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PATENTS

Supreme Court Will Decide Patentability Of Computer-Related Inventions

The U.S. Supreme Court has agreed to decide whether computer-implemented inventions are eligible for patent protection.

Alice Corp. v. CLS Bank International et al., No. 13-298, cert. granted (U.S. Dec. 6, 2013).

Australia-based Alice Corp., a partial subsidiary of National Australia Bank, sought *certiorari* in September, asking the court to consider the question after the U.S. Court of Appeals for the Federal Circuit invalidated several of Alice's software patents, which related to a computerized system for creating and exchanging financial instruments.

The company improperly asserted ownership of abstract ideas, which are not patentable as a matter of law, the appeals court held in July 2012. *CLS Bank Int'l et al. v. Alice Corp.*, 685 F.3d 1341 (Fed. Cir. 2012).

The Supreme Court's Dec. 6 decision to hear the case could have far-reaching consequences.

"[I]t could be as dramatic as creating a legal framework that could eventually eliminate a great number of existing software patents," according to **Geoff Cohen**, a computer scientist with **Elysium Digital LLC**, a litigation consulting company that assists lawyers in technology-related cases.

Patent law specifies that inventors may patent "any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof." 35 U.S.C. § 101.

But abstract ideas do not fit that definition, according to several recent Supreme Court decisions, and they are therefore not patent-eligible.

In *Bilski v. Kappos*, 130 S. Ct. 3218 (2010), for instance, the high court invalidated a business-method patent on a technique for guarding against investment risk, finding that the technique constituted an abstract idea.

In *Mayo Collaborative Services et al. v. Prometheus Laboratories*, 132 S. Ct. 1289 (2012), the court relied on similar reasoning when it held that a diagnostic blood test was not patentable. Observations about natural phenomena are not protectable intellectual property, the court said.

'COMPLETELY FAILED TO AGREE'

The case now before the Supreme Court began in 2007 when CLS Bank International sued Alice Corp. in the U.S. District Court for the District of Columbia, seeking a court order invalidating four of Alice's patents.

CLS, which runs a foreign-exchange settlement system, argued that the Alice patents covered nothing more than abstract ideas, which may not be patented.

The District Court granted summary judgment for CLS, finding the patents invalid on the bank's asserted grounds. *CLS Bank Int'l et al. v. Alice Corp.*, 768 F. Supp. 2d 221 (D.D.C. 2011).

Alice appealed to the Federal Circuit, and a three-judge panel reversed the District Court, holding that all of the company's patents were good.

After granting CLS' petition for rehearing, a divided majority of the *en banc* Federal Circuit affirmed the panel ruling. *CLS Bank Int'l et al. v. Alice Corp.*, 717 F.3d 1269 (Fed. Cir. 2013).

But the full circuit's holding requires additional clarification, according to Cohen, the tech litigation consultant.

"The Federal Circuit completely failed to agree on a legal standard," he said.

"Although they agreed on the outcome of that particular patent, they couldn't agree on how they got there," Cohen added. "I would expect that the Supreme Court thinks they can do a better job."