

Lawyers Weigh In On High Court's Software Patent Ruling

Law360, New York (June 19, 2014, 8:07 PM ET) -- The U.S. Supreme Court on Thursday ruled that computerized abstract ideas are not patent eligible. Here, attorneys tell Law360 why the decision in *Alice Corp. Pty Ltd. v. CLS Bank International* is significant.

Steve Coyle, Cantor Colburn LLP



"In *Alice*, the Supreme Court continues its trend of tightening the subject matter requirement of Section 101. As in *Bilski* and *Mayo*, the *Alice* court reaffirmed that abstract ideas are a judicial exception to patentability due to preemption concerns. The Section 101 inquiry is a two-step process: identify patent-ineligible matter such as abstract ideas and determine whether additional elements 'transform' the claim into a patent-eligible 'inventive concept.' Disappointingly, the court did not define 'abstract ideas' or 'transformation.' While a generic computer may be insufficient, recitation of specific hardware or novel steps may be sufficiently transformative."

Scott Alter, Faegre Baker Daniels

"*Alice* not only will make it more difficult to protect and enforce innovative software-related inventions, but provides little guidance on the bounds of patent eligibility while obfuscating the distinction between patent eligibility and novelty. The court's admonition of making patent eligibility 'depend simply on the draftsman's art' has, in effect, been turned on its head to allow patent ineligibility to largely depend on what aspects of a claim can be imagined as a patent-ineligible 'abstract idea,' per step one of the court's two-part analysis. With little concrete guidance being given to this step, the scope of what the abstract idea could encompass — for nearly any technology — is potentially quite broad."

Demetrios Anaipakos, Ahmad Zavitsanos Anaipakos Alavi & Mensing PC

"The Supreme Court's opinion in *Alice* purposefully sidesteps the issue of defining under what circumstances an idea is too 'abstract' to be patent-eligible under Section 101. Instead, the court merely emphasized its earlier precedent, especially *Mayo* and *Bilski*. Since the current confusion concerning Section 101 was, to a large extent, created by *Mayo*, *Bilski*, and their progeny, *Alice* leaves practitioners and courts just as perplexed to define the precise parameters of patent eligibility under Section 101 as they were before it was rendered. We know *Alice* has invalid patents, but not much else."

Maria Anderson, Knobbe Martens Olson & Bear LLP

“The Supreme Court’s approach is similar to what qualified patent practitioners have known for quite some time. Methods that simply use a general purpose computer to reproduce what a person could ‘do in his/her head’ or to conduct business transactions that are conventionally performed over the phone, through emails, with spreadsheets, etc. — such as the subject matter claimed in this case and in *Bilski* — are not patent eligible subject matter. Thus, the court has squarely placed the burden on the patent drafter to look deeper, and do more than recite the ‘purely conventional.’ The decision is unlikely to significantly affect software patents involving other types of inventions, and especially those of a more technical nature.”

Timothy R. Baumann, Fitch Even Tabin & Flannery LLP

“Although there were fears that the Supreme Court would eviscerate software patents, I do not think that’s what happened with this decision. No precedent was overturned. In fact, the court stated that it must ‘tread carefully’ in this area lest its decision might ‘swallow all of patent law.’ In the end, the holding of the case was rather limited. The court held that the particular claimed method was an abstract idea and, as such, was not eligible for patent protection. It further held that the particular system and computer code claims were not made patent-eligible merely by reciting a general-purpose computer. Importantly, the court said that application of seemingly abstract concepts to a useful end remains eligible for patent protection. The challenge in drafting and enforcing claims is to make certain this guidance is followed.”

George Beck, Foley & Lardner LLP

“The Supreme Court’s decision in *Alice* clarifies that recitation of generic computer hardware elements is insufficient to establish eligibility of an otherwise abstract concept. This has importance for patents and patent applications claiming computer-implemented technology, particularly so-called ‘business methods’ in which novelty lies with non-technical features. Merely claiming an otherwise abstract idea, such as hedging risk or intermediated settlement as computer implemented methods or systems is insufficient to establish patent eligibility. On the other hand, the opinion indicates that software related patents that affect the function and operation of a computer likely remain patent eligible. The court’s holding, however, may not be limited to the computer field, and may apply to other patents that arguably are drawn to abstract ideas, natural phenomena or laws of nature. As the court’s decision recognizes, most inventions involve some application of these concepts. Lower courts will likely need to address what other areas beyond those addressed in this case may be directed to patent-ineligible abstract ideas, natural phenomena and laws of nature. Further, the U.S. Patent & Trademark Office will likely consider guidelines that may make it more difficult to obtain patents for inventions that appear to be broadly drawn to these concepts. To the extent such concepts are implicated, patent owners and patent applicants may face a greater need to show that their inventions are drawn to specific applications of those concepts that are new and non-obvious, and do not entirely preempt all applications of an abstract idea, natural phenomenon or law of nature.”

