# 2015 MIPLA Stampede: Post-Grant Strategies for Attacking & Defending Issued Patents

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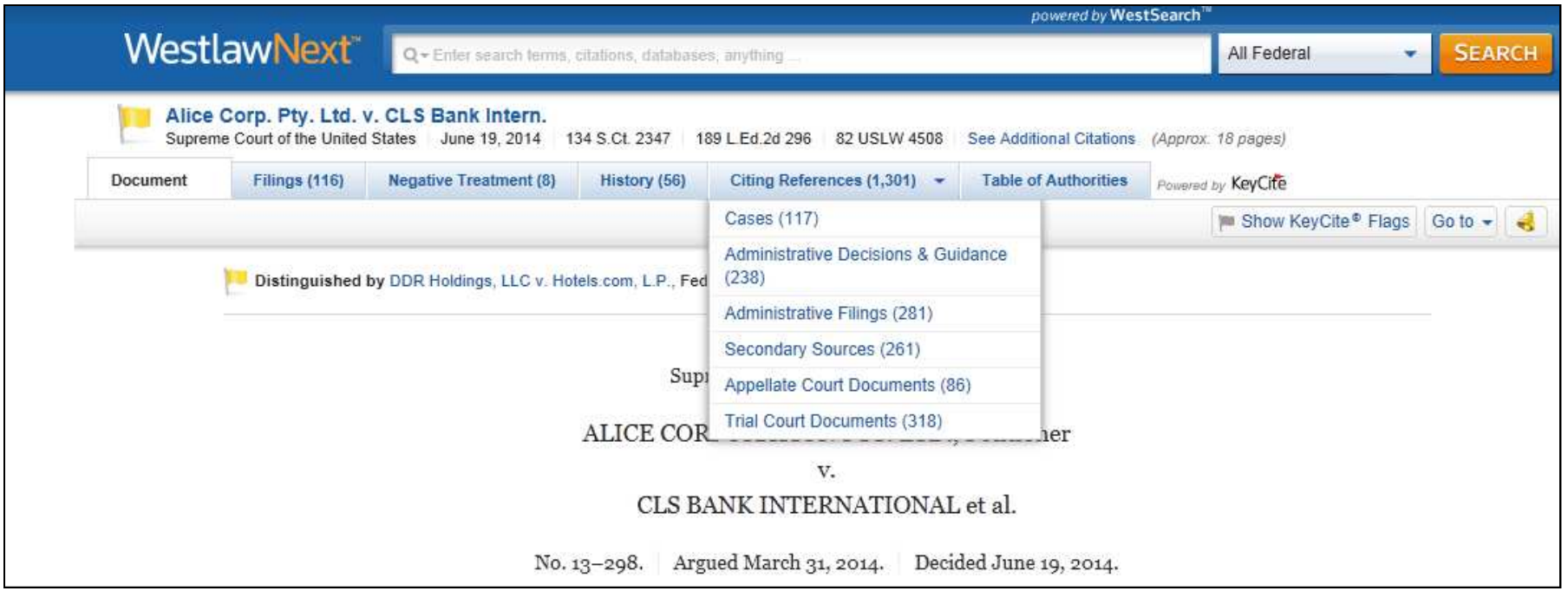
Fredrikson & BYRON, P.A.

