

Do Software Patents Still Exist?

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Types of Intellectual Property

► Patents

- Protects Inventions – embodiments of ideas
- Limited Monopoly - right to exclude others from making, using, selling, offering to sell for a period of time

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Types of Intellectual Property (cont'd)

► Copyrights

- Protects works of authorship – fixed in a tangible medium of expression
- Limited Monopoly – right to copy, etc. for a period of time
- Software Code and screen prints, but not the ideas behind

Types of Intellectual Property (cont'd)

► Trademarks

- Product (or service) source identifier
- Stems from consumer protection

► Trade Secrets

- Protects information of commercial significance not generally known or discoverable through reasonable and proper means and subject of reasonable efforts to protect them
- Can last forever, as long as information can be kept secret

What is a Patent?

- ▶ “The Congress shall have Power To Promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries;”
- ▶ U.S. Constitution Article I, Section, 8 Clause 8

The Patent System

- ▶ Quid Pro Quo
 - You disclose the invention to the public
 - The government gives you a limited monopoly (the patent)
- ▶ Confers to patent holder the right to exclude others from making, using, selling, or importing the invention
 - Does not confer to patent holder the freedom to operate the invention
- ▶ Inventor must disclose to the public in exact terms how to make and use the invention

Types of Patents

- ▶ Utility Patents (20 years from application date)
 - Monopoly in an invention for a limited period in return for full disclosure to the public.
- ▶ Design Patents (14/15 years from date of issue)
 - Monopoly in the ornamental design of an article of manufacture
- ▶ Plant Patents (20 years from application date)
 - For new variety of plants
 - May be required to deposit a sample
 - Actually filed as a utility patent

Patentability - Statutory Requirements

- ▶ 35 USC §101 - Statutory Subject Matter
- ▶ 35 USC §102 - Novelty
- ▶ 35 USC §103 - Non-obviousness
- ▶ 35 USC §112
 - Possession (written description)
 - Enabling disclosure
 - Best mode

Patentability – Subject Matter

- ▶ “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”
- ▶ 35 USC §101

Patentable Subject Matter

- ▶ “Anything under the sun that is made by man”
 - Articles of Manufacture
 - **Processes or Methods**
 - Designs
 - **Computer Programs**
 - Compositions of Matter
 - Business Methods
 - Plants (asexually reproduced)

Non-Patentable Subject Matter

- ▶ Mathematical algorithms
- ▶ Naturally occurring organisms
- ▶ Laws of nature
- ▶ Abstract ideas
- ▶ Natural phenomenon

What is the big deal about *Alice*?

- ▶ Alice Corp. v. CLS Bank Int'l (134 S.Ct. 2347 (2014))
 - Alice Corp. Patent
 - ◆ Covers using a computer to reduce settlement risk during a financial transaction between two parties by using a 3rd party intermediary and real-time settlement verification
 - CLS Bank operates a global network providing currency transaction services
- ▶ Pre-Alice – Performed on computer = Patentable

Alice Decision

- ▶ Opinion issued June 19, 2014
 - Claims directed to abstract ideas ineligible under §101
 - ♦ Unless claim elements (considered individually and together) contain an “inventive concept” sufficient to “transform” the claimed abstract idea into a patent-eligible application
 - Distinguish between:
 - “Building blocks” of human ingenuity; and
 - Things that integrate building blocks into something else (does not tie up building blocks themselves)

Alice Decision (cont'd)

- ▶ Two-part test used by *Alice*:
 - Part 1: Are the claims directed to a patent-ineligible concept (e.g., an abstract idea)?
 - Part 2: If so, do the claim elements contain an “inventive concept” sufficient to “transform” the claimed abstract idea into a patent-eligible application?

Abstract Ideas

- ▶ Fundamental/longstanding economic practices
 - Mitigating settlement risk
 - Hedging
 - Creating a contractual relationship
 - Using advertising as an exchange or currency
- ▶ Certain methods of organizing human activity
 - Managing a game of bingo
- ▶ An idea of itself

Abstract Ideas (cont'd.)

- ▶ Mathematical relationships/formulas
 - The Arrhenius equation for calculating the cure time of rubber
 - Formula for updating alarm limits
 - Mathematical formula relating to standing wave phenomena
 - Mathematical procedure for converting forms of numerical representation

Abstract Ideas (cont'd.)

- ▶ Organizing, handling information
 - Processing information through a clearinghouse
 - Comparing new and stored information and using rules
 - Using categories to organize, store and transmit information
 - Organizing information through mathematical correlations

Significantly More than Abstract

- ▶ Improvements to another technology of field
- ▶ Improvements to the functioning of the computer itself
- ▶ Limitations satisfying the Machine-or-Transformation Test
 - Applying the judicial exception with, or by use of, a particular machine
 - Effecting a transformation or reduction of a particular article to a different state or thing

Significantly More than Abstract (cont'd)

- ▶ Adding a specific limitation other than what is well-understood, routine and conventional in the field
- ▶ Adding unconventional steps that confine the claim to a particular useful application
- ▶ Other meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment

Not Significantly More

- ▶ Adding the words “apply it” (or an equivalent) to idea
- ▶ Mere instructions to implement an abstract idea on a computer
- ▶ Simply appending well-understood, high-level, routine and conventional activities previously known to the industry to the idea
 - E.g., an abstract idea requiring no more than a generic computer to perform generic computer functions that are well-understood, routine, and conventional activities previously known to the industry.

Not Significantly More (cont'd)

- ▶ Adding insignificant extrasolution activity to the abstract idea
 - E.g., mere data gathering in conjunction with a law of nature or abstract idea
- ▶ Generally linking the use of the abstract idea to a particular technological environment or field of use

Pro-Patent Strategies

- ▶ New or pending applications
 - Focus on novel aspects of your invention
 - Work carefully with patent attorney to create full disclosure and focus claim language
- ▶ Already granted patents?
 - Consider Reexamination or Reissue Applications

Defense Strategies

- ▶ Use *Alice* as a sledge hammer in litigation
 - Assert *Alice* early in litigation
 - Reference in response to demand letters and in settlement negotiations
- ▶ Insist upon claim construction

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