Erik Paul Belt, McCarter & English LLP

“The significance of today’s opinion is that it specifies a two-part test for determining whether software is patent eligible. Step 1 is to determine whether the claim is drawn to an abstract idea. Step 2 is to determine whether there is an inventive concept that transforms the abstract idea into eligible subject matter. It’s that simple. Or is it? The court declined to define ‘abstract idea’ but provided a clue. Compare the claim at issue to the abstract idea at the heart of the patent claims in *Bilski*. If the claims are analogous, then the idea of the challenged claim is abstract.”

Richard Bone, VLP Law Group LLP

"Today's decision plugs a hole left open in the court's 2010 Bilski decision: whether requiring an otherwise abstract idea to be performed on a computer would escape a patent ineligibility finding. The answer is a resounding no. But all that means for practitioners is that the debate has shifted back to whether the underlying invention is merely an 'abstract' idea. Other than the analysis in Bilski, Mayo and now Alice, the court has offered little concrete guidance in this area beyond its concern that patent claims should not preempt the use of the invention in all fields by simply claiming the 'building blocks of human ingenuity.' Nevertheless, it seems inevitable that patentees will face greater struggles to secure patent protection for computer-implemented inventions now, particularly in the area of financial transactions."

John Boyd, Rimon PC

"I think patent applicants, the Patent Office and courts will have difficulty applying the court's decision. The court is dividing patent law into separate spheres — the court notes that Laws of Nature/Natural Phenomena are previously existing and include those that are unknown and those already discovered. They are in a sense already part of the public domain. In contrast, the concept of 'abstract idea' encompasses new innovations not taught or suggested by the prior art. I think the court should have chosen obviousness to invalidate the claims if intermediated settlements are 'a fundamental economic practice long prevalent in our system of commerce' and the computer-related steps were obvious."

Robert Brunelli, Sheridan Ross PC

"In a unanimous, but patently — pun intended — irrational decision, the court held that patent claims drawn to a particular method of mitigating settlement risk which is implement on general purpose computer hardware through specifically configured software are patent ineligible under 35 USC Section 101. The court's decision never once used the word 'software,' which is quite surprising since the decision will bring into question the continued validity of may claims issued in tens, if not hundreds, of thousands of software patents currently on the patent register. The decision is particularly difficult to understand since the patent statutes specifically recognize that software is patent eligible, being mentioned throughout the statute. Indeed, software is even specifically mentioned in the America Invents Act — legislation which updated the patent laws — in 2011, as being eligible for patenting. In the end, the impact of today's decision will be left to the country's district courts and the Federal Circuit to interpret and apply. Hopefully, they will do so narrowly and with an eye toward preserving value created by some of this country's companies through patent portfolios created over several decades of invention and investment."

James Carroll, Alston & Bird LLP

"Rather than a sea change in the patent landscape, this case provides another guidepost in the same vein as Bilski and Mayo. Perhaps the most significant development as a result of this decision will be the end of the practice of inserting a 'processor' or 'computer' to save method claims that would not otherwise survive a Section 101 challenge. The lack of a clear standard for determining the 'concept' of a given claim gives practitioners room to argue that their claims are not directed to an abstract idea or, at worst, are directed to a specific application thereof."

Steve Cherny, Kirkland & Ellis LLP

"The real question going forward is where is the line between abstract and not abstract? That is a bit of an abstract question itself. There are going to be really tough cases ahead where the courts will have to fill in the framework and help people understand where the line is."

Monte Cooper, Orrick Herrington & Sutcliffe

“The Supreme Court’s conclusion that claims are patent ineligible when they merely require ‘generic computer implementation’ will likely have profound effects in both patent litigation and patent prosecution. In litigation, the decision is certain to open the floodgates for defendants to challenge — both before the district courts and before the [Patent Trial and Appeal Board] — the numerous patents directed to software and hardware applications, regardless of whether the claims in the underlying patents are rooted in method claims, system claims, or claims specifically tied to a computer media. The court is clear that if recitation of a computer in the claims amounts to a mere instruction to implement an abstract idea on a computer, that addition cannot impart patent eligibility. And the Justices extend that conclusion to system claims that recite a handful of generic computer components configured to implement the same idea. Arguably, many claims involved in litigation could be so characterized. Meanwhile, for patent prosecutors, the Supreme Court’s ruling creates exceptional pressure to draft claims that show how the use of a computer or hardware itself does more than implement a generic function, and for software innovations that may be no easy task.”