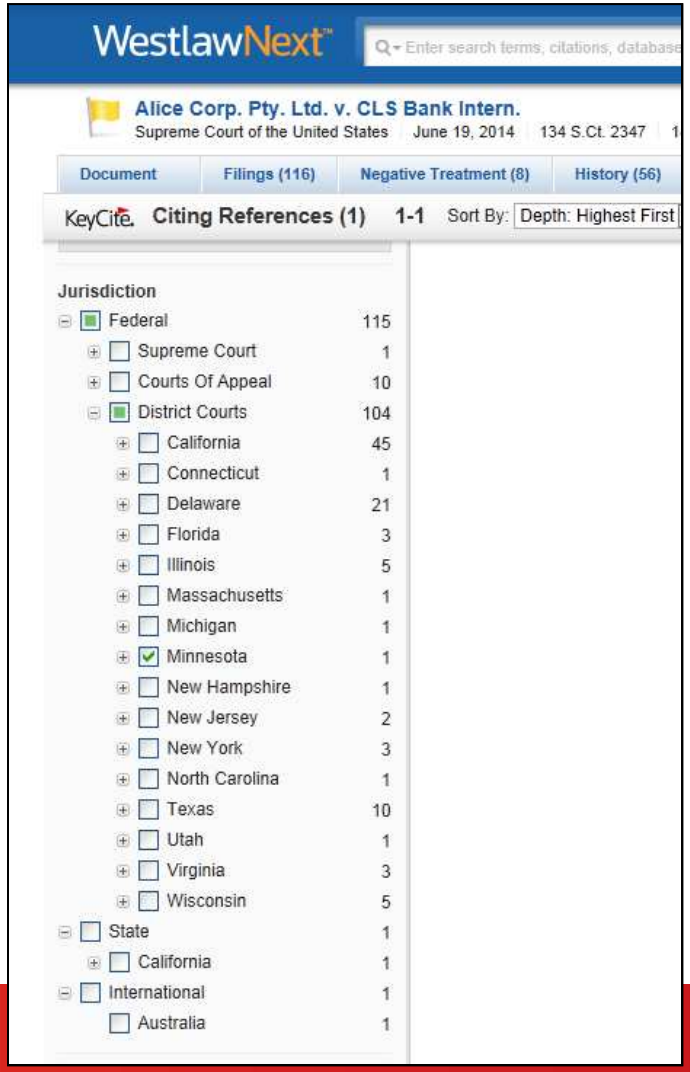
# The Landscape After *Alice*

Fredrikson & BYRON, P.A.

# Explosion of *Alice* Motions



# Explosion of *Alice* Motions



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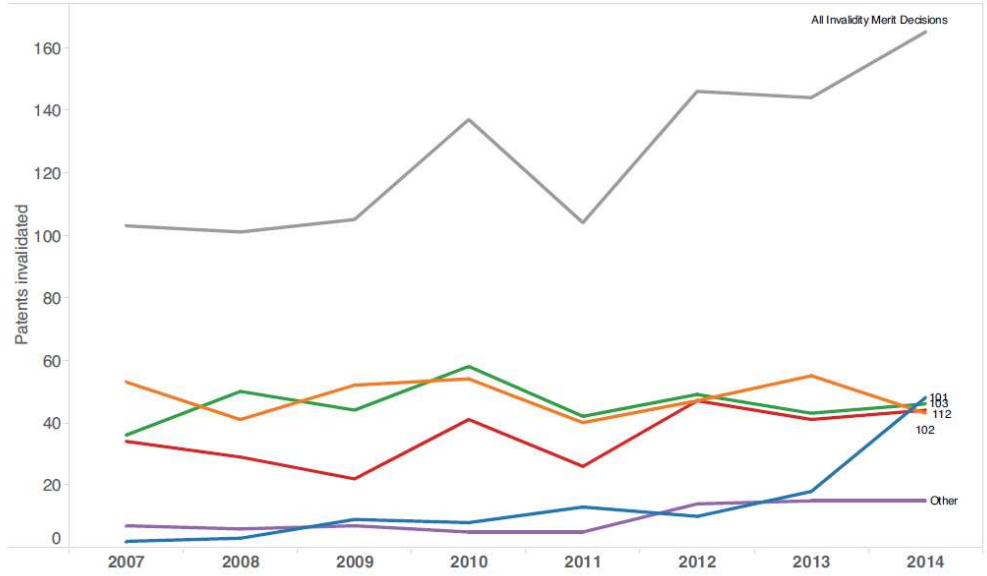
# Dramatic Increase in Patents Invalidated Under § 101

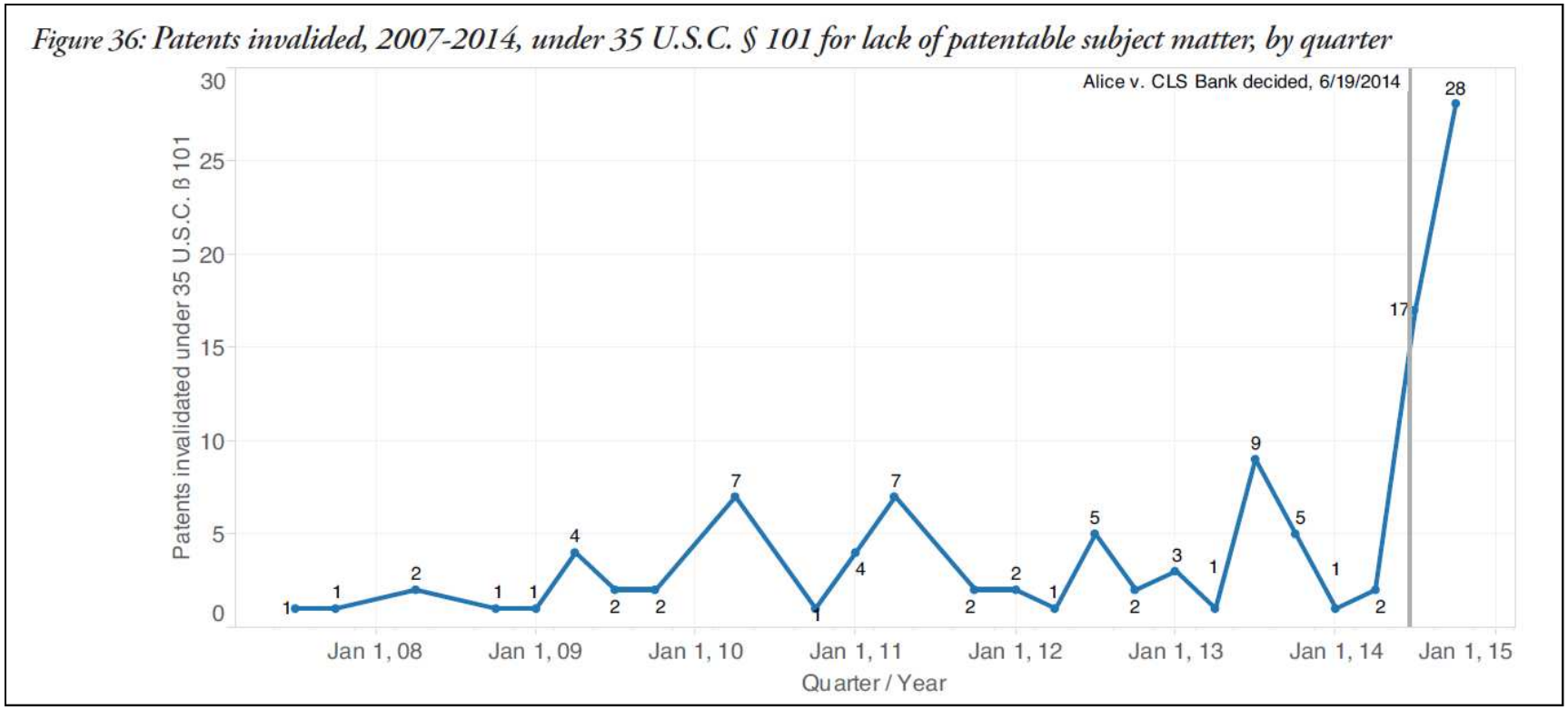
*Figure 37: Patent invalidated, 2007-2014, by basis*




