Top Patent Eligibility Rulings In The Decade Since Alice

By Ryan Davis · Listen to article

Law360 (June 18, 2024, 7:31 PM EDT) -- The U.S. Supreme Court's Alice v. CLS Bank decision 10 years ago this week led to scores of inventions being found ineligible for patenting, and rulings since then have fleshed out the law on the contentious topic. Here's a look at the most notable patent eligibility decisions after Alice.

On June 19, 2014, the justices unanimously held that abstract ideas implemented using a computer are not patent-eligible, upholding the invalidation of Alice Corp.'s patents on computerized trading methods. The decision spurred numerous findings over the next decade that other patents also claim nothing more than abstract ideas.

In the years leading up to 2014, many patents had been issued for ways of performing tasks with the help of a computer, and Alice "was really the first clear stance from the courts that just because you're doing it on a computer doesn't mean that you get a patent," said Ben Volk of Thompson Coburn LLP.

Yet determining what constitutes an abstract idea, and what else an invention must contain in order to be deemed patent-eligible, has vexed litigants and courts in the intervening decade, so "the signature effect of Alice has just been uncertainty and inconsistency," Volk said. "It's very hard to predict how anything is going to turn out."

A handful of post-Alice decisions have provided parameters for the issue and become touchstones for patent eligibility arguments. While some gave patent owners a template to claim that their inventions are eligible under Section 101 of the Patent Act, others boosted challengers seeking to strike down patents across many technologies.

"The immediate post-Alice world was just a flurry, a frenzy of new and evolving law" that made it challenging to address patent eligibility, said John Spangenberger of Lando &

Anastasi LLP, who mostly works in patent prosecution.

New case law and patent office guidance provided some degree of clarity, but "it's still very much based on a quite subjective standard, so we're far from a place of certainty," he said. However, he added that "I can't deny that it's better than the first five years or so after Alice, when the law seemed to be changing every day and 101 rejections were falling out of the sky."

Enfish LLC v. Microsoft Corp.

Two years after Alice, this May 2016 Federal Circuit decision reversed a judge's finding that Enfish's database patent claimed only the abstract idea of organizing information. That set a guidepost patent owners often use to argue that ineligibility arguments oversimplify the invention.

In Alice, the Supreme Court applied a two-part test established in a 2012 ruling known as Mayo, which concerned life sciences inventions, for patent eligibility in the computer field. The first step is to decide if the invention is directed to a patent-ineligible concept like an abstract idea. If it is, the second step is to ask if the patent claims transform it into a patent-eligible application.

The Enfish ruling provided key guidance on how a computer-implemented invention can survive step one by showing that the patent covers a technological advance, which the high court said can be patented, not an abstract idea.

Enfish "gave patent owners a breath of life that said at step one, we have a chance to say this is an improvement to computer technology," said Anthony Fuga of Holland & Knight LLP.

The Federal Circuit said Enfish's patent was not directed to the abstract idea of storing data in a table, but to a specific type of database that describes how it improves on conventional methods. The lower court's abstract idea holding overgeneralized the invention and was "untethered from the language of the claims," the decision said.

Enfish and other decisions help patent owners push back on creative arguments that an invention boils down to some real-world concept performed on a computer, and stress that

eligibility hinges on the specifics of the patent claims, said Daniel Weinberg of Hopkins & Carley.

"Enough meat got put on the bones of what the court really meant about that, to the point where it became clear that just being able to creatively conjure a real-world version of the invention generally wasn't going to fly," he said.

Orion Armon of Cooley LLP, who represented Enfish in its successful appeal, said the ruling "was a significant and valuable clarification of the law" and means that "if you can point to a specific improvement in the way ... that a computer operates, you'll pass the 101 test with flying colors."

Bascom Global Internet Services Inc. v. AT&T Mobility LLC

Soon after Enfish, this July 2016 ruling offered guidance on how patents can survive Alice's second step. Vacating a lower court's ruling, the Federal Circuit held that Bascom's patent was directed to the abstract idea of filtering internet content but contained an inventive concept tied to where the filter is placed, making it patent-eligible.

If a case gets to step two, "that's where Bascom can really help, and allow us to have support for an argument that our invention is significantly more" than the abstract idea, said Maria Anderson of Knobbe Martens.

Bascom helpfully illustrates the reasoning behind patent eligibility law, which is that patents should not preempt others from being able to use basic ideas, Fuga said.

If a patent claims a specific content filtering method, rather than filtering as a concept, "that's much less preemptive, because presumably there are other ways to filter content, and you're just claiming this very narrow way," he said.

Nevertheless, given the choice between arguing that a patent does not claim an abstract idea at step one and arguing that it includes an inventive concept at step two, attorneys said they'd easily choose the former.

The law under Enfish "is much more tangible and concrete than the completely mushy mess that you get under prong two," Armon said. The search for an inventive concept often

turns on whether there is a similar holding on a related invention, so "you always need another case, because the facts are never perfectly analogous," he said.

Berkheimer v. HP Inc.

This February 2018 Federal Circuit decision is another that patent owners have latched onto, since it held that patent eligibility can involve factual issues that preclude determinations from being made early in a case.

Following Alice, many ineligibility rulings came soon after a suit was filed. The Berkheimer case, and a similar one the same month, helped patent owners argue that deciding whether an invention is routine and conventional or a technological improvement requires a more developed record, possibly including expert testimony.

"That's a really important case," said Bruce Sunstein of Sunstein LLP, because "under these tests, a lot of the question is, can you get to a point where you can introduce evidence that will support your position?"

Fuga cited a study from a year after Berkheimer that found the rate at which courts found patents invalid under Alice on a motion to dismiss fell from 70% to 45%. He called the case "maybe one of the more consequential decisions" since it "gives patent owners the ability to say there are factual issues that we need to decide" before a ruling can be made.

Electric Power Group LLP v. Alstom SA

While the above decisions aided patent owners, numerous eligibility cases favoring challengers have expanded the situations where patents can be invalidated under Alice, with this August 2016 decision among the most frequently cited.

The Federal Circuit found that Electric Power Group's patent on monitoring power grid performance is invalid for covering the abstract idea of collecting, analyzing and displaying information. That broad reasoning has been used to strike down many other computer-related patents.

The ruling is "a very helpful case when one is trying to invalidate a patent under 101," Anderson said. "It casts a very wide net, so a lot of technology can fall under that."

Yet Anderson said the decision seems to be in tension with the Alice decision's warning to courts to "tread carefully" on patent eligibility "lest it swallow all of patent law." She said that in her view, the Electric Power Group ruling is "actually right in the crosshairs of what Alice was advising in its dicta for us not to do."

American Axle & Manufacturing Inc. v. Neapco Holdings LLC

Many post-Alice eligibility rulings have involved computer-related inventions, but this October 2019 Federal Circuit decision striking down a vehicle driveshaft patent for claiming only a natural law of vibration has become emblematic of how far eligibility law can reach.

"The commentary surrounding it was kind of a sense of, okay, if this patent can be invalidated, what kind of patents can't be invalidated?" Fuga said.

The case, which the court declined to rehear in a 6-6 vote, is also notable as one of several the U.S. solicitor general has urged the Supreme Court to use to clarify patent eligibility law. As it has in dozens of cases on the issue since Alice, the high court turned down the case in 2022.

"The Supreme Court has had the opportunity to clear up the problems it created with the Alice decision, and it has with remarkable consistency refused to provide clarification," Sunstein said.