Allyson Deraps, Farella Braun & Martel LLP

“This decision affirms that Alice’s claims are patent-ineligible because they are drawn to the abstract idea of intermediated settlement and fail to transform that abstraction into an invention. The opinion repeatedly refers to the claims’ use of a ‘generic’ computer, holding that ‘wholly generic computer implementation’ of an abstract idea is not sufficiently transformative. But the court offers limited clarity on the types of computer implementation that would take a claim beyond the realm of the generic. Future challenges to the eligibility of software patents are likely to focus on precisely that issue.”

Scott W. Doyle, Shearman & Sterling LLP

“The Supreme Court, in unanimously holding that claims to an automated process for settling financial transactions were patent ineligible, applied the test set forth in Prometheus, determining that the claims were drawn to an abstract idea — ‘intermediated settlement’ — and finding that the claims did not add ‘additional features’ sufficient to transform the claims into patent-eligibility. The court reiterated that a generic computer implementation is not sufficient, but guidance on what would be enough was missing. Notwithstanding the court never once using the word software in the opinion, scores of software claims, as typically drafted, may now be patent ineligible since many, if not most, use generic computer implementations.”

John Dragseth, Fish & Richardson PC

“The decision in Alice is not unexpected — it’s really just an effort to make clear that Mayo involved a ‘grand unifying theory’ for patent eligibility, and then to apply that theory to some Bilski-like claims. For appellate attorneys, expect the Federal Circuit to keep doing what it’s been doing post-Mayo — though without Judge Rader speaking up anymore. For district court attorneys, read the opinion and sharpen your pencils because you might have some new ammunition as a defendant. For prosecuting attorneys, pretend you are German — or perhaps French or Italian, if that makes your Walter Mitty-like dream better — [because] if you just use a European standard for patentability, you should be safe.”

Margaret Duncan, McDermott Will & Emery LLP

“The Supreme Court confirmed that computer-implemented inventions, such as computer software, remain eligible for patent protection in the U.S. Today’s decision also confirmed the Supreme Court’s prior precedent that abstract ideas are not patent eligible. The court found that abstract ideas cannot be made patent eligible merely by adding generic language such as ‘implementation via computers.’ There must be something more, such as additional features or steps that are more than ‘well-understood, routine, conventional activities’ to provide practical assurance that a claim to a computer-implemented

invention is more than a drafting effort designed to monopolize the abstract idea itself.”

Tom Duston, Marshall Gerstein & Borun LLP

“Acknowledging that ‘[a]t some level, all inventions embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas,’ the U.S. Supreme Court today declared that inventions are not rendered ineligible for patenting merely because they involve an abstract concept. Unfortunately, the court has continued its recent pattern of declaring what the law is not, but offering little in the way of guidance concerning what the law is. Beyond observing that the implementation of an idea using a ‘generic computer’ is not patentable, the court simply suggests that lower courts be guided by an overriding concern that extending patent protection not ‘preempt’ the use of abstract ideas, thus ‘tying up’ their use and inhibiting further discoveries by others.”

Ching-Lee Fukuda, Ropes & Gray LLP

“The Supreme Court’s 9-0 decision in Alice provides much-needed clarification for computer-implemented claims — a definitive statement that implementing an abstract idea on a generic computer cannot impart patent eligibility. In reaching that conclusion, the Alice decision also emphasized two principles for Section 101 analysis that are equally applicable to all technology areas: that preemption drives the exclusionary principle behind Section 101; and that an inventive concept is necessary to ensure that the claims are directed to ‘significantly more’ than merely an abstract idea. In future litigation involving Section 101, I would expect the dispute to revolve around these two principles. Based on the clarification, I also would expect there to be an increase in motions to dismiss and summary judgment motions filed under Section 101.”

Graham Gerst, Global IP Law Group

“Patent law is a complex area of the law, with numerous interweaving doctrines. When generalists enter this arena, they sometimes fail to understand how different concepts relate to each other within the statutory framework. Today’s Alice Corp. decision is one more example of this failure. In an effort to explain its recent decisions about when patents involving abstract ideas are patentable under Section 101, the court relies on concepts more appropriate for a novelty analysis under 35 Sections 102 and 103. The result of this decision, therefore, will be more confusion about patentability under 101, not less.”

Shawn Hansen, Nixon Peabody LLP

“The software industry can breathe a sigh of relief. Alice does not mean that software cannot ever be patented. Instead, it follows the principles announced in the Supreme Court’s previous decisions in Bilski and Mayo without creating a new rule. Where a software patent claim is directed to an abstract idea, like risk hedging or intermediated settlement of transactions, it must contain something more, an ‘inventive concept,’ to be eligible for patenting. Integrating a computer, without more, will not meet that standard. The Diehr case is held out as an example of what CAN be patentable: improvement of a technological process with a novel and nonobvious inventive concept beyond merely implementing it on a computer. In this sense, the patent eligibility analysis dovetails with the analyses of novelty and obviousness. The application of an abstract idea must advance technology in a way akin to passing the novelty and obviousness requirements in order to be patent eligible.”