Note: Patents may be invalidated on more than one basis.

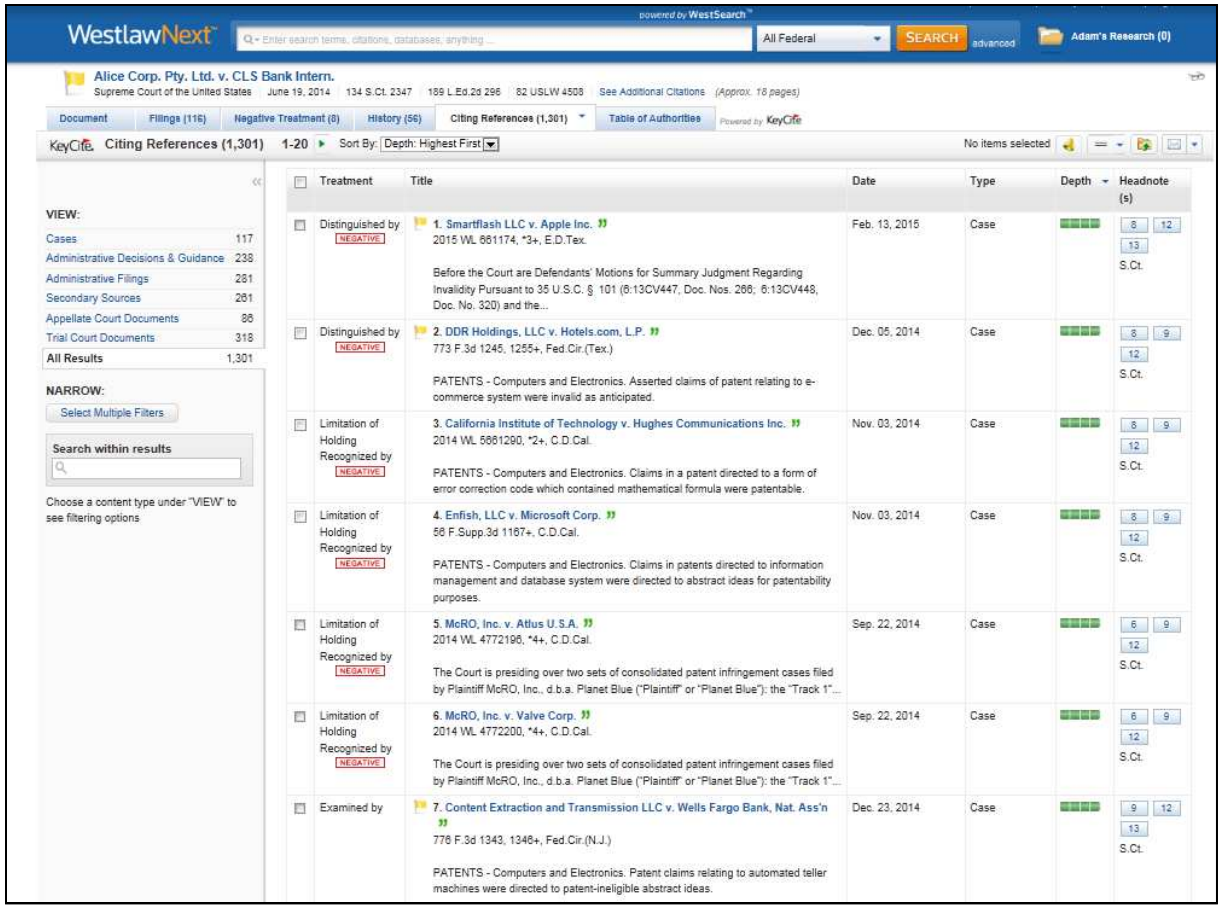
Lex Machina 2014 Patent Litigation Year in Review (reproduced with permission)

