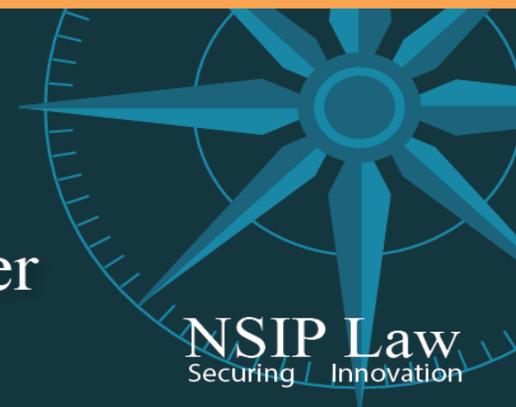


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FEDERAL CIRCUIT FINDS PATENT CLAIMS FOR A GRAPHICAL USER INTERFACE NOT PATENT ELIGIBLE

The U.S. Court of Appeals for the Federal Circuit in *Trading Technologies, Int'l v IBG, LLC*, Appeal No. 2017-2257, recently found that patent claims directed to a graphical user interface invention were eligible for review under the Covered Business Method (“CBM”) Patents program, but were not directed to patent-eligible subject matter under 35 U.S.C. 101 and the Supreme Court’s decision in *Alice Corp v. CLS Bank*. Trading Technologies was the owner of three (3) U.S. patents that were generally directed to graphical user interfaces for electronic trading in investment securities which allowed the users to view trends in orders for an item, provided trading information in an easy to see and interpret graphical format, and supported fast an accurate execution of trades by displaying market information.

IBG petitioned the USPTO’s Patent Trial and Appeal Board (“PTAB”) to review several claims of each of the three Trading Technologies patents under the CBM program, which was part of the America Invents Act (“AIA”), arguing that the patent claims were not directed to eligible subject matter under Section 101. Under the AIA, a CBM patent is “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.*” According to the USPTO’s regulations, 37 C.F.R. 42.301(d), the PTAB was required to determine whether the patent claims were directed to technological inventions based on “whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious

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over the prior art” and whether it “solves a technical problem using a technical solution.” In each case, the PTAB found in its final written decision that Trading Technologies’ patents met the criteria for CBM review, and that the claims were directed to ineligible subject matter under Section 101. Trading Technologies appealed the PTAB’s decision to the Federal Circuit.

The Federal Circuit affirmed the PTAB’s decision both as to eligibility of the patent claims for CBM review, and that they were directed to patent ineligible subject matter. With respect to whether the patents were eligible for CBM review, the Court focused on whether Trading Technologies’ patents were for technological inventions. Claim 1 of U.S. Patent No. 7,212,999 was representative:

1. A computer based method for facilitating the placement of an order for an item and for displaying transactional information to a user regarding the buying and selling of items in a system where orders comprise a bid type or an offer type, and an order is generated for a quantity of the item at a specific value, the method comprising:

displaying a plurality of bid indicators, each corresponding to at least one bid for a quantity of the item, each bid indicator at a location along a first scaled axis of prices corresponding to a price associated with the at least one bid;

displaying a plurality of offer indicators, each corresponding to at least one offer for a quantity of the item, each offer indicator at a location along the first scaled axis of prices corresponding to a price associated with the at least one offer;

receiving market information representing a new order to buy a quantity of the item for a specified price, and in response to the received market information, generating a bid indicator that corresponds to the quantity of the item bid for and placing the bid indicator along the first scaled axis of prices corresponding to the specified price of the bid;

receiving market information representing a new order to sell a quantity of the item for a specified price, and in

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response to the received market information, generating an offer indicator that corresponds to the Quantity of the item for which the offer is made and placing the offer indicator along the first scaled axis of prices corresponding to the specified price of the offer;

displaying an order icon associated with an order by the user for a particular quantity of the item;

selecting the order icon and moving the order icon with a pointer of a user input device to a location associated with a price along the first scaled axis of prices; and

sending an order associated with the order icon to an electronic trading exchange, wherein the order is of a bid type or an offer type and the order has a plurality of order parameters comprising the particular quantity of the item and the price corresponding to the location at which the order icon was moved.