Alan Heinrich, Irell & Manella LLP

“Alice resolves some questions on the ‘abstract idea’ exception to patent-eligible subject matter, but it leaves unanswered the predicate question of how to determine whether a claim is directed to an ‘abstract idea.’ The Federal Circuit is split on this issue, but the court today does not resolve it — stating that ‘we need not labor to delimit the precise contours of the “abstract ideas” category in this case.’ Alice continues the court’s ‘we’ll know it when we see it’ approach to the ‘abstract idea’ exception. We

can expect continued litigation over this issue, and a continued Federal Circuit split.”

Michelle K. Holoubek, Sterne Kessler Goldstein & Fox PLLC

"The decision is quite significant to Alice. To everyone else, there is still plenty of room for interpretation. What does it mean to be 'abstract?' We still don't know, and the court explicitly declined to define the term. That lack of clarity is what got us here in the first place. It will be up to the Federal Circuit and the PTO, again, to try and answer the question they have been struggling with post-Bilski. I suspect we will be arguing this issue for years to come, with both sides being able to cite to this decision for support."

Bradley Hulbert, McDonnell Boehnen Hulbert & Berghoff LLP

"Upon the issuance of the Alice Corp. decision, I believe that SCOTUS is even more closely following the European model of judging patentable eligibility of subject matter based on a test akin to the 'technical effect' test applied by the European Patent Office. In the U.S. now, as well as at the EPO, to be patent eligible, a claim must do more than merely instruct implementation of an abstract idea on a generic computer — even if the computer is a 'concrete,' physical machine."

Willy Jay, Goodwin Procter LLP

"This decision will be implemented not just by the courts, but by the Patent and Trademark Office and the Patent Trial and Appeal Board. Patent-ineligibility can be a basis for a 'covered business method' administrative challenge to existing patents, and proceeding in that forum can be a cost-effective way to challenge a patent once litigation is threatened. The Supreme Court's decision leaves ample room for the Board and the federal courts to elaborate on how significant a computer's role must be before it turns a non-patentable claim into a patentable one. The court made clear that any existing claim is vulnerable if it does not require 'significantly more' than just implementing an abstract idea using a computer, or reciting basic computer functions like calculation or storage. The next battles will be fought over what constitutes a significant role for the computer in particular contexts. The court mentioned one way of differentiating a claim from the patent-ineligible claim in Alice: claiming a method that actually improves the functioning of the computer."

Adam Kelly, Loeb & Loeb LLP

"The Supreme Court's decision is the death knell to patent holders of computer-based inventions in the financial industry, because now many of those patents are invalid. Many viable companies around the United States have faced staunch, expensive infringement actions arising from dubious patents like those previously asserted by Alice Corp. Now those companies can breathe easier with this long-awaited decision in the books. These patents were a plague on the US economy."

Wayne Keown, Verrill Dana LLP

"Consistent with its earlier holding in Bilski, the court found the patents invalid for trying to patent an abstract idea, which is not statutory subject matter for patenting. Also consistent with Bilski, the court declined to rule that business methods are per se unpatentable. The court found the method to be an abstract idea and that the claims merely require generic computer implementation. It referred to the patents as 'no more than a drafting effort to monopolize the abstract idea itself.' This is probably the right result. However, in discussing whether the abstract idea was well known, the court continued to demonstrate its confusion between statutory subject matter and obviousness."

Cindy Kernick, Reed Smith LLP

"This important and unanimous decision clarifies any perceived ambiguity of Bilski and Mayo. It now clearly is not patentable subject matter if the claim is drawn to an abstract idea as performed by a

generic computer. To be patentable, the claims will need to improve the function of the computer itself or make some other improvement in a technical field. The expected result is that many patents suits now pending will be resolved on summary disposition under section 101 and, hopefully this will make some of the trolls stop and rethink the merits of their demands."

Michael Kikis, Oblon Spivak McClelland Maier & Neustadt LLP

"For those staring down a business method patent or a software patent with tenuous ties to a computer, there is good news: such patents are now easier to invalidate for not reciting patentable subject matter. The Supreme Court requires that, when a claim recites an abstract idea like a well-known business method, the claim must contain meaningful limitations beyond merely a generic computer that performs generic computer functions. In many of the notorious patents that have been litigated, however, this is simply not the case. The CLS decision therefore provides a strong defense against many of the specious business method and software patents that have been litigated. Although good news for patent litigation defendants, patent drafters need to proceed cautiously. They should ensure that their claims recite meaningful computer limitations and that their system claims do not merely mirror their method claims. Otherwise, their claims may be susceptible to being completely wiped out by a patentable subject matter challenge."