# Dramatic Increase in Patents Invalidated Under § 101




Lex Machina 2014 Patent Litigation Year in Review (reproduced with permission)

# Very Few Cases Expressly Distinguishing *Alice*



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# The *Mayo / Alice* Test at the PTO and in Litigation

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# *Mayo v. Prometheus Labs*, 132 S. Ct. 1289 (2012)

"If a law of nature is not patentable, then neither is a process reciting a law of nature, unless that process has additional features that provide practical assurance that the process is more than a drafting effort designed to monopolize the law of nature itself." (132 S. Ct. at 1297.)

# *Mayo v. Prometheus Labs*, 132 S. Ct. 1289 (2012)

"To put the matter more succinctly, the claims inform a relevant audience about certain laws of nature; any additional steps consist of well-understood, routine, conventional activity already engaged in by the scientific community; and those steps, when viewed as a whole, add nothing significant beyond the sum of their parts taken separately. For these reasons we believe that the steps are not sufficient to transform unpatentable natural correlations into patentable applications of those regularities." (132 S. Ct. at 1298.)

# *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014)

"In *Mayo* … we set forth a framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts. **First**, we determine whether the claims at issue are directed to one of those patent-ineligible concepts." (134 S. Ct. at 2355.)

# *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014)

"At *Mayo* **step two**, we must examine the elements of the claim to determine whether it contains an 'inventive concept' sufficient to 'transform' the claimed abstract idea into a patent-eligible application. A claim that recites an abstract idea must include 'additional features' to ensure that the claim is more than a drafting effort designed to monopolize the abstract idea. *Mayo* made clear that transformation into a patent-eligible application requires more than simply stating the abstract idea while adding the words 'apply it.'" (134 S. Ct. at 2357.)

# The *Mayo / Alice* Test – D. Minn. Version

*Genetic Veterinary Scis., Inc. d/b/a Paw Print Genetics v. Canine EIC Genetics, LLC*, No. 14-cv-1598 (JRT/JJK)

- "**The first step** is to determine whether the claims at issue are directed to one of those patent-ineligible concepts (i.e., law of nature, natural phenomena, abstract idea). In answering that question, courts look to the elements of each claim both individually and in an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application." (internal quotations omitted)

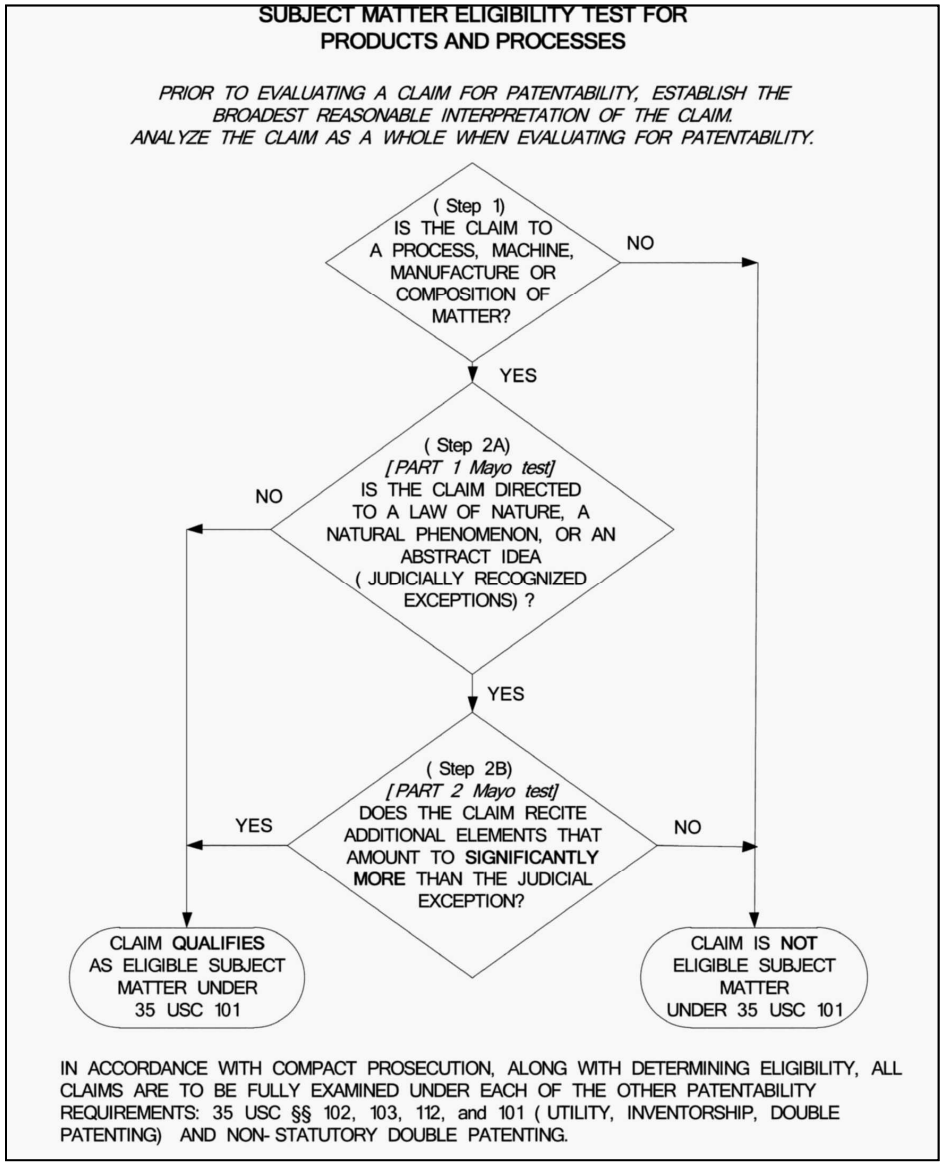
# The *Mayo / Alice* Test – D. Minn. Version