The Federal Circuit found that the claims of the Trading Technologies patents were directed to covered business methods, because they were directed to a financial trading method used on a computer which did not include any technological invention. In general, the claims required receiving bid and offer information from an electronic exchange, displaying such information, and sending an order to an electronic exchange based on a user input. Therefore, the claims did not recite a technological feature that is novel and unobvious over the prior art, and they did not solve a technical problem with a technical solution, because they were essentially related to the practice of a financial product which displays information that allows a trader to process and act on information more quickly. Therefore, the invention makes the human trader more efficient and effective, not the computer system.

The Federal Circuit then addressed whether the claims of the Trading Technologies patents were directed to patent-eligible subject matter under Section 101 and the Supreme Court's *Alice* decision. According to its decision in *Alice*, the Supreme Court has established a two-step 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 it must be determined whether the claims at issue are directed to a patent-ineligible concept, such as an "abstract idea." If the claims are directed to an abstract idea, then the court must examine "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."

The Federal Circuit found that the Trading Technologies patents were directed to the abstract ideas of receiving and displaying various types of information to traders, receiving user input and sending a trade order. The Federal Circuit rejected Trading Technologies' arguments that the type of information that was displayed, and the manner in which it was displayed, solved several flaws in prior art trading systems, so that the patented inventions constituted improvements in the performance of the computer systems.

The Federal Circuit then found that the elements of Trading Technologies' patent claims were not directed to an inventive concept in the manner in which they applied the abstract ideas. It agreed with the PTAB that receiving market information is simply routine data gathering, and that displaying information as indicators along a scaled price axis is a well-understood, routine, conventional activity that does not add something significantly more to the abstract idea. It likewise determined that selecting and moving

an icon, as was also claimed, is a well-understood, routine, conventional activity. Finally, the Court noted that the specification discloses that the invention can be implemented “on any existing or future terminal or device,” that it describes the programming as insignificant, and that conventional GUIs for electronic trading already permitted a trader to send an order electronically, so that there was nothing particularly innovative from a technological standpoint. Again, the claims were directed to improving the performance of the trader, not the computer system.

In sum, this case is the latest example where Federal Circuit has found Covered Business Method patents to claim patent-ineligible subject matter. The finding that a patent is subject to CBM review, because it is not directed to a technological innovation, appears to set the patent up for invalidation for lack of patentable subject matter because it is viewed as not contributing to the improvement of the underlying technology used to operate the claimed method. Therefore, patent applicants must, wherever possible, describe the invention in the specification so that the claimed invention is considered a technological improvement in the system that implements it, and is not merely a better way of accomplishing a process or function. Describing the patented invention, as Trading Technologies did, as being suitable for operation on any generic computer hardware or programming technique will typically lead to its invalidation under Section 101. This may place such computer-based method or process inventions at an inherent disadvantage in the Section 101 analysis. If the patent owner is successful in avoiding a characterization of its patent as a CBM, because it includes a technological innovation, then it may have an advantage in proving that the patent claims are directed to eligible subject matter under Section 101 and *Alice*.

FEDERAL CIRCUIT FINDS PATENT CLAIMS DIRECTED TO A CHARGING STATION FOR ELECTRONIC VEHICLES NOT PATENT ELIGIBLE

On March 28, 2019, the U.S. Court of Appeals for the Federal Circuit in *Chargepoint, Inc. v. Semacnect, Inc.*, Appeal No. 2018-1739, affirmed a ruling of the U.S. District Court for the District of Maryland finding that the claims of a U.S. patent that were directed to charging stations for electric vehicles were ineligible for patent protection under 35 U.S.C. 101 and the U.S. Supreme Court’s decision in *Alice Corp. v. CLS Bank*. Chargepoint filed a Complaint against Semacnect alleging that Semacnect infringed four (4) of its patents. The Chargepoint patents shared the same specification, which described the electric vehicle charging stations as being connected to a network and the power grid, where electric vehicles connect to the stations by way of an electrical connector.

The claims of the Chargepoint patents variously recited an apparatus that is controlled by a remote server, where the server controls whether electricity is flowing. A connector component physically connects the charging station to an electric vehicle and can activate or deactivate charging at the connection. This apparatus can modify electricity flow on demand in response to communications received from the server. Other claims were directed to methods related to using the network-controlled charging stations, and a network-controlled charging station system.