Brett Krueger, Honigman Miller Schwartz and Cohn LLP

"While many people may not fully understand or appreciate technical advances in software, they likely recognize the depth into which software penetrates our everyday lives. Software controls our smartphones, cars, microwave ovens, and many other items having a microprocessor or data processing device. Section 101 of the Patent Act states that "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor." Since software is a set of instructions that instruct a computer how to operate, many people have argued that software transforms the computer into a special purpose device, a machine, that would not operate as such without those instructions. In today's Supreme Court decision, *Alice Corporation Pty. Ltd. v. CLS Bank*, the Court has taken a clear stance that patent claims reciting a method of implementing an abstract idea on a generic computer are not patentable. In other words, simply limiting use of an abstract idea to use on a computer does not make the abstract idea patentable. Instead, the Court hinted that if the method claims had recited steps that improve the functioning of the computer itself or effected some technological improvement beyond the abstract idea itself, the case may have turned out differently."

David Leason, Leason Ellis LLP

"The writing has been on the wall for all those watching the evolution of Section 101 case law. The rationale expressed in the Supreme Court's decision in *Alice v. CLS Bank* is not unexpected. Nor is the lack of any bright line test surprising. *Diehr* is cited as a clear example of an improvement to a technological process that applies a known algorithm in a patent eligible way. This decision is far from a death knell for inventions that utilize software: practitioners must focus the claims and disclosure on the improvement to the field of the particular technology."

Scott Llewellyn, Morrison & Foerster LLP

"The Supreme Court's decision in *Alice* is significant for both formalistic and substantive reasons: By issuing yet another unanimous opinion in a patent case — even if not so definitive and clear as, e.g., the recent decision in *Limelight* (given the concurrence in *Alice*) — the Supreme Court again confirmed that it will continue to resolve core, and frequently divisive, patent-law issues, notwithstanding the specialized expertise offered by the Federal Circuit. On the substance, the Supreme Court made clear that the 'abstract idea' exception to patentability is not limited to preexisting, fundamental truths (the

Supreme Court declined to consider the limits of the ‘abstract idea’ exception); and the implementation of an abstract idea in a particular technological environment — in Alice, implementation via a computer — is not alone sufficient to transform an abstract idea into something that is patent-eligible.”

David Long, Kelley Drye & Warren LLP

“The Supreme Court’s decision provides incremental guidance, though no bright line, on the patentability of computer implemented inventions. This decision calls into question patents that simply claim implementing a conventional business practice using a generic computer, without improving the computer. But the sky may not be falling as some suggest. The court’s rationale was based on claiming well-known generic computer functionality to implement well-known conventional business practices, which raises the question of whether such a patent claim would even survive a traditional prior art invalidity challenge. The decision appears to conflate patentable subject matter with prior art novelty and nonobviousness. This raises the question whether, over time, once novel technology can become so conventional and ubiquitous that it later is deemed a building-block and tool of innovation that is exempt from patentability along-side the traditionally exempt laws of nature, natural phenomena and abstract ideas that cannot by themselves render a claim patentable.”

Stuart Meyer, Fenwick & West LLP

“The court again resorts to the ‘abstract idea’ analysis it promulgated in *Bilski* and *Mayo*, yet the court gives virtually no guidance as to how one could tell what qualifies as an ‘abstract idea.’ The opinion simply uses qualitative terms such as ‘concept,’ ‘fundamental’ and ‘building block’ to reach the conclusion that the claims here were drawn to an abstract idea. The court goes so far as to say that it ‘need not labor to delimit the precise contours of the “abstract ideas” category in this case.’ We are all left wondering how anyone is supposed to undertake this analysis.”

James Morris, Wolf Greenfield & Sacks PC

“The unanimous decision is another incremental guidepost in the Supreme Court’s jurisprudence concerning patent eligibility. The decision is not the death knell for software patents as some were predicting. The Supreme Court clarified that abstract ideas are not limited to mathematical algorithms and preexisting fundamental truths, but also include fundamental economic practices and that implementing such abstract ideas using conventional techniques on a general purpose computer with nothing more is patent ineligible. Disputes will now most likely revolve around the determination of whether or not a particular claim to a computer-implemented invention is directed to an abstract idea. Such disputes will occur not only in the courts, but are also likely in post grant proceedings and during patent prosecution at the USPTO.”

John Murphy, BakerHostetler

“This new ruling applies *Mayo v. Prometheus* to the computer context in a fairly narrow and unsurprising manner. But for better or for worse it avoids the hard questions: how do you identify and characterize an ‘abstract idea’ in a claim and what kind of computer functionality is more than merely ‘conventional?’ On the whole this is probably a good outcome for proponents of software patent eligibility, but it leaves plenty of room for compelling challenges as well. This decision won't be the last word.”