*Genetic Veterinary Scis., Inc. d/b/a Paw Print Genetics v. Canine EIC Genetics, LLC*, No. 14-cv-1598 (JRT/JJK)

- "Assuming that the claims are directed at a patent-ineligible concept, ***Mayo* step two** is a search for an inventive concept – i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself." (internal quotations omitted)

# The *Mayo / Alice* Test - PTO Version

2014 Interim Guidance on
Patent Subject Matter Eligibility,
79 FR 74618-01



# You Can Do What???: Procedural Options for *Alice* Challenges

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# Where to Make an *Alice* Challenge

- Defensively
  - District court infringement suit
  - ITC investigation
- Offensively
  - District court declaratory judgment action
  - PTO post-grant proceeding

# How to Make an *Alice* Challenge – District Court

- Rule 12 Motion on the Pleadings
  - Yes, you really can
- Rule 56 Motion for Summary Judgment
- Declaratory Judgment Action
  - Filing an affirmative DJ action cuts off access to PTO post-grant proceedings

# How to Make an *Alice* Challenge – PTAB

- Post-Grant Review
  - 35 U.S.C. § 321(b) ("…on any ground that could be raised under paragraph (2) or (3) of section 282(b)…")
- Covered Business Method Review
  - 37 C.F.R. § 42.304(b)(2)
- ***Not Available*** in *Inter Partes* Review
  - 35 U.S.C. § 311(b) ("…only on a ground that could be raised under section 102 or 103…")
  - *RF Controls v. A-1 Packaging*, IPR2015-00119

# Post-Grant Review (PGR)

- Only available for patents issuing from post-AIA ("first-inventor-to-file") applications
  - Effective date was March 16, 2013
- Too early to know if *Alice* will play a major role in PGRs
  - Most (if not all) post-AIA applications will have been examined for § 101 issues under *Alice*

# Covered Business Method Review (CBM)

- Only available for statutory subject matter
  - "a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions" (37 C.F.R. § 42.301(a))
- Nearly universal institution rate for covered subject matter

# Covered Business Method Review (CBM)

- PTAB has taken a generous view on CBM subject matter
  - "[C]ontrary to Patent Owner's view of the legislative history … the phrase 'financial product or service' is not limited to the products or services of the 'financial services industry' and is to be interpreted broadly." *Apple Inc. v. Smartflash LLC*, CBM2015-00015 (Apr. 10, 2015)

# Covered Business Method Review (CBM)

- PTAB has taken a generous view on CBM subject matter
  - "Patent Owner reasons that claims should not be subject to covered business method patent review 'simply because [the claims] might be used by those that offer financial products or services, even though they are not a necessary component of a financial activity.' … We are not persuaded by Patent Owner's contention." *Salesforce.com v. Virtualagility, Inc.*, CBM2013-00024 (Sep. 16, 2014)

# Covered Business Method Review (CBM)

- Nearly universal institution rate
  - About half of the 230+ administrative decisions citing *Alice* on Westlaw are CBM grants
    - Most of the others are prosecution appeal decisions
    - Handful of "guidance" pieces
  - PTO *will* vacate CBM grant if petitioner previously filed a DJ action
    - *GNTX, Inc. v. INTTRA, Inc.*, CBM2014-00072 (Dec. 10, 2014)

# Off With [Its] Head!: What Can (and What Can't) Survive an *Alice* Challenge

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# On the Chopping Block

- Computer Patents for Doing Things People Did Without Computers
  - Business Methods
  - Financial Service Techniques
  - Teaching Methods
  - Etc.
- Patents for Recognizing Medical Conditions

# Has a Fighting Chance

- Patents that Solve Problems Unique to Computers
- Patents that Introduce New Technology Techniques

# *DDR Holdings v. Hotels.com*, 773 F.3d 1245 (Fed. Cir. 2014)

- Only Federal Circuit Case (So Far) Finding Patentable Subject Matter Under *Mayo/Alice* "Step 2"
- Patent for automatically generating "a composite web page that displays product information from [a] third-party merchant, but retains the host website's 'look and feel.'" (773 F.3d at 1248-49)

# *DDR Holdings* – What is *Not* Patentable

- "[A]fter Alice, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible."
- "We know that mathematical algorithms, including those executed on a generic computer, are abstract ideas."
- "We know that some fundamental economic and conventional business practices are also abstract ideas."

