Broadband iTV Files Amicus Brief Supporting Versata Petition for Certiorari

- IPwatchdog.com, April 18, 2016

Author(s): Charles R. Macedo,

On April 14, 2016, amici Broadband iTV, Inc. ("BBiTV") filed an brief in support of Versata's petition for a writ of certiorari in *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, No. 15-1124. BBiTV is a former practicing entity and patent holder in the field of delivering video-on-demand content via cable television communication services. BBiTV has continued to enhance its technology by investing in ventures within its field and that commercially implement its inventions, and thus maintains a substantial interest in the fruits of its research and development in the form of its patent portfolio. Charles R. Macedo , Jessica Capasso, and Sandra A. Hudak of Amster, Rothstein & Ebenstein LLP were authors on the brief.

Versata appeals from an affirmance of a CBM decision, finding claims of Patent No. 6,553,350, entitled "Method and Apparatus for Pricing Products in Multi-Level Product and Organizational Groups" as directed to the abstract idea of "determining a price using organizational and product group hierarchies."

Versata presented four questions to the Supreme Court, some very specific to CBM proceedings. In its amicus brief, BBiTV more generally asks the Supreme Court to revisit its patent-eligibility precedents, and clarify how computer-implemented claims can be found patent-eligible under *Alice* to correct the ongoing misapplication of *Alice* in the lower courts and by the PTAB.

The following is an excerpt taken from BBiTV's amicus brief.

The decisions below reflect confusion among lower courts and the PTAB as to what constitutes patent-eligible subject matter under 35 U.S.C. § 101. This confusion has persisted throughout the development of the patent-eligibility jurisprudence since this Court's decision in *Bilski v. Kappos*, 561 U.S. 593 (2010) and, more recently, since this Court's decision in *Alice Corp. v. CLS Bank,*134 S. Ct. 2347 (2014).

The Federal Circuit's decision below [*Versata Dev. Grp. v. SAP Am.,* 793 F.3d 1306 (Fed. Cir. 2015)] exemplifies the alarming trend of the PTAB and lower courts misapplying *Alice* in determining what constitutes an "abstract idea" versus what is sufficient to demonstrate that a claim is directed to a practical application of an abstract idea rather than merely the abstract idea itself.

Versata is simply one decision among many in which the PTAB or lower courts erred in defining the alleged abstract ideas by:

1. improperly including "novel" business practices or methods of organizing human activities; and
2. including detail well beyond the level of detail envisioned by *Alice* or *Bilski*.

This Court's precedent has never sanctioned such a broad scope for the judicially-created exception to patent-eligible subject matter under Section 101.

Versata also evidences the growing and erroneous trend among lower courts in the misapplication of step two of the *A lice* framework. *Versata* erred by:

1. ignoring "inventive" aspects of the claimed invention that are "non-routine" merely because a generic computer was involved; and
2. ignoring technological improvements that are effected by the claims as a whole merely because a generic computer was involved.

While *Alice* made clear that "the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention," it is equally clear that the use of a generic computer does not automatically make a claim patent-ineligible. *See Alice* , 134 S. Ct. at 2358. Thus, these inventive and technological elements cannot be ignored merely because they are part of a computer-implemented invention. However, lower courts are confused about the state of the law of patent-eligibility under Section 101, which has resulted in the pervasive invalidation of patents involving computer-implemented inventions. *See, e.g., Sri Int'l v. Cisco Sys.*, No. 13-1534-SLR, 2016 U.S. Dist. LEXIS 48092, at *13–14 (D. Del. Apr. 11, 2016) ("Given the evolving state of the law, the § 101 analysis should be, and is, a difficult exercise. At their broadest, the various decisions of the Federal Circuit would likely ring the death-knell for patent protection of computer-implemented inventions, a result not clearly mandated (at least not yet)."); . . .

This alarming trend of misapplying *Alice*'s guidance has allowed the judicial exception to patent-eligibility to "swallow all of patent law." *Alice*, 134 S. Ct. at 2354; *see also Mayo Collaborative Servs. v. Prometheus Labs.*, 132 S. Ct. 1289, 1293 (2012) (too broad an interpretation "could eviscerate patent law"). Since *Alice*, more than 100 patents and thousands of claims have been declared invalid under 35 U.S.C. § 101 by the lower courts or PTAB using an overly broad interpretation of *Alice*. Thus, it is important for this Court to take up the issue of patent-eligibility once again and right the course.

Charles R. Macedo is a partner, Jessica A. Capasso and Sandra Hudak are associates at Amster, Rothstein & Ebenstein LLP. Their practice specializes in intellectual property issuesTheir practice focuses on all facets of intellectual property law. They represented Broadband iTV, Inc. and other amici curiae in briefing leading up to this decision. They may be reached at cmacedo@arelaw.com, jcapasso@arelaw.com and shudak@arelaw.com.