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Software Patents – Not a Waste of Money After All?

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Since the Supreme Court ruling in *Alice Corp. v. CLS Bank International*, that a specific software algorithm was ineligible for patent protection, rumors abound that all software-related inventions are unpatentable. Although the *Alice* decision made it more difficult to obtain software patents, clever patent attorneys continued to find ways to secure software patents for their clients. Recently, the Federal Circuit Court of Appeals (Federal Circuit) made their job easier by issuing software-friendly rulings in at least three cases.

Alice created a two-part analysis for determining whether software claims are eligible for patenting. Part one determines whether a claim corresponds to an "abstract idea." If the claim does not correspond to an abstract idea, the claim is patent eligible. If it does correspond to an abstract idea, part two of the analysis is performed, which determines whether the claim "transforms" the abstract idea to an inventive concept that is more than the abstract idea. If such a transformation is present, the claim is patent eligible. Both the U.S. Patent and Trademark Office (USPTO) and the Courts have found most software-related claims to not be patent eligible using this analysis. Then along came the Federal Circuit.

Improvements to Computer Operations, Not Abstract

The first related Federal Circuit case, *Enfish, LLC v. Microsoft Corporation, et al*., clarified what it means for a claim to correspond to an abstract idea. The Court stated that a claim corresponds to an abstract idea when the character of the claim as a whole is abstract. This implicitly means that inclusion of an abstract concept in a claim is not enough to find that the claim corresponds to an abstract idea under the first part of the *Alice* analysis. The *Enfish* court went further and declared that a claim that "improves computer operations" does not correspond to an abstract idea. Under the guidance of this decision, if a software-related claim is properly framed as even slightly improving computer operations, it may be patent eligible, thus avoiding part two of the *Alice* analysis.

Inventive Concept, More Than Abstract Idea

The second Federal Circuit case, *Bascom Global Internet Services, Inc. v. AT&T Mobility LLC*, focused on part two of the *Alice* test. The Court concluded that the claims correspond to an abstract idea because the claimed invention was not directed to an improvement in computer technology, and no individual step of the claim in question was new or unknown. The Court, however, found that the specific order of the steps in the claim was unique. This unique order of steps provided advantages over previously used methods. According to the Court, the resulting advantages transformed the claim into an inventive concept that was more than an abstract idea, satisfying part two of the *Alice* test. Under the guidance of this decision, a software claim that does not improve computer operations may be transformed into a patent eligible claim if the order of steps in the claim provides advantages over prior art methods.

Improvements to Technology Rules, Not Abstract

The third Federal Circuit case, *McRO, Inc. v. Bandai Namco Games America Inc.*, took on the first part of the *Alice* test. The claims recite a computerized method for lip syncing animation that replaced manual processes that were both time consuming and inaccurate. In *Alice,* the Supreme Court held that using a computer to automate a manual process is not patent eligible. However, the Federal Circut in *McRO* found that this rule does not apply because the steps of the claim not only automate a manual process but also improve upon the manual process. It was this improvement in the lip sync process that the Court emphasized in deciding that the claimed method was not abstract. Under the guidance of this decision, a claim that automates a known manual process and improves upon the process in general may be patent eligible.

The Court specifically mentioned that the claim would not prevent other methods of lip syncing animation from being automated. Such prevention is known as preemption. In *Alice*, the Supreme Court emphasized that granting a patent for an abstract idea could undesirably preempt others from operating in the same field of endeavor. Although historically both the USPTO and the Courts have downplayed the importance of preemption in determining patent eligibility, after *McRO,* it is possible that the USPTO and District Courts will start to place more emphasis on whether a claim preempts others as part of a patent eligibility analysis.

Under these cases, it is critical that any software-related invention be properly described and framed both in the patent application and claims. Not only must the invention be described in detail (including why the order of steps is beneficial), but also the current state of the art and associated problems should be described and any improvements that the invention provides should be identified. If the invention even arguably improves computer operation, an explanation of the improved operation will be invaluable in the patenting process. When presenting arguments to a Court or the USPTO that a claimed process is directed to patentable subject matter, patentees can now argue that the claim as a whole does not correspond to an abstract idea, even if certain steps are abstract, and that the claim will not preempt others from practicing in the field of art.

It should be noted that a Federal Circuit judge recently issued a concurring decision opining that claims directed to software implemented on a generic computer are categorically not eligible for patent. This is the opinion of just one judge, and the three rulings discussed above clarify that this is not the majority opinion of the Federal Circuit. However, because this is a rapidly evolving issue in patent law, it is important to stay informed of the latest cases being adjudicated, and to judicially select patent counsel who are engaged for the purpose of having the best chance of success in securing a patent for a software invention.

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