(773 F.3d at 1256)

# *DDR Holdings* – Cited Claim Limitations

"For example, asserted claim 19 recites a system that, among other things,

1) stores 'visually perceptible elements' corresponding to numerous host websites in a database, …
2) … automatically identifies the host, and
3) instructs an Internet web server of an 'out-source provider' to construct and serve to the visitor a new, hybrid web page …."

(773 F.3d at 1257 (formatting added))

# *DDR Holdings* – *Mayo/Alice* Step 2

"[T]hese claims stand apart because they do not merely recite the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet. Instead, the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks."

(773 F.3d at 1257)

# Sample Cases After *DDR Holdings* – Where's the Line?

# *Genetic Veterinary Sciences* (D. Minn. 14-cv-1598)

What is claimed is:

1. A method for determining whether a dog has or is predisposed to develop Exercise Induced Collapse (EIC) comprising:

a) detecting in a nucleic acid sample from the dog the allele in the dynamin 1 gene at position 767 of SEQ ID NO: 1, and

b) identifying that the dog has or is predisposed to the development of EIC when the dog is homozygous for the T767 allele.

- Not Patentable! (Law of Nature)

# *Genetic Veterinary Sciences* (D. Minn. 14-cv-1598)

*Alice* Step 1:

"Here, the Court concludes that the '279 Patent is directed at a patent-ineligible natural law. Each of the of patent's claims serves the overarching purpose of 'determining whether a dog has or is susceptible to developing' EIC. The patent's methods reach that EIC determination by identifying the naturally occurring source of EIC – a 'point mutation at nucleic acid 767' – and testing dogs for that mutation."

# *Genetic Veterinary Sciences* (D. Minn. 14-cv-1598)

**2**. The method of claim **1**, wherein prior to or in conjunction with detection, the nucleic acid sample is subject to an amplification step.

**3**. The method of claim **2**, wherein dynamin 1 or a portion thereof is amplified.

**4**. The method of claim **1**, wherein the detecting step is by a) allele specific hybridization; b) size analysis; c) sequencing; d) hybridization; e) 5' nuclease digestion; f) single-stranded conformation polymorphism; g) primer specific extension; and/or h) oligonucleotide ligation assay.

**5**. The method of claim **4**, wherein the detecting step is by size analysis, and the size analysis is preceded by a restriction enzyme digestion.

# *Genetic Veterinary Sciences* (D. Minn. 14-cv-1598)

*Alice* Step 2:

"Outside of the natural law relationship between the T767 allele and EIC, the techniques or methods identified in the claims, whether viewed individually or in the aggregate, were at the time the patent was issued 'well-understood, routine, and conventional techniques that a scientist would have thought of when instructed to' test whether a certain allele exists at a specific genetic location."

# *Genetic Veterinary Sciences* (D. Minn. 14-cv-1598)

> **7**. The method of claim **1**, wherein the dog is a Labrador Retriever, Chesapeake Bay Retriever, Curly-Coated Retriever, or Border Collie.

# *Intellectual Ventures v. Motorola* (D. Del. 11-cv-908)

- Judge Sue Robinson
- 2 Asserted Patents
  - ’054 “Software Update Distribution” Patent
  - ’450 “Wireless Bandwidth Allocation” Patent

# *Intellectual Ventures v. Motorola* (D. Del. 11-cv-908)

- '054 "Software Update Distribution" Patent
  - "When broken into their fundamental elements, the independent claims recite: (1) presenting a directory of software updates at the user station; (2) selecting and transmitting the desired software updates; and (3) receiving the requested software updates."
  - Not Patentable! (Abstract Idea)

# *Intellectual Ventures v. Motorola* (D. Del. 11-cv-908)

- '450 "Wireless Bandwidth Allocation" Patent
  - "A method comprising … allocating said wireless bandwidth and system resources based on contents of packets to be communicated over said wireless bandwidth, wherein the contents of each packet include a packet header and wherein the allocating is responsive to at least one field in the packet header."
  - Patentable Under *Alice* Step 2

# *Intellectual Ventures v. Motorola* (D. Del. 11-cv-908)

- '450 "Wireless Bandwidth Allocation" Patent
  - "Like the claims in *DDR*, the present invention is 'necessarily rooted in computer technology' and solves a 'problem specifically arising in the realm of computer networks.'"
  - "Even though claim 1 itself does not provide a detailed explanation of how packet headers are used to allocate the bandwidth, the inventive concept lies in the limitation of using packet headers to allocate bandwidth, not in the details of implementation."