Adam Mossoff, George Mason University School of Law

“In its surprisingly short opinion in *Alice*, the Supreme Court invalidated *Alice Corp.’s* patent on a computer-implemented technology for managing risk in financial transactions as claiming an ‘abstract idea.’ Thus, the court is continuing the practice it began with its 2010 decision in *Bilski v. Kappos*, in which it strikes down patents on the grounds that they allegedly cover unpatentable subject matter like

an abstract idea or law of nature, but the court provides little to no legal guidance to the courts as to how to apply this decision in the future such that inventors and commercial firms working in the innovation industries can know with certainty if their discoveries or inventions are patentable or not. The one ray of hope in this decision is that, similar to its affirmation of the patentability of business methods in *Bilski*, the court in *Alice* expressly holds that ‘many computer-implemented claims are formally addressed to patent-eligible subject matter.’ Thus, innovative software inventions in the high-tech industry are now definitively deemed patentable, contrary to the claims of many patent skeptics today.”

William Munck, Munck Wilson Mandala LLP

“The Supreme Court found in *Alice*, as they found previously in *Bilski*, that computer-implemented abstract ideas are not patentable. The court’s rulings remain consistent, Section 101 is to be applied before Sections 112, 102 and 103. Justice Thomas wrote today that fundamental processes are ‘squarely’ abstract ideas within the meaning of Section 101, and simply implementing the same on a computer will not create a patentable concept. The decision, though closely watched, does not deviate from the court’s pro-innovation stand against poor patents.”

Edward Naughton, Brown Rudnick LLP

“The Supreme Court tells us that there is no patent protection for ‘abstract ideas,’ even when those ideas can’t be characterized as laws of nature or physical phenomena, and even if those ideas are implemented by a computer. But every invention starts with an idea, and the court’s decision doesn’t provide clear guidance to determine when an idea has been applied in a way that is patent eligible. I expect that lower courts and practitioners will continue to struggle with this issue.”

Carlos Perez-Albuerne, Choate Hall & Stewart LLP

“In today’s much-anticipated decision in *Alice* the Supreme Court did not make a dramatic change to the law around software patents, but it reaffirmed the view it expressed in *Bilski* and *Mayo* that claims implementing or utilizing abstract ideas need some further, specifically claimed, inventive concept to create patentable subject matter. Elaborating on its holding in *Bilski*, the court again signaled that its definition of un-patentable abstract ideas extends to long-standing economic and commercial practices and not just to ‘laws of nature’ or ‘pre-existing fundamental truths.’ The court further clarified that claiming utilization or implementation of an abstract idea in generic computers performing generic computer functions — such as calculation, data storage and data transmission — does not create patentable subject matter. Thus, while only an incremental elaboration on its previous decisions in *Mayo* and *Bilski*, the court’s decision in *Alice* adds some clarity to both what constitutes un-patentable subject matter, and what additional ‘inventive concept’ is necessary for a valid claim.”

Mark Perry, Gibson Dunn, lead counsel for CLS Bank

“The Supreme Court correctly rejected the attempt of *Alice Corp.*, a non-practicing entity or ‘troll,’ to foreclose productive companies like banks from practicing the ancient economic method of intermediated settlement. As the court explained, patent law does not allow someone to monopolize a fundamental abstract idea, and implementing the idea on any generic computer does not change this result. We are delighted with the result.”

A. Antony Pfeffer, Kenyon & Kenyon LLP

“In its *Alice* decision, the Supreme Court did not fully answer the question set forth in its grant of cert, namely whether ‘claims to computer implemented inventions’ are ‘directed to patent-eligible subject matter.’ However, in explaining its decision with respect to the specific claims at issue, the Supreme Court has provided guidance to courts and the Patent Office on how to conduct similar inquiries in the

future. How the courts and the Patent Office apply this guidance remains to be seen. It will be interesting to see how inventors draft claims in the future in light of this decision.”

Robert Pilaud, Nixon Peabody LLP

“Today’s decision in *Alice v. CLS* does not appear to change the state of the law in the U.S. as it pertains to computer-implemented methods, computer systems or software. Rather, the court appears to affirm by applying and not characterizing or changing the holdings and tests articulated in *Mayo v. Prometheus* — ‘we must examine the elements of the claim to determine whether it contains an “inventive concept” sufficient to “transform” the claimed abstract idea into a patent-eligible application’ — *Bilski v. Kappos*, *Parker v. Flook*, *Gottschalk v. Benson* — ‘An idea of itself is not patentable’ — and *Diamond v. Diehr* — ‘In other words, the claims in *Diehr* were patent eligible because they improved an existing technological process, not because they were implemented on a computer.’ What should software inventors and companies do after *Alice*? Keep calm, and code on. Today, the court reminded everyone in the software sector that we should understand that merely using a computer to perform known business methods is not going to get you very far in the patent world — and that copyright and/or trade secret for code related to some types of computerized business methods may be a safer harbor.”

