Divided Federal Circuit Panel Notes the Lack of Clarity in Patent-Eligibility Law

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Accenture Global Services, GmbH v Guidewire Software, Inc, 728 F.3d 1336 (Fed Cir 5 September 2013)

Abstract

A divided panel at the US Court of Appeals for the Federal Circuit found computer system claims at issue to be patent-ineligible under 35 USC §101. With inconsistent guidance on patent eligibility from the Federal Circuit, the subject-matter eligibility of computer systems under 35 USC §101 remains an unsettled question.

Legal context

Over the past few years, the Federal Circuit has been divided over the subject-matter eligibility of computer system claims. In Bilski v Kappos, 130 S Ct 3218 (2010), the Supreme Court stated that the machine-or-transformation test is not the sole test to be used to analyse abstractness, leaving the Federal Circuit to develop the proper approach. The Federal Circuit, however, has failed to come to a consensus as to how to apply § 101.

In *CLS Bank Int'l v Alice Corp*, 717 F.3d 1269 (Fed Cir 2013) (en banc), the Federal Circuit found the computer claims at issue not to be patent-eligible subject matter. However, the court was sharply divided concerning the reasoning and proper standard to follow in determining whether a claim is patent-eligible. There was no majority opinion; indeed, there were six separate opinions. The plurality opinion written by Judge Lourie identified the abstract idea within the claims and then found the claims patent ineligible as not 'contain[ing] additional substantive limitations that narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself' (ibid, at 1282, Lourie, J., concurring). In another recent case, *Ultramercial, Inc v Hulu, LLC, 722* F.3d 1335 (Fed Cir 2013), the Federal Circuit, again disagreeing on the reasoning, found that the computer claims at issue were patent-eligible. Chief Justice Rader advocated applying § 101 as a 'coarse eligibility filter'—first, looking to 'whether the claim involves an intangible abstract idea', and then, 'whether meaningful limitations in the claim make it clear that the claim is not to the abstract idea itself, but to a non-routine and specific application of that idea'.

In *Accenture Global Services, GmbH v Guidewire Software, Inc*, a divided panel at the Federal Circuit illustrates how the law continues to remain unclear.

Facts

In December 2007, Accenture brought at action for patent infringement against Guidewire. The Accenture patent at issue (US Patent 7,013,284: the '284 patent) relates to a computer program for generating and organizing tasks to be performed in an insurance organization. The '284 patent includes claims 1–7, the system claims, and claims 8–22, the method claims.

Guidewire moved for summary judgment, and argued that the '284 patent was invalid as patent ineligible under 35 USC § 101 because the claims were directed to abstract ideas. Anticipating the Supreme Court decision in *Bilski*, the district court denied the motion for summary judgment. Guidewire renewed its motion for summary judgment after the Supreme Court's *Bilski* decision.

Thereafter, the district court found all claims of the '284 patent invalid under 35 USC § 101 and granted summary judgment in favour of Guidewire. Accenture appealed the district court's judgment as to claims 1–7, but not as to claims 8–22.

Analysis

In its decision, the Federal Circuit affirmed the district court's decision and found claims 1–7 of the '284 patent invalid under 35 USC § 101.

Judge Lourie's majority decision
In the majority opinion, penned by Judge Lourie, the court relied on the plurality opinion from *CLS Bank*. Relying on *CLS Bank* precedent, the majority 'compare[d] the substantive limitations of the method claim and the system claim to see if the system claim offer[ed] a "meaningful limitation" to the abstract method claim, which ha[d] already been adjudicated to be patent-ineligible'.

Based on the similarity between the system and method claims in the '284 patent, Judge Lourie found that the system claims were also patent-ineligible. According to the majority opinion, the system claims offered no meaningful limitation to the method claims that the district court had already found to be patent-ineligible.

Judge Lourie further explained that, even if he were to analyse the system claims independently from the method claims, he would find the system claims to be invalid under 35 USC § 101. Here, he found the only limitation to the 'abstract idea at the heart of [the] system claim[s]' was a mere field of use, and thus concluded that that limitation did not 'narrow,

confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself'. Finding no meaningful limitations, the court held the computer system claims invalid.

Judge Rader's dissent

On the other hand, Judge Rader wrote a dissent indicating his frustration at the majority's substantial reliance on *CLS Bank* as precedential case law. According to him, 'no part of *CLS Bank*, including the plurality opinion, carries the weight of precedent'.

Judge Rader also opposed the idea of tying the validity of the system claims to the validity of the method claims. While a majority of the *CLS Bank* panel held that the associated method and system claims in that case rose together or fell together, Judge Rader argued that this was not a commentary on all linked method and system claims. Following his approach in *CLS Bank* of looking at the subject matter of the claim as a whole, he explained that he would have found the computer system claims at issue to be patent-eligible, restating his opinion in *Ultramercial* that 'any claim can be stripped down, simplified, generalized, or paraphrased to remove all of its concrete limitations, until at its core, something that could be characterized as an abstract idea is revealed'.

Judge Rader concluded by criticizing the Federal Circuit's abandonment of the statute. He reasoned that it was illogical to 'spend page after page revisiting' case law and to 'disagree vigorously over what is or is not patentable subject matter' when '[t]he statute offers broad categories of patent-eligible subject matter'.

Practical significance

This decision demonstrates that the Federal Circuit remains irreconcilably divided with regards to 35 USC § 101 patent-eligibility. Inconsistent § 101 analyses have left the district courts without guidance on patent-eligible subject matter. This decision demonstrates that the US Supreme Court was wise to grant certiorari and agree to hear the appeal of the Federal Circuit's *CLS v Alice* decision in order to provide clearer guidance on the subject matter eligibility of claims directed to computer implemented inventions.

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