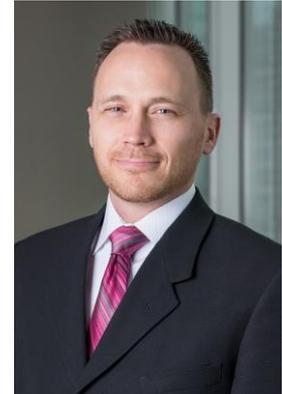


Berkheimer v. HP: A Favorable Shift for Software and Medical Methodology Patents?

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Overview

- Patent-Eligibility Overview
 - *Alice Corp. v. CLS Bank*
 - *Mayo v. Prometheus*
 - Earlier Federal Circuit cases
- *Berkheimer v. HP*
- What to Expect Post-*Berkheimer*
 - PTO
 - Litigation



Patent Eligibility Overview

Patent 101 on Section 101

Patent Eligibility Overview

- **35 U.S.C. § 101** → defines what inventions are eligible for patent
- **Statutory categories:**
 - Process
 - Machine
 - Manufacture
 - Composition of matter
- **Exceptions:**
 - Laws of nature (e.g., gravity)
 - Natural phenomena (e.g., chemical X reacts with chemical Y)
 - Abstract ideas (e.g., mathematical formula)

Alice Corp. v. CLS Bank, S. Ct. (2014)

- Addressed patent-eligibility of software → abstract idea(s)
- Computer-implemented, electronic escrow service for facilitating financial transactions
- Abstract idea: use of a third party to mitigate settlement risk
- Settles parties' obligations to eliminate the risk that only one party's obligation will be paid
- Two-part test:
 - 1) Is the claim directed to an abstract idea?
 - 2) If yes, do the claim's elements, both individually and in combination, provide "something more" than the abstract idea itself?



Mayo v. Prometheus, S. Ct. (2012)

- Addressed patent-eligibility of laws of nature
- Claims
 - Administer drug;
 - Determine metabolite levels; and
 - Indication that adjustment in dosage may be required
- Law of nature: relationship between natural-produced metabolites and therapeutic efficacy and toxicity
- Court ruled that a process reciting a law of nature is not patentable
 - Unless that process has additional features that provide practical assurance that the process is ***more than a drafting effort designed to monopolize the law of nature itself***



