ARE Patent Law Alert:
Federal Circuit Orders *En Banc* Review of *Alice Corp.* Case Regarding Patent Eligibility

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As discussed in prior ARE Patent Law Alerts, the U.S. Court of Appeals for the Federal Circuit recently has heard a number of cases concerning the patent eligibility of financial services-related patents. Most recently, in *Bancorp Servs. v. Sun Life Assur. Co.*, the Federal Circuit found the claims at issue, which related to computer-implemented financial management systems, methods, and media, to be patent ineligible as directed to an abstract idea. Just weeks prior to that decision, in *CLS Bank Int'l v. Alice Corp. Pty Ltd.*, the Federal Circuit reached the opposite conclusion, finding a computer-implemented financial transaction claim to be patent-eligible.

As previously reported, in *Alice*, the patent claims at issue related to a computerized trading platform for exchanging obligations in which a trusted third party settled obligations between a first and second party so as to eliminate "settlement risk" (*i.e.,* the risk that only one party's obligation will be paid). This past summer, a split panel of the Federal Circuit reversed a District Court decision holding these claims to be patent ineligible and held that the claims at issue covered patent-eligible subject matter. The majority decision authored by Judge Lin and joined by Judge O'Malley found that the claims were not drawn to mere "abstract ideas" but rather were directed to "practical applications of invention." Judge Prost authored a vigorous dissent, noting that "precedent and common sense counsel that the asserted patent claims are abstract ideas repackaged as methods and systems."

Today, the United States Court of Appeals for the Federal Circuit granted a petition for re-hearing the *Alice* case *en banc*, and vacated the July 9, 2012 panel opinion. In its *en banc* order, the Federal Circuit asked the parties to file new briefs addressing the following two questions:

1. What test should the court adopt to determine whether a computer-implemented invention is a patent ineligible "abstract idea"; and when, if ever, does the presence of a computer in a claim lend patent eligibility to an otherwise patent-ineligible idea?

2. In assessing patent eligibility under 35 U.S.C. § 101 of a computer-implemented invention, should it matter whether the invention is claimed as a method, system, or storage medium; and should such claims at times be considered equivalent for § 101

purposes?

(*See CLS Bank Int'l et al. v. Alice Corp.,* 2011-1301, Oct. 9, 2012 Order).

Thus, in its pending *en banc* consideration of these issues, the Federal Circuit will again seek to clarify the proper application of the law of patent-eligibility to computer-implemented inventions.

We will continue to monitor this important area of law. Please feel free to contact us to learn more about this decision and its impact on U.S. patent law.

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