Semacnect responded to Chargepoint’s Complaint by filing a motion to dismiss for failure to state a claim under Rule 12(b)(6) of the Federal Rules of Civil Procedure, arguing that the Chargepoint patents

were invalid because they were not directed to patent eligible subject matter under Section 101 and *Alice*. The District Court granted Semaconnect's motion to dismiss, and held that each asserted claim of Chargepoint's patents was ineligible for patenting under Section 101. Chargepoint appealed the District Court's decision to the Federal Circuit.

In assessing whether Chargepoint's patent claims were directed to patentable subject matter, the Federal Circuit applied the two-part test set forth in *Alice*. First, the Court determined whether the claims at issue are directed to one of the patent-ineligible concepts, such as laws of nature, natural phenomena, and abstract ideas. If the patent claims are directed to a patent ineligible concept, then the Court must "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.'"

The Federal Circuit noted that when applying step one of the *Alice* test, it must be recognized that "[a]t some level, 'all inventions . . . embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.'" Thus, when applying step one, "it is not enough to merely identify a patent-ineligible concept underlying the claim; we must determine whether that patent-ineligible concept is what the claim is 'directed to.'" In determining what the claim is "directed to," the entire claim must be considered as a whole. The specification is also helpful, but the claim language is the primary reference point to determining the focus of the claim.

Claims 1 and 2 of Chargepoint's U.S. Patent No. 8,138,715 are representative:

1. An apparatus, comprising:

a control device to turn electric supply on and off to enable and disable charge transfer for electric vehicles;

a transceiver to communicate requests for charge transfer with a remote server and receive communications from the remote server via a data control unit that is connected to the remote server through a wide area network; and

a controller, coupled with the control device and the transceiver, to cause the control device to turn the electric supply on based on communication from the remote server.

2. The apparatus of claim 1, further comprising an electrical coupler to make a connection with an electric vehicle, wherein the control device is to turn electric supply on and off by switching the electric coupler on and off.

The Federal Circuit found that Chargepoint's patent claims were directed to the abstract idea of communicating requests to a remote server and receiving communications from that server, i.e., communication over a network. The Court went on to determine the focus of the claims, based on the description of the invention in the specification, as well as the problem that the invention attempted to solve. The Court found that the specification suggests that Claim 1 is directed to the abstract idea of communication over a network to interact with a device connected to the network. The problem identified by the patentee, as stated in the specification, was the lack of a communication network that would allow drivers, businesses, and utility companies to interact efficiently with the charging stations, which limited

the ability to efficiently operate them from a business perspective.

The specification also made clear that the invention of the Chargepoint patents is the idea of *network-controlled* charging stations. The specification then went on to describe a networked system in which, among other things, drivers can determine whether a charging station is available, drivers can pay to charge their vehicles, and utility companies can supply information to charging stations from a demand response system. Notably, however, the specification never suggested that the charging station itself was improved from a technical perspective, or that it would operate differently than it otherwise could. Nor does the specification suggest that the invention involved overcoming some sort of technical difficulty in adding networking capability to the charging stations. The Court therefore found that the specification suggests that the invention of the patent is nothing more than the abstract idea of communication over a network in order to interact with a device, applied to the context of electric vehicle charging stations. The fact that the patent claims were written broadly confirmed this. The fact that the claims recited a tangible, physical machine that implements the abstract idea, *i.e.*, a charging station, did not overcome the fact that the claims were “directed to” an abstract idea.

The Federal Circuit then conducted the second inquiry under the *Alice* test in which they “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.” As the Court noted, “[w]here a claim is directed to an abstract idea, the claim must include ‘additional features’ to ensure ‘that the [claim] is more than a drafting effort designed to monopolize the [abstract idea].’” These additional features cannot simply be “‘well-understood, routine, conventional activit[ies]’ previously known to the industry.” Adding novel or non-routine components is not necessarily enough to survive a § 101 challenge either. Instead, the inventive concept must be “sufficient to ensure that the patent in practice amounts to significantly more” than a patent on the abstract idea.

Ultimately, the Federal Circuit found that the “inventive concept” that solves problems identified in the field of the Chargepoint patents is that the charging stations are network-controlled. But the Court also found that network control is the abstract idea itself, and “a claimed invention’s use of the ineligible concept to which it is directed cannot supply the inventive concept that renders the invention ‘significantly more’ than that ineligible concept.” Therefore, the Court agreed with Semaconnect that Chargepoint’s patent claims were not improvements in the technology of electric charging stations themselves, so that the only possible inventive concept in the asserted Chargepoint patent claims is the abstract idea itself. Because the abstract idea itself cannot supply the inventive concept at step two, the Federal Circuit found the claims were ineligible for patenting.