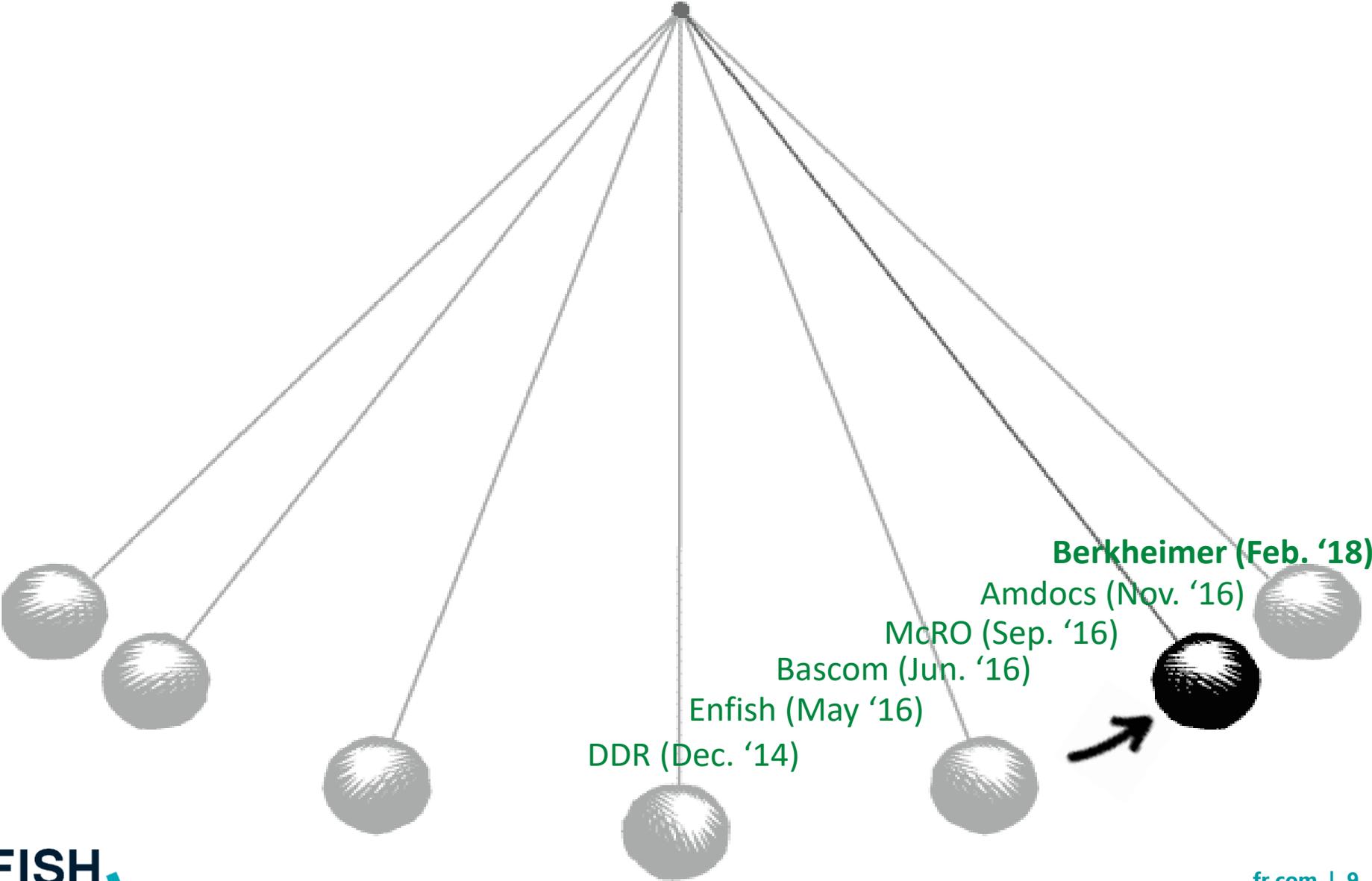
Federal Circuit Cases: Ineligible

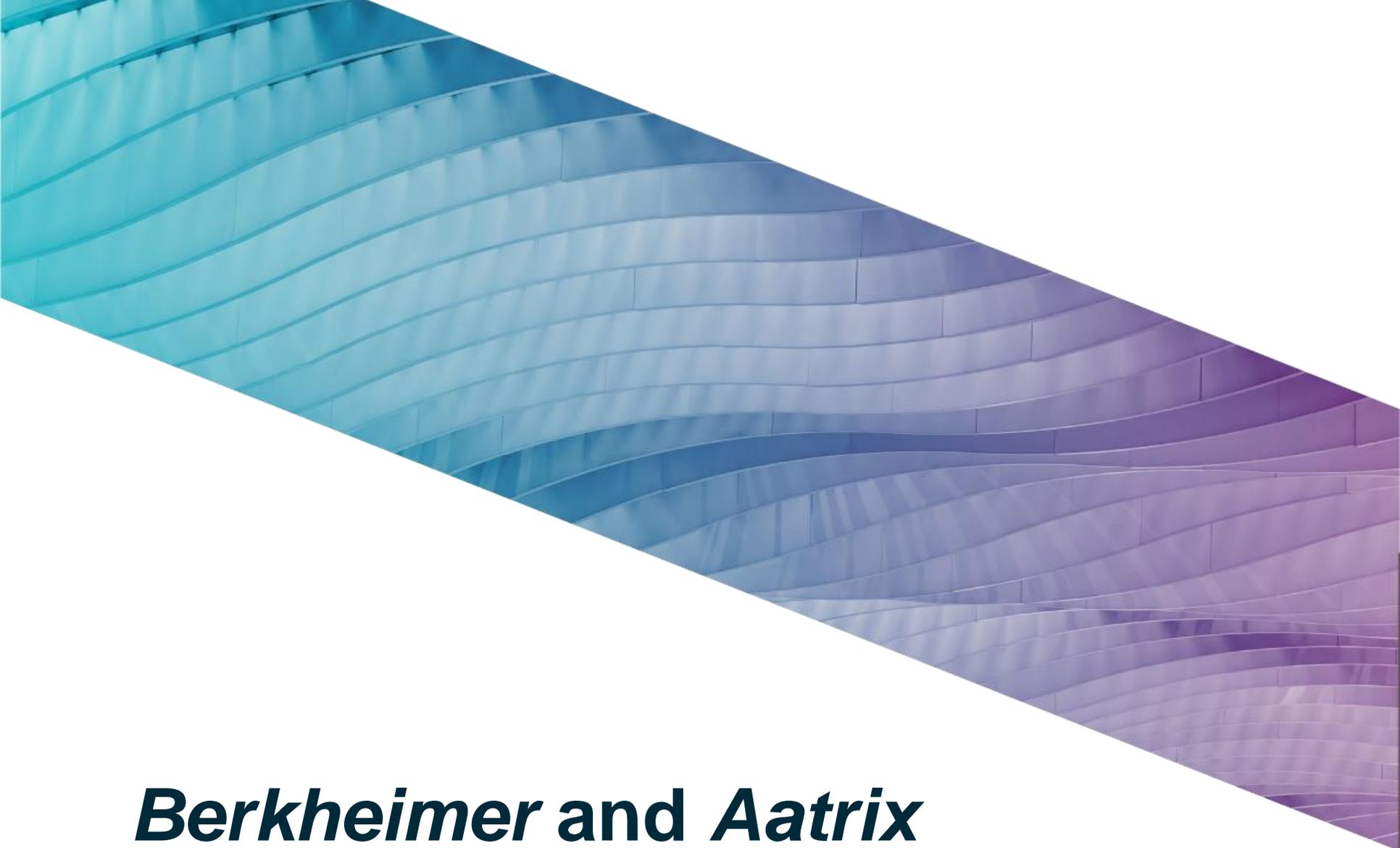
Case	Summary
<i>FairWarning v. Iatric Systems</i> (October 2016)	Detecting fraud or misuse in a computer environment based on analyzing audit log data.
<i>Electric Power Group v. Alstom</i> (August 2016)	Gathering and analyzing information of a specified content, and displaying the results.
<i>TLI v. AV Automotive</i> (May 2016)	Taking, transmitting, and organizing digital images is abstract, and recited components merely a generic environment.
<i>IV v. Capital One</i> (July 2015)	Budgeting (could still be done by hand). Tailoring web page content (“apply it”).
<i>Internet Patents v. Active Networks</i> (June 2015)	Retaining information lost in the navigation of online forms (claiming idea itself, no restriction on how achieved).

Federal Circuit Cases: Eligible

Case	Summary
<i>DDR v. Hotels.com</i> (Dec 2014)	Providing hybrid web page. Business problem, but fundamentally rooted in computer technology.
<i>Enfish v. Microsoft</i> (May 2016)	Data schema for data storage/retrieval. Improvement to underlying technology.
<i>BASCAM v. AT&T</i> (June 2016)	Filtering Internet content. Particular arrangement of known elements provides discrete implementation of abstract idea.
<i>McRO v. Sony</i> (Sept 2016)	Automated lip synch in computer animation. Particular rules improved the technological process.
<i>Amdocs v. Openet</i> (Nov 2016)	Correlating records from different accounting systems to enhance one record. Unconventional technological solution.

The Pendulum May Be Swinging in Patentees' Favor





Berkheimer and Aatrix

Probing “Well-Understood, Routine, and Conventional”

“Well-understood, routine, and conventional”

- **Numerous computer-implemented inventions (but also other inventions) run up against this test**
 - *Alice/Mayo* step two
- **If claimed implementation of an abstract idea involves more than “well-understood, routine, and conventional” technology, it may be patentable**
 - *DDR Holdings, McRO, BASCOM*
 - Not *Enfish*: Improvements to database models not “abstract idea”
- **One may not claim an abstract idea, then simply “apply it”**
 - *Content Extraction, Ultramercial, Intellectual Ventures I*

“Well-understood, routine, and conventional”

- **How robust is step two’s inquiry into “conventional-ness”?**
 - Could a patentee establish unconventional implementation in their specification?
 - In a litigation complaint?
 - Via declarations to a district court?