# *Intellectual Ventures v. Symantec* (D. Del. 10-cv-1067)

- Judge Leonard Stark
- 3 Asserted Patents
  - ’050 “Content Identifier” Patent
  - ’142 “Automated Post Office” Patent
  - ’610 “Computer Virus Screening” Patent

# *Intellectual Ventures v. Symantec* (D. Del. 10-cv-1067)

- ’050 “Content Identifier” Patent
  - “The claims of the ’050 patent are directed to receiving information related to a file (an identifier) from a querying computer, characterizing the file based on the identifier and other stored identifiers, and communicating a result of the characterization[.]”
  - Not Patentable! (Abstract Idea)

# *Intellectual Ventures v. Symantec* (D. Del. 10-cv-1067)

- '050 "Content Identifier" Patent
  - "The inventors of the '050 patent admitted in deposition testimony that the invention of the '050 patent could be implemented by humans, albeit more slowly and less accurately than it is performed by a conventional computer"

# *Intellectual Ventures v. Symantec* (D. Del. 10-cv-1067)

- '142 "Automated Post Office" Patent
  - "Each of the limitations … is directed to an abstract idea previously implemented in brick-and-mortar post offices. Moreover, each of the collections of human-executable concepts in the asserted claims is directed to the same abstract idea of implementing post office functionality via a computer."
  - Not Patentable! (Abstract Idea)

# *Intellectual Ventures v. Symantec* (D. Del. 10-cv-1067)

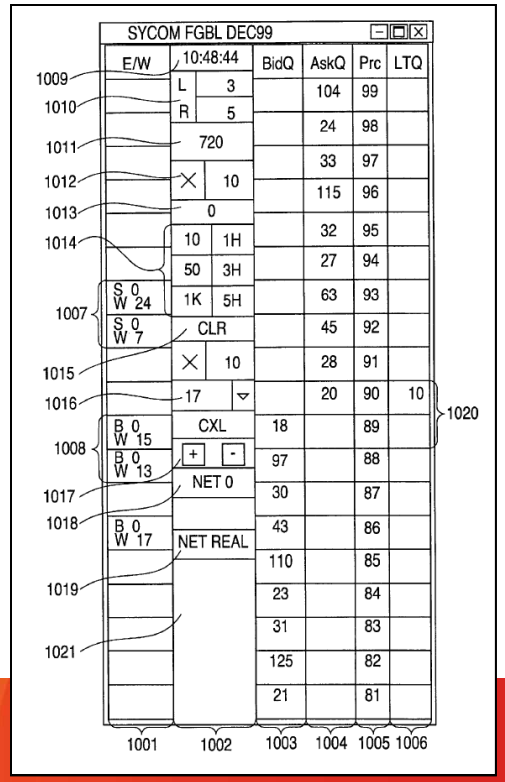
- '610 "Computer Virus Screening" Patent
  - "receiving, within the telephone network, computer data from a first party"
  - "detecting, within the telephone network, a virus in the computer data"
  - "in response to detecting the virus, inhibiting communication of at least a portion of the computer data from the telephone network to a second party"

# *Intellectual Ventures v. Symantec* (D. Del. 10-cv-1067)

- '610 "Computer Virus Screening" Patent
  - "The '610 patent is not directed to screening generic 'data' or 'information.' Instead, the asserted claim specifically recites a *computer virus*, which has computer-centric implications that cannot be abstracted away so broadly. Furthermore, the human mind cannot perform the steps described in the specification for implementing virus screening functionality in a telephone network."

# *Trading Techs. Int'l v. CQG* (N.D. Ill. 05-cv-4811)

- Judge Sharon Johnson Coleman
- 2 Asserted Patents ('132 & '304)




- Same family
- Both directed to "[c]lick based trading with intuitive grid display of market depth"



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# *Trading Techs. Int'l v. CQG* (N.D. Ill. 05-cv-4811)

We claim:

1. A method of placing a trade order for a commodity on an electronic exchange having an inside market with a highest bid price and a lowest ask price, using a graphical user interface and a user input device, said method comprising:

setting a preset parameter for the trade order

displaying market depth of the commodity, through a dynamic display of a plurality of bids and a plurality of asks in the market for the commodity, including at least a portion of the bid and ask quantities of the commodity, the dynamic display being aligned with a static display of prices corresponding thereto, wherein the static display of prices does not move in response to a change in the inside market;

displaying an order entry region aligned with the static display prices comprising a plurality of areas for receiving commands from the user input devices to send trade orders, each area corresponding to a price of the static display of prices; and

selecting a particular area in the order entry region through single action of the user input device with a pointer of the user input device positioned over the particular area to set a plurality of additional parameters for the trade order and send the trade order to the electronic exchange.