The *Chargepoint* case highlights the difficulty in establishing that an invention in the computer network field is eligible for patenting. In its opinion in *Chargepoint*, the Federal Circuit emphasized its precedential opinions under Section 101 which held that providing technical detail in the specification which specifically describes the components or operation of the components which comprise the invention is not enough to render the invention eligible for patenting under Section 101. The Federal Circuit, as noted above, also emphasized the fact that reciting a tangible machine or apparatus in the claims which is used to accomplish the invention is also not enough. This leaves very few options for the drafter of a patent application in this field to establish that the invention is eligible for patenting under

Section 101. Every effort must therefore be made to describe in the specification how the invention is an improvement in the underlying technology that performs the object or functions to which the invention is directed, and how the invention is better, from an operational or technological standpoint, than the systems that are disclosed in the prior art. Had Chargepoint been able to point to descriptions of such improvements in the specification and claim, the outcome of the case may have been different.

FEDERAL CIRCUIT CLARIFIES STANDARD FOR RELIANCE ON INHERENT DISCLOSURES OF SUBJECT MATTER IN THE PRIOR ART

The U.S. Court of Appeals for the Federal Circuit recently clarified the standards for relying on inherent disclosures of subject matter found in prior art references when applying those references to find a patent's claims unpatentable for obviousness under 35 U.S.C. 103. In *Personal Web Technologies, LLC v. Apple, Inc.*, Appeal No. 2018-1599, Apple had filed a request for *inter partes* review with the USPTO's Patent Trial and Appeal Board ("PTAB"), alleging that Personal Web Technologies' ("PWT) patent was invalid for obviousness based on the teachings of two prior art patent references. PWT's patent was directed a method for controlling access to data in a data processing system by using content names that were determined based on the data which comprised the content of the data item.

The PTAB found that five (5) claims of PWT's patent were unpatentable for obviousness. PWT then appealed the PTAB's decision to the Federal Circuit. In that first appeal, the Federal Circuit disagreed with the PTAB's interpretation and application of the two cited references to find the patent claims obvious, and it disagreed with the PTAB's reasoning for finding that there was a motivation or suggestion to combine the teachings of the two references to arrive at the claimed inventions. The Court therefore remanded the case to the PTAB for reconsideration of its decision.

On remand, the PTAB maintained the same obviousness theory of unpatentability, except the Board relied on the second reference to teach critical elements of the PWT patent claims rather than the first reference, as it had done in its original decision. The Federal Circuit had suggested that the PTAB rely on the second reference for those critical claim elements in its opinion reversing and remanding the case. In its revised decision on remand, the PTAB relied on the testimony of Apple's technical expert who stated that the second reference "must" teach the critical claim elements as an inherent part of its disclosed process. The PTAB therefore found that the critical claim elements "*necessarily must* be accomplished" using the components of the system disclosed in the second reference, even though there was no explicit disclosure of such usage. As a result, the PTAB found that the second reference inherently teaches the critical claim elements. The PTAB therefore reaffirmed its original conclusion that PWT's patent claims were obvious.

PWT appealed the PTAB's decision to the Federal Circuit for a second time. The Federal Circuit once again reversed the PTAB's ruling that the PWT patent claims were obvious. The Court held that the PTAB's finding that the critical claim elements of the PWT patent were inherently disclosed in the second reference lacked substantial evidence. Under U.S. Patent Law, a prior art reference may be used for what it expressly discloses, as well as what it may inherently disclose to a person of ordinary skill in the art to

which the patent is directed. The Federal Circuit found that while it was “possible” that the reference inherently taught the critical claim elements, “mere possibility is not enough,” and inherency “may not be established by probabilities or possibilities.” The fact that a certain thing *may* result from a given set of circumstances shown in a prior art reference is not sufficient. Rather, a party must show that *the natural result flowing* from the operation as taught would result in the performance of the questioned function.” That is, the party challenging the validity of the patent must show that the critical claim elements *naturally result* from the inherent teachings of the reference, *i.e.*, that there must be only one explanation for that inherent teaching. The Federal Circuit agreed with PWT that there was an equally plausible understanding and interpretation of the second reference which was different from the operation of the critical claim elements of PWT’s patent. The second reference did not disclose searching for a file based on a content-based identifier, as required by the patent claims. As a result, the inherent teaching of the second reference did not *necessarily result* in the completion of the critical claim elements.

