Electrical, IP News

Federal Circuit Update: Software Eligibility Post-Alice

July 11, 2016

Recently, in *Bascom Global Internet Services, Inc.,* v. *AT&T Mobility LLC,* the Federal Circuit found for the second time this term a software invention that passes muster under the two prong test for patent eligibility under 35 U.S.C §101 as laid out in the *Alice* decision. The patent at issue (U.S. Patent No. 5,987,606) claims a system for filtering Internet content through the use of a remote sever that combines the advantages of the then-known filtering tools while avoiding their drawbacks. As explained by the Federal Circuit, "[t]he claimed invention is able to provide individually customizable filtering at a remote ISP server by taking advantage of the technical capability of certain communication networks." The Federal Circuit held that the claims of the '606 patent may provide an inventive concept sufficient to satisfy the second step of the Supreme Court's *Alice* test because "the claims do not merely recite the abstract idea of filtering content along with the requirement to perform it on the Internet, or to

perform it on a set of generic computer components . . . . Nor do the claims preempt all ways of filtering content on the Internet; rather, they recite a specific, discrete implantation of the abstract ideas of filtering content." Rather, the "patent describes how its particular arrangement of elements is a technical improvement over prior art ways of filtering such content."

Under the two-step framework of *Alice*, the court must first determine whether the claims at issue are directed to a patent-ineligible concept. Once a court finds that the claims are directed to a patent-ineligible concept, "the court must then consider the elements of each claim both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application."

In *Bascom*, the Federal Circuit agreed with the district court that the claims are directed to the abstract idea of filtering content on the internet under step one of the *Alice* test, but disagreed with the district court's conclusion that the claims fail as a matter of law to provide an inventive concept under the second step. In the Federal Circuit's view, although the invention in the '606 patent is engineered in the context of filtering content, the invention is not claiming the idea of filtering content simply applied to the Internet. Instead, the '606 patent is improving upon the performance of the computer system itself by "taking a prior art filter solution (one-size-fits-all filter at the ISP server) and making it more dynamic and efficient (providing individualized filtering at the ISP server)."

The Federal Circuit took particular issue with how the district court applied step two of *Alice* as the district court's analysis "looks similar to an obviousness analysis under 35 U.S.C. 103, except lacking an explanation of a reason to combine the limitations as claimed." The Federal Circuit explained that "the inventive concept inquiry requires more than recognizing that each claim element, by itself, was known in the art" because

"an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces."

One notable takeaway: although an inventive concept "cannot simply be an instruction to implement or apply the abstract idea on a computer," inventive concepts that provide "specific applications or improvements to technologies into the marketplace are not likely be so abstract that they override the statutory language and the framework of the Patent Act." This may mean, in certain circumstances that a *subsequent* invention that *improves* upon the prior system may very well be eligible under *Alice* even if the prior system itself would not have been eligible.