US 6,772,132 B1

We claim:

1. A method for displaying market information relating to and facilitating trading of a commodity being traded in an electronic exchange having an inside market with a highest bid price and a lowest ask price on a graphical user interface, the method comprising:

dynamically displaying a first indicator in one of a plurality of locations in a bid display region, each location in the bid display region corresponding to a price level along a common static price axis, the first indicator representing quantity associated with at least one order to buy the commodity at the highest bid price currently available in the market;

dynamically displaying a second indicator in one of a plurality of locations in an ask display region, each location in the ask display region corresponding to a price level along the common static price axis, the second indicator representing quantity associated with at least one order to sell the commodity at the lowest ask price currently available in the market;

displaying the bid and ask display regions in relation to fixed price levels positioned along the common static price axis such that when the inside market changes, the price levels along the common static price axis do not move and at least one of the first and second indicators moves in the bid or ask display regions relative to the common static price axis;

US 6,766,304 B2

# *Trading Techs. Int'l v. CQG* (N.D. Ill. 05-cv-4811)

- PTAB instituted CBMR for '132 patent, but not '304
  - Judge Coleman denied stay
- Court found *both* '132 and '304 patentable under both steps of *Alice* test

# *Trading Techs. Int'l v. CQG* (N.D. Ill. 05-cv-4811)

- *Alice* Step 1: Not an Abstract Idea
  - "[T]he claims are directed to solving a problem that existed with prior art GUIs…. There was a risk with the prior art GUIs that a trader would miss her intended price as a result of prices changing from under her pointer at the time she clicked on the price cell on the GUI. The patents-in-suit provide a system and method whereby traders may place orders at a particular, identified price level, not necessarily the highest bid or the lowest ask price because the invention keeps the prices static in position, and allows the quantities at each price to change."

# *Trading Techs. Int'l v. CQG* (N.D. Ill. 05-cv-4811)

- *Alice* Step 1: No Preemption Concern
  - "The asserted claims similarly do not preempt every way of 'placing an order for a commodity on an electronic exchange,' as systems for doing so existed before this invention, and systems exist now that allow traders to buy and sell commodities on electronic exchanges without infringing the claims of the patents in suit."

# *Trading Techs. Int'l v. CQG* (N.D. Ill. 05-cv-4811)

- *Alice* Step 2: Inventive Concept
  - "The '132 patent recites a 'dynamic display being aligned ***with a static display of prices*** corresponding thereto,' and the '304 patent recites 'each location in the bid display region corresponding to a price level along a ***common static price axis***.' This element of the representative claims is what adds the 'inventive concept' to the patents-in-suit."

# *Trading Techs. Int'l v. CQG* (N.D. Ill. 05-cv-4811)

- *Alice* Step 2 – *Not* a Novelty Analysis
  - "While not declaring that the 'static price axis' is the defining characteristic of the patents which was not known in the prior art before the date of invention (which is only proper under a § § 102 or 103 analysis), it seems to be the 'inventive concept' that allowed some traders the ability to more efficiently and accurately place trades on electronic trading systems."

# *Smartflash LLC v. Apple Inc.* (E.D. Tex. 6:13-cv-447)

- Judge Rodney Gilstrap
- 6 patents
  - All in the same family
  - Directed to "data storage and access systems for paying for and downloading digital content such as audio, video, text, software, games and other types of data."
  - Same patents in pending CBMRs

# *Smartflash LLC v. Apple Inc.* (E.D. Tex. 6:13-cv-447)

- *Alice* Step 1: Abstract Idea
  - "Here, the asserted claims recite methods and systems for controlling access to content data, such as various types of multimedia files, and receiving and validating payment data. Although not each and every asserted claim explicitly recites a process or system related to payment, the patents' common specification makes it clear that one of the purposes of the claimed invention is to reduce the risk of unauthorized access to content data."
  - "Therefore, the general purpose of the claims—conditioning and controlling access to data based on payment—is abstract and a fundamental building block of the economy in the digital age. "

# *Smartflash LLC v. Apple Inc.* (E.D. Tex. 6:13-cv-447)

- *Alice* Step 2: Inventive Concept
  - "For example, [one representative] claim recites reading 'status data' and evaluating such data according to stored 'use rules' that determine whether access to previously stored content is permitted. The claims also recites [sic] 'parameter memory' and 'content memory.'"
  - "[T]he asserted claims here recite specific ways of using distinct memories, data types, and use rules that amount to significantly more than the underlying abstract idea. Although in some claims the language is functional and somewhat generic, the claims contain significant limitations on the scope of the inventions."

# What's Next?

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# Potential Implications for § 112

- *LizardTech v. Earth Resource Mapping*, 424 F.3d 1336 (Fed. Cir. 2005)
  - Seamless discrete wavelet transform (DWT)
  - Used for compressing large digital images
  - Patent solved the "boundary problem" that introduced "edge artifacts" into images compressed by prior DWT methods
  - Broad claims invalid under § 112 for describing and enabling only *one* seamless DWT, while generically claiming use of *any* seamless DWT

# Potential Implications for § 112

- *LizardTech v. Earth Resource Mapping*
  - Disclosure of a "single embodiment would support such a generic claim only if the specification would reasonably convey to a person skilled in the art that the inventor had possession of the claimed subject matter at the time of filing, and would enable one of ordinary skill to practice the full scope of the claimed invention." (424 F.3d at 1346)

# Contact Info

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