The Federal Circuit’s decision in *Personal Web Technologies* is instructive to both patent owners and to those third-parties who wish to challenge the validity of a patent based on the inherent teaching of the prior art. The first is that the teaching of the prior art reference must be considered as a whole. In *Personal Web Technologies*, Apple relied on only a portion of the disclosure of the invention in the second reference which supported its conclusion that it inherently disclosed the critical claim elements. This allowed PWT to point to additional disclosure of subject matter in the second reference which provided another plausible explanation of the operation of the inherent teaching which led away from the critical claim elements of its patent. Therefore, only theories of inherent disclosure which are consistent with all of the teachings of the reference will likely be successful.

The Federal Circuit also appears to be applying a strict standard for inherent disclosure, so that it is only applied when there is only one plausible explanation of the significance of the inherent teachings of a reference. That is understandable, since reliance on the explicit disclosures of a prior art reference is preferred. If the patent owner is able to provide other plausible explanations regarding what the reference inherently discloses, with the assistance of the testimony of a credible technical expert, then it will most likely defeat the challenger’s inherency argument.

FEDERAL CIRCUIT REVERSES JURY VERDICT OF PATENT INFRINGEMENT BASED ON AN ERRONEOUS CLAIM CONSTRUCTION

In *Continental Circuits, LLC v. Intel Corporation*, Appeal No. 2018-1076, the U.S. Court of Appeals for the Federal Circuit reversed a jury verdict of non-infringement of four (4) U.S. Patents in the United States District Court for the District of Arizona. The Federal Circuit found that the jury verdict was based on an erroneous interpretation or “construction” of the patents’ claims that was entered by the District Court.

Continental Circuits owns four (4) U.S. Patents that are directed to a multilayer electrical device having a tooth structure, and methods for making that device. The patented inventions are intended to solve the

problem of multilayer electronic devices which suffer from delamination, blistering and other reliability problems. The patents do so by forming a unique surface structure comprised of teeth that are preferably angled or hooked like fangs or canine teeth to enable one layer to mechanically grip a second layer. Increased surface area of the teeth improves the adhesion of the layers to one another. The four patents share substantially the same specification, as they are continuations of one another.

Continental sued Intel for infringement of its four patents. The District Court held a claim construction hearing pursuant to the U.S. Supreme Court's decision in *Markman v. Westview Instruments*. The patent claims at issue included terms such as "surface," "removal," and "etching" of a dielectric material. The District Court construed those terms narrowly to require that the dielectric material be "produced by a repeated desmear process," as was explicitly described in the specification. Ordinarily, patent claim terms are to be given their broad plain and ordinary meaning, and they are not supposed to be interpreted to include additional elements or limitations that are described in the specification in order to narrow or limit their scope. However, in *Continental*, the District Court concluded that Intel had "met the exacting standard required to read a limitation into the claims" from the specification. Specifically, the District Court found that the specification not only "repeatedly distinguish[ed] the process covered by the patent from the prior art and its use of a 'single desmear process,'" but also characterized "the present invention" as using a repeated desmear process, thus limiting the claimed invention to that specific process.

The District Court also relied on the prosecution file history of the Continental patents to support this narrowed construction of those patent claim terms. During prosecution, the Examiner made indefiniteness and written description rejections under 35 U.S.C. 112 based on the claim limitation "etching of the epoxy uses non-homogeneity with the solid content," which is used to bring about formation of the non-uniformly roughened surface of the angular tooth-shaped cavities. In response to the office action, Continental submitted an expert declaration explaining that the "etching" process disclosed in the specification uses "this known Probelec XB[]7081 resin" and "two separate swell and etch steps" as "a technique which forms the teeth." The district court found that the expert declaration "clearly describe[d] the patented method as involving two etching processes." Moreover, the district court observed that extrinsic documents produced by the inventors of the patents state the use of a "two pass desmear cycle" and that "we use a double pass desmear to achieve the tooth structure." The court acknowledged that those statements were "not reliable enough to be dispositive" on their own, but found they "provide[d] helpful corroboration."