***Berkheimer v. HP*, 881 F.3d 1360 (Fed. Cir. 2018)**

- Berkheimer’s claims to “digitally processing and archiving files in a digital asset management system” addressed abstract idea (step one)
- Independent claim, and some dependents, lacked inventive concept in the implementation (step two)
- **But** as to some dependents, Federal Circuit ***vacated*** step two and SJ of § 101 ineligibility
 - **Patent’s allegation** of unconventional implementation, claimed in some dependent claims, was sufficient to create a **fact dispute** as to conventional-ness, barring SJ
 - Fed Cir rejected district court’s treatment of claim 1 as representative

***Aatrix Sw. v. Green Shades*, 882 F.3d 1121 (Fed. Cir. 2018)**

- Aatrix's claims were to techniques for importing computer data for generation of forms
- Full *Alice/Mayo* analysis would have required ***fact-finding***, due to allegations of unconventional implementation in Aatrix's **amended complaint** (that the district court had erroneously not considered)
 - Rule 12 dismissal was ***reversed*** and remanded

***Berkheimer* and *Aatrix* post-opinion**

- **Fed Cir denied rehearing *en banc* for either case**
 - Judge Moore’s (author of both *Berkheimer* and *Aatrix*) concurrence emphasized cases’ narrowness
 - Joined by Dyk, O’Malley, Taranto, Stoll
 - Judge Lourie’s dissent called on Congress to clarify “problems” in § 101 law
 - Judge Reyna’s dissent viewed *Berkheimer* and *Aatrix* as altering § 101 “in a significant and fundamental manner”

Post-*Berkheimer/Aatrix* at the Federal Circuit

- *Voter Verified* (Apr. 20)—claims to vote verification failed both steps of *Alice* (affirmance)
- *SAP America* (May 15)—claims to statistical analysis of investment information failed both steps of *Alice* (affirmance)
- *Vanda Pharms.* (Apr. 13)—claims to personalized treatment of schizophrenia were non-abstract at *Alice/Mayo* step one (affirmance, on different grounds)



Post-*Berkheimer*

So, Now What?

The *Berkheimer* Memo

- April 2018: USPTO Director provided new guidance based on *Berkheimer*
- Addressed whether an additional element (or combination of additional elements) represents well-understood, routine, conventional activity
- Raises the bar for examiners

As set forth in MPEP § 2106.05(d)(I), an examiner should conclude that an element (or combination of elements) represents well-understood, routine, conventional activity **only** when the examiner can readily conclude that the element(s) is widely prevalent or in common use in the relevant industry. **This memorandum clarifies that such a conclusion must be based upon a factual determination that is supported as discussed in section III below.** This memorandum further clarifies that the analysis as to whether an element (or combination of elements) is widely prevalent or in common use is the same as the analysis under 35 U.S.C. § 112(a) as to whether an element is so well-known that it need not be described in detail in the patent specification.²

- Prior art alone is not dispositive

The question of whether additional elements represent well-understood, routine, conventional activity is distinct from patentability over the prior art under 35 U.S.C. §§ 102 and 103. This is because a showing that additional elements are obvious under 35 U.S.C. § 103, or even that they lack novelty under 35 U.S.C. § 102, is not by itself sufficient to establish that the additional elements are well-understood, routine, conventional activities or elements to those in the relevant field. *See* MPEP § 2106.05. As the Federal Circuit explained: **“[w]hether a particular technology is well-understood, routine, and conventional goes beyond what was simply known in the prior art. The mere fact that something is disclosed in a piece of prior art, for example, does not mean it was well-understood, routine, and conventional.”** *Berkheimer*, 881 F.3d at 1369.