Steve Pokotilow, Stroock & Stroock & Lavan LLP

“Moving forward, as a result of this decision a patentee will need to demonstrate that the steps performed independent of the hardware are unique in some manner — either the steps are nowhere found in the prior art, or their arrangement is novel or unique — and, that the ‘gist’ of the invention is also unique. Unfortunately, many patent lawyers will find the use of the ‘gist of the invention’ test as being both unfortunate and confusing because of prior case law regarding this concept.”

Hilary Preston, Vinson & Elkins LLP

“The court’s decision, which holds that the use of a generic computer to implement an abstract idea does not confer patent eligibility regardless of the form of the claim — method, system, or computer-readable media — is likely to give a lot of ammunition for defendants to make Section 101 attacks on business method and software patents. It will be interesting in the context of system claims to see how the court’s language concerning generic computer elements such as a ‘data processing system’ and ‘data storage unit’ is applied, especially where means-plus-function claims and claims involving possibly specialized hardware are concerned.”

Rory Radding, Edwards Wildman Palmer LLP

“The court’s holding does not change any standards but clearly resolves the diverse opinions of the Federal Circuit judges. This decision will impact certain patent claims — including method, computer readable medium, apparatus and system claims — that recite a computer as merely a token part of the invention. That is, only claiming an abstract idea and saying ‘apply it on a computer’ is not enough to impart patent eligibility to otherwise ineligible subject matter. Something more, such as improving the functioning of the computer itself or an improvement in another technical field, would appear to satisfy Section 101.”

P. Anthony Sammi, Skadden Arps Slate Meagher & Flom LLP

"In today's opinion, the Supreme Court shifted the focus of the Section 101 analysis from 'specific computers' to whether the claims preempt an abstract idea. How to identify and describe the 'abstract idea' remains for litigants and district courts to decide. Interestingly, the concurring opinion suggests the court considered the possibility of holding all business methods unpatentable and yet couldn't generate a majority vote to support that holding. Thus, the rule in *Bilski* that business methods are not categorically unpatentable remains unscathed for now."

Michael Sandonato, Fitzpatrick Cella Harper & Scinto LLP

“The decision confirms that the recitation of a ‘generic computer’ in the claims cannot save an abstract idea from being patent ineligible, and confirms that [the Supreme Court’s] own precedent in cases such as Mayo, Flook and Diehr demonstrate that. The district court said much the same thing three years ago when it held that a ‘nominal recitation of a general-purpose computer’ is not enough, and the Supreme Court’s decision validates that view. District courts are very interested in what the Supreme Court had to say on this issue, and several district courts had even stayed cases where motions on the issue were pending, waiting until this decision came out. Those cases will reopen now, and we may well see those pending motions decided in favor of defendants.”

Pratik Shah, Akin Gump Strauss Hauer & Feld LLP

“The Supreme Court’s unanimous decision in Alice Corp. breaks little new ground. Rather than announcing any sweeping rule eliminating business or software patents, the court applied its recent decisions in Bilski and Mayo to continue its incremental approach toward limiting patents that seek to capture basic business concepts, even with aid of a computer. Although the court’s decision might not provide broader guidance to the patent community, it still sends an important message — slowly but surely cutting back on such patents. But it is likely not the court’s last word.”

David P. Sheldon, Christensen O’Connor Johnson Kindness PLLC

“Even though the claims in question were found to not be patent eligible, the significance of the decision lies in its suggestion that claims directed in general to abstract ideas can be found patent eligible, so long as they recite a specific computer implementation. The parties here stipulated that the claims required a computer, but the claim language does not provide much support for this position. In fact, the court notes that there is not any express language in the method claim that defines the computer’s participation. Claims that recite a specific computing device performing some of the method steps could well be upheld despite the negative outcome for these particular claims.”

Michael Sherban, Ulmer & Berne LLP

“Merely using a computer to automate an abstract idea is not patentable in light of Alice. This decision will affect businesses across all industries. As companies automate more and more of their processes in an attempt to become more efficient, they must be aware now that not all of their ‘innovations’ will be eligible for patent protection. A company must do more than just automate an abstract idea using a generic computer. In order to become eligible for a patent the ‘innovation’ must transform the abstract idea into something more. Further, artful drafting will not avoid this decision because this case affects more than just method claims, it also affects system and media claim-types that add nothing more than recite the abstract idea using a generic computer as well.”

