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IP Newsflash



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DISTRICT COURT CASES

Central District of California Clarifies the Section 101 Analysis and Finds Another Two Patents Invalid

On November 3, 2014, Judge Mariana R. Pfaelzer of the Central District of California spent the better part of ten pages exploring and attempting to clarify the state of Section 101 case law before ultimately finding (1) that all asserted claims of the two asserted patents were directed to abstract ideas, and (2) that none of the claims recited an inventive concept. The opinion is notable in its clear extrapolation on general concerns regarding the effect of *Alice* and the evolving two-step Section 101 analysis on software patents.

Judge Pfaelzer began her discussion of Section 101 by reiterating the broad statutory categories and the narrow, judicially created exceptions. In explaining the concern about preemption that underlies the judicially created exceptions, Judge Pfaelzer explained that “[c]oncerns over preemption have called into question when, if ever, computer software is patentable.” Accordingly, she said, the “Supreme Court has heavily scrutinized algorithms and mathematical formulas under § 101.” However, she said, the “aftermath of *Alice* tells a [] misleading story about software eligibility” because the holding in *Alice* was “narrow” and only held “that an ineligible abstract idea does not become patentable simply because the claim recites a generic computer.”

Judge Pfaelzer then set out to clarify and cabin the two-step test utilized in *Alice Corp. Pty. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2350, 189 L. Ed. 2d 296 (2014) and proffered by the Court in *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293, 182 L. Ed. 2d 321 (2012). In explaining the first step—whether the claims are directed to an abstract idea, a question that many patent litigators are struggling with—Judge Pfaelzer explained, “the court must identify the purpose of the claim—in other words, determine what the claimed invention is trying to achieve—and ask whether that purpose is abstract.” Judge Pfaelzer also explained that “[c]haracterization of a claim is essential to the § 101 inquiry,” and that “[s]tep one is sort of a ‘quick look’ test, the purpose of which is to identify a risk of preemption and ineligibility.” She also clarified that “prior art plays no role” in the first step of the test. Once the court has the “purpose of the claim,” the court must determine “whether that purpose is abstract.” In that regard, Judge Pfaelzer encourages judges to make comparisons to Supreme Court precedent.

In explaining the second step, i.e., “whether there is an inventive concept that appropriately limits the claim,” Judge Pfaelzer explained that the court must “disregard well-understood, routine, conventional activity” and that a “conventional element may be one that is ubiquitous in the field, insignificant, or obvious.” Accordingly, “conventional elements do not constitute everything in the prior art, although conventional elements and prior art may overlap.” Importantly, the court must “consider the elements as a combination,” and that “[a] combination of conventional elements may be unconventional and therefore patentable.”

Enfish, LLC v. Microsoft Corp., No. 2:12-CV-07360-MRP, 2014 WL 5661456 (C.D. Cal. Nov. 3, 2014)

- Authors: [Patrick Reidy](#), [Angela Verrecchio](#)

CONTACT INFORMATION

If you have any questions regarding this issue of *IP Newsflash*, please contact—

Todd Eric Landis
tlandis@akingump.com
214.969.2787

Michael Simons
msimons@akingump.com
512.499.6253

www.akingump.com



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