On appeal, Continental argued that the District Court erred by construing the "surface, removal and etching" claim terms to require that the dielectric material be "produced by a repeated desmear process." The Federal Circuit agreed with Continental that the district court erred in limiting the claims to require a repeated desmear process. The Federal Circuit noted that District Courts should give the claims their ordinary and customary meaning, which is "the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention." Such Courts should primarily rely on the "intrinsic evidence" of claim construction, which includes "the words of the claims themselves, the remainder of the specification, the prosecution history, and extrinsic evidence concerning relevant scientific principles, the meaning of technical terms, and the state of the art." From this list of sources, "the claims themselves provide substantial guidance as to the meaning of particular claim terms." However, according to the Court, the claims "do not stand alone," and they are part of "a fully integrated

written instrument,' consisting principally of a specification that concludes with the claims," and must therefore "be read in view of the specification," which "is always highly relevant to the claim construction analysis." Like the specification, "the prosecution history provides evidence of how the USPTO and the inventor understood the patent." The Federal Circuit has cautioned, however, that "because the prosecution history represents an ongoing negotiation between the PTO and the applicant, rather than the final product of that negotiation, it often lacks the clarity of the specification and thus is less useful for claim construction purposes." *Id.*

Applying these principles of claim construction to the disputed claim terms of the Continental patents, the Federal Circuit found that none of the asserted claims actually recited a "repeated desmear process." Therefore, based on the plain language, the claims are not limited to a repeated desmear process. The Court then read the claims "in view of the specification, of which they are a part." The Federal Circuit recognized that "the specification may reveal a special definition given to a claim term by the patentee that differs from the meaning it would otherwise possess." When the patentee acts as its own lexicographer, that definition governs, as long as the patentee's words 'clearly set forth a definition of the disputed claim term' other than its plain and ordinary meaning." The Court also noted that "the specification may reveal an intentional disclaimer, or disavowal, of claim scope." In those situations, it is again the inventor's disavowal that is dispositive of the claim construction. According to the Federal Circuit, "[t]o disavow claim scope, the specification must contain 'expressions of manifest exclusion or restriction, representing a clear disavowal of claim scope.'" As the Federal Circuit acknowledged in *Continental Circuits*, there is a "fine line between construing the claims in light of the specification and improperly importing a limitation from the specification into the claims."

Based on its review of the specification, the Federal Circuit found that none of the statements relied upon by the District Court rises to the level of "a clear and unmistakable disclaimer" of claimed subject matter that would cause a narrowing of the scope of the patents' claims. The specification begins by explaining that the invention is an "electrical device" with teeth, but then explains that "[o]ne technique for forming the teeth," which is "contrary to all known teachings in the prior art" is the double desmear process. Additionally, the specification provided that "the present invention *can be carried out* by a new use" of a dielectric material called Probelec XB 7081" and "[f]or example, the present invention differs from the common desmear process in that sub-steps in the desmear process are repeated as *a way* of forming the teeth." This, the patent explains, is "[i]n stark contrast with the etch and swell process of the known prior art." The specification also notes that the peel strength produced by the new use of Probelec XB 7081 is greater than that of "the prior art, i.e., a single pass desmear process."

The Federal Circuit concluded that those statements simply describe how to make the claimed invention using the preferred Probelec XB 7081 in a "new" way that is different from the prior art process, and are not statements clearly limiting the claimed "electrical device" to require a repeated desmear process. Relying on its prior precedent, the Federal Circuit found that the use in the specification of phrases such as "one technique," "can be carried out," and "a way" indicate that using Probelec XB 7081 is only one method for making the invention and does not automatically lead to finding a clear disavowal of claim scope. The Federal Circuit also "expressly rejected the contention that if a patent describes only a single embodiment, the claims of the patent must be construed as being limited to that embodiment."

Additionally, the Federal Circuit pointed to statements in the specification distinguishing the double desmear process as “contrary to” or “in stark contrast” with the single desmear process, and noted that they are not clear and unmistakable limiting statements. The Federal Circuit has held in prior cases that “[m]ere criticism of a particular embodiment . . . is not sufficient to rise to the level of clear disavowal.” Thus, comparing and contrasting the present technique to that of the prior art does not “rise to the level of [a] clear disavowal” of claim scope. Similarly, the descriptions of “the present invention,” which also appear within the discussion of the preferred embodiment, were not found by the Court to be limiting here. While descriptions “of the ‘present invention’ as a whole” could limit the scope of the invention, the Federal Circuit has consistently held that “use of the phrase ‘present invention’ or ‘this invention’ is not always so limiting, such as where the references . . . are not uniform, or where other portions of the intrinsic evidence do not support applying the limitation to the entire patent.” On that basis, the Federal Circuit also found that the use of “the present invention” throughout the specification of the Continental patents does not uniformly require use of a repeated desmear process, so that the claims should not be limited to that single embodiment.