The *Berkheimer* Memo, cont'd

- Step 2B analysis requires that the Examiner finds and expressly supports a rejection in writing with one or more of the following:
 - A citation to an express statement in the specification or to a statement made by an applicant during prosecution that demonstrates the well-understood, routine, conventional nature of the additional element(s)
 - A citation to one or more of the court decisions discussed in MPEP § 2106.05(d)(II) as noting the well-understood, routine, conventional nature of the additional element(s)
 - A citation to a publication that demonstrates the well-understood, routine, conventional nature of the additional element(s)
 - A statement that the examiner is taking official notice of the well-understood, routine, conventional nature of the additional element(s)

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The *Berkheimer* Memo, cont'd

- Examiner should only conclude something is well-understood, routine, conventional if he/she can readily conclude that the element(s) is widely prevalent or in common use in the relevant industry
 - Must be based on a factual determination
 - Use same analysis as § 112(a) re whether an element is so well-known that it need not be described in detail in the spec
 - § 101 analysis is distinct from §§ 102/103 patentability analysis
- Memo says that the MPEP will be updated to incorporate the changes in the memo
- USPTO Director (to Senate Panel): USPTO is taking wide-ranging review of issue and hopes to be able to provide additional guidance in coming months

Patent Examination Post-*Berkheimer*

- Scour your specification for any advantage or improvement, technical or otherwise, and then amend claims
- Argue improvements
 - Especially helpful if the spec explains how the claims realize the improvements
- Look for a factual basis / evidence in the rejection
 - Examiner cannot merely present assertions without factual determinations
 - If the Examiner takes official notice, consider challenging under MPEP 2144.03 (requires factual determination)
- “Conventional” means more than just prior art
 - Examiner cannot simply point to a single prior art reference to argue something is conventional

Patent Examination Post-*Berkheimer*

- Look for related § 101 and § 112(a) enablement rejections
 - If spec support exists for the § 112(a) rejection, such support may be helpful to counter § 101 rejection as well
- General shift in Examiner approach
 - More flexibility and leeway for examiners to allow cases
- Expect more guidance in the coming months
- USPTO is accepting public comment on the *Berkheimer* Memo for about 30 more days
 - Encouraging patent community to submit feedback

Patent Examination Post-*Berkheimer*

- June 2018: USPTO Director provided new guidance following *Vanda Pharmaceuticals Inc. v. West-Ward Pharmaceuticals* that limits an examiner's ability to raise *Mayo* rejections
 - April 2018: Fed. Cir. Found that Vanda's patent covering method of treating schizophrenia with a iloperidone to be patent-eligible
- USPTO said that claims that cover methods of treatment that practically apply natural relationships, should be considered patent-eligible under the first step
 - No need to analyze under second step (routine/conventional)
 - Distinguished *Mayo*, which was not directed to using a drug to treat a patient; *Mayo* was directed to administering a drug to gather data about natural relationships
- Presents similar “patent applicant-friendly” guidance as the *Berkheimer* memo

Post-Grant Examination Post-*Berkheimer*

- For Patent Owner:
 - Scrutinize portions of petitions that rely on mere attorney argument (not expert declarations/documentary proof) that an element was “conventional”
 - If the Petition cites to an expert declaration, which merely parrots the conclusion of “conventional” found in the Petition (with no further underlying facts/analysis/citations to documentary proof), consider pointing to the precedent in *HP v. Berkheimer*
- For Petitioner:
 - Determine alleged improvements
 - Determine which claim features achieve the alleged improvements
 - Identify claims that include those features
 - Present robust, fact-based arguments as to why those features are routine/conventional (alone, or in combination)
 - Expert declarations should already include evidence that an element is “conventional”
 - Helpful to cite additional other supporting documents
 - Don’t forget dependent claims

Litigation Post-*Berkheimer*/*Aatrix*

- For movants:
 - Possibility of factual disputes urges SJ-type evidence regarding conventionalness
 - **In both *Berkheimer* and *Aatrix*, the evidentiary record by the § 101 movant was thin**
 - Argue validity separately for each claim – whether considered representative or not
- For patentees:
 - If possible, avoid step two entirely by proving non-abstractness
 - Identifying evidence of unconventionalness in specification, pled in complaint, or (presumably) submitted via declaration
 - Disputes over conventionalness may be enough to survive SJ

Legislation?

- **IPO, AIPLA, and ABA IP section have floated § 101 reform proposals**
 - IPO and AIPLA propose an “exists solely in the human mind”-type limitation on § 101
 - ABA IP proposes bar on “abstract ideas”
- **No hearings**
- **Not much public discussion by industry groups**

Thank You



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