Marc Sockol, Sheppard Mullin Richter & Hampton LLP

“The Supreme Court has been fairly consistent in its treatment of financial systems and methods. In cases like Alice, the court stated that an abstract idea does not become patent-eligible subject matter merely by adding a generic computer. In Alice, the court differentiated between abstract ideas, which fail patentability under 35 USC Section 101, and known/obvious inventions, which fail patentability under 35 USC Section 102 or 103, and found that intermediated settlements are abstract ideas. While the Supreme Court differentiates abstract ideas and known/obvious inventions, the court provided little guidance for practitioners to objectively determine what is an abstract idea and thus what is patent-eligible subject matter. What is clear is that the Supreme Court continues to chip away at patent rights on computerized financial processes.”

Eric Sophir, Dentons

"The Supreme Court's decision takes a sweeping approach by characterizing many computer-implemented inventions as mere abstract ideas, but not all hope is lost. For those inventions that require implementation by a computer, it will be important to draft claims that show how the computer is integral to achieving the purpose of the invention rather than just implementing an age-old idea using a computer. While asserted patents may receive a flurry of patent eligibility challenges, the Patent Office may still issue many pending applications with little or no changes."

Gregory A. Stobbs, Harness Dickey & Pierce PLC

"Few were surprised that the Alice claims were ruled ineligible under 35 U.S.C. Section 101; but the Alice decision is going to impact how computer-implemented inventions will be patented and enforced. No longer will the magic words '...by a computer' cast a patentability spell. The computer-implemented claim needs programming particulars, a 'practical assurance' that the abstract idea is not being co-opted. Alice had two strikes against it. Its invention was designed for minimizing risk, which just sounds abstract. Second the claims recited a general purpose computer where a special purpose one was needed."

M.C. Sungaila, Snell & Wilmer LLP

"The Supreme Court's decision in Alice is notable both for what it decided, and what it did not. The court did not offer any sweeping pronouncements about software patent eligibility generally — business method patents are only categorically at risk if the three concurring justices garner another vote in the future. The court also declined to offer a wholesale revision of its test for patent eligibility. The court instead incrementally refined its own precedent: Claims drawn to an abstract idea do not become patentable by being implemented through a computer; however, a computer process that adds something to the process such as an inventive application, an improvement in computer function or other technical advancements may be patentable. Since the devil is in the details, it remains to be seen, however, how much practical guidance the decision provides for software and business method patent holders. What is clear is that the court appears to be interested in the patent arena for the long haul, and will continue to mold the law with its conceptual rather than pragmatic approach."

Linda J. Thayer, Finnegan Henderson Farabow Garrett & Dunner LLP

"In rejecting the method claims, the court reiterated the framework set forth in Mayo, namely, a two-step process involving determining whether claims are directed to one of those patent-ineligible concepts and if not, searching for an 'inventive concept.' The decision reaffirms the court's guidance in Bilski and Mayo, and does not represent a change in course. Since Bilski, it had been more difficult to gain allowance of business method patents, and easier to obtain invalidation of such claims in litigation. This decision should not change that. Software inventions that improve the functioning of the computer itself will continue to be patentable."

Steven R. Trybus, Jenner & Block LLP

"The CLS Bank decision will make it harder to patent or enforce claims on algorithms. Before, claims to software algorithms were allowed if they included limitations to specific hardware components and were not just using a 'general purpose' computer. Now, it is clear that 'purely functional and generic' hardware does not convey patent eligibility to a method or a system claim. At the same time, the court declined to rule, as the three concurring Justices would, that methods of doing business are not patentable. Software remains theoretically patentable; but accused infringers will have new invalidity arguments in this area."

Baldassare Vinti, Proskauer Rose LLP

“Alice isn’t a dramatic shift. It’s more of a reaffirmation of the Supreme Court’s holding in Mayo v. Prometheus. The Supreme Court didn’t hold software patents ineligible. It simply held that otherwise unpatentable concepts don’t become patentable by saying ‘this time, do it on a computer.’ An indication that the Supreme Court recognized it wasn’t creating new law is that the decision analyzed the claims at issue and held them invalid, rather than remanding the case for further consideration, as the Supreme Court may do in a case where a new standard has been articulated.”

Jordan Walbesser, Hodgson Russ LLP

“From the Supreme Court’s language, it appears that all claims could have been rejected on the basis of Sections 102 or 103. Instead, we wade once more into to murky waters of Section 101. One thing remains clear: The mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention. The ruling in Alice — like any ruling based in Section 101 — is fact-specific and narrow. The practical impact from this decision occurs at the USPTO. Look closely for the USPTO’s updated guidance for analyzing business method claims under Section 101.”

--Editing by Emily Kokoll.