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Federal Circuit Reverses District Court On Patent Eligibility, Finds Computer-Implemented Patent Claims To Be Eligible Under Step One Of The Alice Test

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In *McRo, Inc. v. Bandai Namco Games America*, the Federal Circuit reversed the district court's finding that the patents at issue were ineligible under Section 101. In evaluating the claims, which are generally related to a method for automating animation of 3-D lip-synching, under the two-part *Alice* inquiry, the Court found that the claims were patent-eligible at Step 1 and thus, Step 2 did not need to be addressed. In other words, the claims were ***not*** "directed to" an abstract idea in the first instance. In this regard, the Court noted the details of the claims at issue, which require the use of specific rules to accomplish the animation, and emphasized that "[w]hether at step one or step two of the Alice test, in determining the patentability of a method, a court must look at the claims as an ordered combination, without ignoring the requirements of the individual steps." (Slip op. at 22).

In rejecting the district court's determination that the claim is "drawn to the [abstract] idea of automated rules based use of morph targets and delta sets for lip-synchronized three-dimensional animation", the Court cautioned against "oversimplifying the claims by looking at them generally and failing to account for the specific requirements of the claims." (Slip op. at 21). The Court then focused on the preemption issue, and specifically noted that the "specific structure of the claimed rules" do not preempt all techniques for automating 3-D animation that rely on rules. (Slip op. at 21 and 25).

The Federal Circuit also rejected the argument that the use of general-purpose computers renders the claim abstract. Specifically, the Court stated that "[i]t is the incorporation of the claimed rules, not the use of the computer, that 'improved [the] existing technological process' by allowing the automation of further tasks." (Slip op. at 24). The Court noted that this is unlike claims found abstract in other cases "where the claimed computer-automated process and the prior method were carried out in the same way." (Slip op. at 24-25).

Finally, the Court noted that:

...the automation goes beyond merely "organizing [existing] information into a new form" or carrying out a fundamental economic practice. *Digitech*, 758 F.3d at 1351; *see also Alice*, 134 S. Ct. at 2356. The claimed process uses a combined order of specific rules

that renders information into a specific format that is then used and applied to create desired results: a sequence of synchronized, animated characters. While the result may not be tangible, there is nothing that requires a method "be tied to a machine or transform an article" to be patentable. *Bilski*, 561 U.S. at 603 (discussing 35 U.S.C. § 100(b)). The concern underlying the exceptions to § 101 is not tangibility, but preemption. *Mayo*, 132 S. Ct. at 1301.

Because it was clear that this invention was not "directed to" an "abstract idea" under Step 1, the Court "stopped" and did not go on to analyze the invention under Step 2. This new guidance on Step 1 from the Federal Circuit should aid patent attorneys in finding ways to show that computer implemented inventions are patent-eligible.

We will continue to monitor developments in patent-eligibility under 35 U.S.C. § 101. In the meantime, for more information on patent-eligibility, please contact one of our attorneys.

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