BRINKS GILSON & LIONE
100 YEARS OF IP LAW

THINK FORWARD

Software-Based Patent Found Eligible in McRO, Inc. v. Bandai Namco Games America Inc.

By Joshua Smith

October 03, 2016

Earlier this month, the Federal Circuit held a software-based patent to be eligible under 35 U.S.C. § 101 in *McRO, Inc. v. Bandai Namco Games America Inc.* This marks the second time in 2016 that the Federal Circuit has made such a finding with respect to software-based patents (see *Enfish, LLC v. Microsoft Corp.*), and the fourth time they have upheld eligibility this year (see also *Bascom Global Internet v. AT&T Mobility LLC* and *Rapid Litigation Management v. CellzDirect*). Although the quiver seems to be filling with arrows in support of patent eligibility, we are still searching for that golden arrow, specifically with regard to software patents.

The Claims and the District Court's Decision

The patents at issue involve an automated process for synchronizing lip movement and facial expressions of animated characters to line up with dialog. Previous solutions involved animators manually setting and iteratively correcting various parameters to achieve a realistic looking facial movement connected with the dialog. The claims laid out an automated process using a set of rules that dictate such movement to achieve a similar result as the former manual process.

The District Court found the patents to be ineligible as directed to an abstract idea of using broad rules-based automation for lip synchronization. The District Court also found that such broad language preempted the use of any rules-based approach to lip synchronization, and was therefore ineligible. The Federal Circuit disagreed with the District Court on both accounts.

Not an Abstract Idea - Eligibility under the First Step of the *Alice* Analysis Framework

In *McRO*, as with *Enfish*, the Federal Circuit found the claims eligible under the first step of the two-step *Alice* patent eligibility framework. Specifically, the Court found that, when read as a whole, the claims are not "directed to" an abstract idea.

First, the Federal Circuit reiterated its warning against oversimplifying the claims when determining what the claims are "directed to." Instead of looking at the claims generally, a court must review the requirements of the individual steps within the claim. Here, the Court found that the claims are directed to automation using *a genus* of rules with common characteristics (instead of any set of rules, generally). The required common characteristics were set by the requirements outlined in the other limitations of the claims. Thus, the Court found that the claims were "directed to" something narrower than the District Court's interpretation of rules-based automation, generally.

Second, the Federal Circuit acknowledged that claims to a genus of an invention can be patentable, but

also acknowledged that such claims come with a greater risk of preemption (being the primary concern of § 101). However, here, the Court noted that the particular characteristics of the genus of rules did not preempt all rules-based automation. Instead, the Court noted that other rules-based automation processes could be implemented utilizing different rules having different characteristics.

Abstract Ideas vs Eligible Subject Matter

In arriving at the conclusion that the claims were not preemptive, the Federal Circuit included important discussion on the distinction between patent eligible ideas and ineligible abstract ideas. The Federal Circuit clarified that the abstract idea exemption prevents claims that cover results without regard to the process or machinery to achieve that result. As a result, the inquiry looks to whether the claims "focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery." Slip Op. at 23 (quotations omitted, citing *Diehr* and *Enfish*).

As part of this analysis, the Court noted that the particular claimed process was distinct from the previous manual process. In the previous manual process, animators would make subjective determinations as to the look of the animation. Conversely, the claims recite a specific rules-based process that the animators would not manually employ. Unlike the patent ineligible claims in *Flook*, *Bilski*, and *Alice*, where the claims merely automated the existing prior method, the claims here recite a different process than the prior method. Thus, when viewed as a whole, the claims are directed to improvements to the technology itself rather than merely implementing the abstract idea on a computer.

Implications

Although the Federal Circuit focused primarily on a lack of preemption in their analysis, arguments directed to a lack of preemption seem to carry little weight at the Patent Office. *See* July 2015 Update regarding Subject Matter Eligibility (downplaying the role of preemption in Patent Examination). However, *McRO* as well as *Enfish* provide at least two examples of claims found eligible under the first step of the two-step *Alice* patent eligibility framework (*i.e.*, whether the claim at issue is "directed to" a judicial exception, such as an abstract idea). This may help applicants combat determinations that their claims are simply abstract ideas.

Specifically, applicants can channel language in the *McRO* decision to call into question an Examiner's oversimplification of a claim when finding the claim is directed to an abstract idea. Further, *McRO* may provide additional footing for distinguishing abstract ideas (i.e., merely claiming a result) from claimed patent eligible subject matter (i.e., claiming a new process). Additionally, an applicant may be able to overcome a finding that the claim is directed to an abstract idea if they can show the claim recites a process that is distinct from a prior manual process.

Litigators may have greater traction with preemption arguments (for or against patent eligibility) in light of the *McRO* opinion as litigation is typically free of the rigid confines of the Patent Office's streamlined *Alice* analysis.

Contact Us

If you have any questions or wish to discuss how this decision impacts your business, please contact one of our Brinks Attorneys.