims provide inherent parameters sufficient for a skilled artisan to understand the bounds of ‘spaced relationship,’” such as the fact that the distance separating the electrodes cannot be greater than the width of a user’s hand. The majority also pointed to the fact that “a skilled artisan could apply a test and determine the ‘spaced relationship’ as pertaining to the function of substantially removing EMG signals.” The Federal Circuit reiterated its “insolubly ambiguous” standard under which claims should not be ruled indefinite as long as they are amenable to construction. Judge Schall concurred, agreeing that the claims are not indefinite but disagreeing that the “spaced relationship” is defined by the function of removing EMG signals.

In a unanimous decision delivered by Justice Ginsburg, the Supreme Court rejected the Federal Circuit’s articulation of the definiteness standard, which it said “tolerates some ambiguous claims but not others.” The High Court ruled that “[i]n place of the ‘insolubly ambiguous’ standard, we hold that a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.”

The Court emphasized the patent law’s competing concerns between encouraging innovation and providing adequate public notice of patent rights. The Court said that the newly announced

“reasonable certainty” standard strikes an appropriate balance between these concerns by “mandat[ing] clarity, while recognizing that absolute precision is unattainable.”

Although the Court disagreed with the Federal Circuit’s articulation of the appropriate test for indefiniteness, it did not address the underlying question of whether the claims at issue are definite. The case was remanded to the Federal Circuit to consider this question in light of the Court’s decision.

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

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Intellectual Property Alert: Computer-Implemented Inventions: Ideas That Are Fundamental Truths And Generically Implemented Are Not Patent Eligible

By Charles W. Shifley

June 20, 2014 — 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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Ultramercial's Patent on
"Advertising as Currency"**

Shawn P. Gorman and Aseet Patel

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