Impact Engine is Latest to Ask SCOTUS to Fix Federal Circuit's 101-*Alice* Analysis

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"If left undisturbed, virtually all means-plus-function patent claims will be abstract. A function divorced from its corresponding structure is inherently abstract." – Impact Engine SCOTUS petition

Impact Engine, the owner of several patents for internet advertising technology, has [petitioned the U.S. Supreme Court](#) asking it to review a U.S. Court of Appeals for the Federal Circuit (CAFC) [decision](#) that invalidated most of its patent claims as patent ineligible "abstract ideas." The petition specifically asks the Court to address the Federal Circuit's "standardless approach" to applying Section 101 of the patent law and to clarify how Section 112(f), which deals with so-called means-plus-function claims, should be assessed in the context of Section 101.

According to the petition, Impact Engine's web-based advertisement system allowed for more efficient and cheaper ad campaigns and Google used the patented technology to make Google Ads, Google Display & Video 360, and YouTube Video Builder. Impact Engine sued Google in July 2019 for infringement of various claims of seven patents and Google argued to the district court that the asserted claims were not patent eligible and not infringed. Google failed on its first and second attempts to dismiss the claims as invalid, but on the third try, the court granted Google's motion to dismiss as to two of the patents, holding the claims were directed to the "abstract idea of

a system for generating customized or tailored computer communications based on user information" and "recite[d] only generic computer components functionality in their known conventional manner."

The district court then found at summary judgment that some claims of three other patents were also not patent eligible, while certain other claims that required a "project viewer" were mean-plus-function claims and eligible because they were "limited to the structures in the patent specification," but they were not infringed. On appeal to the CAFC, the panel affirmed the district court's ruling "over a vigorous dissent" by Judge Reyna and "compounded the district court's errors," according to the petition.

The petition initially argues that the Federal Circuit has abandoned the *Alice v. CLS* Court's repeated directive that "the concern that drives this exclusionary principle" and "undergirds [its] § 101 jurisprudence" remains what it always has been: "one of pre-emption." Instead, says the petition, "the Federal Circuit has turned Alice on its head, disregarding the Court's preemption concerns…[and] has continually held patent claims are not eligible for patenting despite the lack of preemption concerns." As evidence, the petition points to cases such as *Roche Molecular Systems, Inc. v. Cepheid*; *BSG Tech LLC v. Buyseasons, Inc.*; and *Synopsys, Inc. v. Mentor Graphics Corp*. Impact Engine argues:

"Thus, despite *Alice's* clear directives, the Federal Circuit has effectively relegated preemption to a mere afterthought in the patent-eligibility analysis under § 101. Where this Court stated that courts 'must distinguish' between inventions claiming basic building blocks of human ingenuity and those that do not…the Federal Circuit rejects such an analysis as 'not necessary.'… That is wrong and should no longer be left standing." [citations omitted]

Because the Federal Circuit's *Alice* inquiry has essentially become a "standardless approach" that includes "no governing standard or guideposts," it has resulted in the impediment of innovation, rather than the facilitation of it. And this particular case demonstrates the problems clearly, claims the petition, because Impact Engine's patent claims "are directed to a specific way to create, customize, and distribute online ads" and include two concrete solutions to accomplish that:

"(1) a data structure that represents an online ad as a series of independent layers built from templates and separate media files, such as videos and animations…; and (2) an architecture that takes the software for creating and managing the ads off the desktop and puts it on a server…."

Despite this technology posing no risk of preempting a fundamental building block or concept, the Federal Circuit declined to explain how it arrived at the conclusion that the claims were directed to "the abstract idea of processing information," "gathering and analyzing information of a specified content, then displaying the results," and "the abstract idea of a system for generating customized or tailored computer communications based on user information." The first two characterizations of the claims "transform Impact Engine's inventions into an abstract idea only by summarizing the claims at such a high level of generality as to be meaningless," said the petition, while the third "is not an abstract idea at all. It is a high-level description of Impact Engine's technological invention." The court's step two analysis, which found the claims could be implemented on "generic computer- related components" without "improv[ing]" those "components," is a "frequent refrain in Federal Circuit decisions" that ignores the fact that Congress specifically authorized "processes implemented in software that runs on conventional computers."

The petition also argues that the CAFC decision effectively nullifies Section 112(f), which allows for "means-plus-function" claims. It says that the Federal Circuit essentially put Section 101 and Section 112(f) "at war with one another" by ignoring the claimed structure and focusing solely on the functional language.

"If left undisturbed, virtually all means-plus-function patent claims will be abstract," says the petition. "A function divorced from its corresponding structure is inherently abstract."

Means-plus-function claims are actually "less likely to implicate the concern driving the exclusionary principle that undergirds this Court's § 101 jurisprudence" because they "almost always must stake rights to 'some practicable method or means of producing a beneficial result or effect' rather than the mere 'result or effect itself,'" adds the petition.

In his CAFC dissent, Judge Reyna argued that the district court failed to perform the two-step inquiry required for means-plus-function claim construction, namely, that the court first identify the claimed function and then determine what structure is disclosed in the specification. "The district court did not provide a sufficient analysis under this two-step inquiry in its claim construction order, resulting in a seriously deficient and confusing construction of 'project viewer,'" wrote Reyna.

The petition adds that "the patent eligibility under § 101 of a means-plus-function claim under § 112(f) cannot be determined solely by looking at the claimed function. Consistent with the text of § 112(f), a court must also consider the corresponding structure in the patent specification."

The petition concludes with a plea for the Court to step in because the Federal Circuit's approach to patent eligibility is undermining the

purpose of the patent laws and driving more companies to use trade secrets. It points to [one empirical study](#) that claims "companies and universities are turning from U.S. patents to other forms of protection, including trade secrets and copyright."

Furthermore, says Impact Engine, the Court should take up the case because it is an ideal vehicle by which to address how the Section 101 analysis should be applied for both standard and means-plus-function claims in one opinion.