With regard to the prosecution file histories of the Continental patents, the Federal Circuit noted that similar to disclaimers in the specification, “[t]o operate as a disclaimer, the statement in the prosecution history must be clear and unambiguous, and constitute a clear disavowal of scope.” The Court disagreed that such a clear disavowal exists in the prosecution history of the Continental patents. The expert declaration cited by the District Court explained that the written description disclosed “*a technique* which forms the teeth” by “performing two separate swell and etch steps.” However, the Federal Circuit found that clearly describing a particular claim term to overcome an indefiniteness or written description rejection is not the same as clearly disavowing claim scope. Moreover, the Federal Circuit noted that the statements in the expert declaration merely explain one technique for forming teeth and do not amount to clear statements of disavowal. Therefore, the Court concluded that the cited statements in the prosecution history do not clearly and unmistakably disavow any claim scope.

Finally, with regard to the secondary, “less-reliable” extrinsic evidence that the District Court relied on, which consists of inventor documents that state that the inventors used “two passes through desmear,” and a “double pass desmear,” to achieve the tooth structure, the Federal Circuit found that they merely reflect use of the preferred embodiment but give the public no indication that they have any limiting effect. Therefore, the Federal Circuit found that they it did not establish a clear disclaimer of claimed subject matter either.

The Federal Circuit’s opinion in *Continental Circuits* provides a useful roadmap to properly construing patent claim terms, when there is evidence of their meaning in the claims themselves, the specification and the prosecution file history. However, the Federal Circuit appears to be currently taking a strict approach to claim construction, where it will interpret patent claims broadly, according to their ordinary and customary meaning to a person of ordinary skill in the art, unless there is a clear, consistent and unmistakable intention on the part of the inventor to limit the meaning of the claim terms by providing a specific definition of those terms in the specification, or by specifically describing the invention to be limited to certain elements. The same is true of the prosecution file history, where statements describing the meaning of claim terms will not be used to limit or narrow the scope of coverage of those terms, unless those statements clearly indicate that the invention must include those features or elements. In this

way, the Federal Circuit appears to be moving away from some of its prior decisions in which it construed patent claims to include limitations from the specification, limited the claims to the single embodiment of the invention described in the specification, or found that arguments made during prosecution were limiting. This may result in generally broader interpretations of patent claims in many cases.

NEWS FROM THE U.S. SUPREME COURT

The United States Supreme Court is currently deciding whether it will hear several cases involving patents. Three of those cases may have a substantial impact on U.S. patent practices, and the value of U.S. patent rights, if the Court decides to weigh in.

In *InvestPIC, LLC v. SAP America*, Case No. 18-1199, the Supreme Court has been asked to review a decision of the U.S. Court of Appeals for the Federal Circuit in which that Court further defined and limited the categories of inventions that would or would not qualify as patentable subject matter under 35 U.S.C. 101, in view of the Supreme Court's prior decision in *Alice Corp. v. CLS Bank*. In *InvestPIC*, the Federal Circuit required that a claimed invention occur in the "physical realm" as a prerequisite to finding eligibility under Section 101 and *Alice*.

The patent at issue in *InvestPIC* claimed a method performed on a computer for using historical investment data to assess risk in a multi-asset investment portfolio. The Federal Circuit found that this patented invention was not directed to patentable subject matter because it was "directed toward the abstract ideas of mathematical calculations and data manipulation" and lacked any independent inventive concept, as required by the Supreme Court's *Alice* decision. In making its ruling, the Federal Circuit required that for an invention to be eligible for patenting under Section 101, the improvement that is accomplished by the claimed method must occur in the "physical realm," and not simply be an improvement in wholly abstract ideas, in this case the selection and mathematical analysis of information, followed by reporting or display of the results to a user. Therefore, the Federal Circuit required the claims to result in the creation of something physical, such as creating better quality images, or better computer system performance, etc. A mere improvement in a mathematical technique did not occur in the physical realm, and was therefore abstract and unpatentable.

If it decides to hear the *InvestPIC* case, the Supreme Court must decide whether the Federal Circuit's "physical realm" requirement for patent eligibility is consistent with the Patent Clause of the U.S. Constitution, Section 101 of the Patent Act, and the Supreme Court's *Alice* decision. If the "physical realm" requirement becomes established law, it may call into question the patentability of inventions, and the validity of U.S. patents, that are directed to computer-executed inventions that do not produce an identifiable physical or tangible result. This may further narrow the circumstances under which a computer or software-based invention will be found patentable, particularly if the patent claims are directed to a method or process. This may discourage investment and innovation in those fields in the U.S.

The second case of note involves potential overreaching by the USPTO. In *Gilbert P. Hyatt v. Andrei Iancu*, No. 18-1285, Mr. Hyatt is challenging the legality of the USPTO's long-standing practice of reopening prosecution of a patent application after a final rejection has been appealed to the USPTO's Patent Trial and Appeal Board and after the Applicant has filed its appeal brief. Rather than require the Examiner in such cases to present his or her Examiner's Answer defending the final rejection, Section 1207.04 of the Manual of Patent Examination Procedure allows the Examiner, with the approval of the

supervisory patent examiner, to reopen prosecution and enter a new ground of rejection in response to the Applicant's appeal brief. This reopening of prosecution has the effect of terminating the pending appeal and returning the case back to the Examiner for further prosecution.

This practice allows the Examiners to potentially cycle through several rounds of rejections of the patent claims until the Examiner finds one that will prevail on appeal or which requires the Applicant to narrow the patent claims through amendment. The Supreme Court is considering Hyatt's petition for certiorari on the question of whether *MPEP* § 1207.04 violates s patent applicants' statutory right of appeal following a second rejection because it allows the Examiner to withdraw the rejection after the Applicant files its notice of appeal and appeal brief, and enter another rejection based on different grounds. Hyatt argues that 35 U.S.C. 6 and 134 allow an Applicant to appeal the Examiner's second rejection, and require the PTAB to review those adverse decisions of Examiners. *MPEP* 1207.04 therefore frustrates the purpose of those statutory provisions, and may prevent Applicants from ever presenting important issues to the PTAB for decision, and thereby protect their rights. Allowing repeated "cycling" from final rejections of the patent's claims, to appeals, to further rejections of the patent claims on different grounds may unduly delay the issuance of the patent, and in some extreme cases, unfairly prevent a patent from ever issuing at all.

Finally, in *Acorda Therapeutics, Inc., v. Roxane Laboratories, Inc.*, 18-1280, the Supreme Court is considering Acorda's petition for certiorari on the question of the effect, if any, that a do-called "blocking patent" may have on the ability of a patent owner to rely on the secondary indicia of non-obviousness in order to defeat a claim that the patent is invalid based on obviousness under 35 U.S.C. 103. A "blocking patent" is a patent whose claims are broad enough to preclude competitors from making and selling a product that competes with the patented invention. Under U.S. Patent Law, if prior art inventions are presented which establish that the patented invention is invalid for obviousness, the patent owner may still be able to defeat such a claim of obviousness and maintain the validity of its patent, by presenting substantial evidence of secondary indicia of non-obviousness, such as the commercial success of the product, failure by others to solve the problem that is solved by the patented invention, or that the patented invention satisfied a long-felt need in the marketplace.

In order for evidence of secondary indicia of non-obviousness to be relevant, there must be evidence of a causal nexus between the patented invention, and the particular evidence of secondary indicia of non-obviousness that the patent owner is relying on. Essentially, there must be proof that the patented invention is what led to the commercial success of the product or was the reason why the product satisfied a long-felt-need, etc. In *Acorda*, the U.S. Court of Appeals for the Federal Circuit had ruled that secondary evidence of non-obviousness may be disregarded if the patent in question is found to be a blocking patent, because it was assumed that the presence of the secondary indicia resulted from the fact that the patent blocked all competition, and not from the inherent qualitative value of the patented invention itself. If this blocking patent doctrine is not overruled, then it may become much easier to prove that patents which cover successful, innovative products, are invalid based on obviousness. This may in turn discourage investment and innovation in pioneering fields of technology that may give rise to the issuance of broad blocking patents in the first place. Progress in the scientific and technical arts may suffer as a result.

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