



District Court Granted Rule 12(b)(6) Dismissal Because the Patent Was Directed to the Patent-Ineligible Abstract Idea of Using Barcodes to Facilitate Bill Payment

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Plaintiff Coding Technologies, LLC sued Mississippi Power Co. for infringing U.S. Patent No. 9,240,008. The patent is directed to using a code pattern (e.g., a barcode) to provide mobile services for facilitating bill payments. For example, the method claims recite “receiving a payment request message including a code pattern image,” “analyzing the code pattern image to obtain [user and billing] information,” and “processing payment of a bill”; the apparatus claims recite a “camera” to capture a code pattern and a “processor” to analyze the code pattern and process the bill; and the system claims recite a “communication interface” to receive a payment request including a code pattern and a “processor” to process the information.

The court analyzed eligibility using the Supreme Court’s two-step *Alice* framework. In step one, a court determines whether the claims are “directed to” a patent-ineligible concept, such as an abstract idea. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014). If they are, the court proceeds to step two and considers “the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Id.*

Addressing step one, the court stated that it must first articulate the “basic thrust” of the claims without describing them at a “high level of abstraction” that is “untethered from the language of the claims,” and then compare the claims to those “already found to be directed to an abstract idea in previous cases.” The court found that, based on a reading of the specification and claims, the “basic thrust” is using a barcode on a mobile device to facilitate

or effectuate bill payment, and that the claims are similar to the barcode-related claims found ineligible in *Secured Mail Solutions LLC v. Universal Wilde, Inc.*, 873 F.3d 905 (Fed. Cir. 2017).

Like the claims in *Secured Mail*, the claims here do not set forth any particular method for generating or scanning the barcode, or for improving the speed, efficiency, or accuracy of barcode functionality. Also, neither the patent nor Coding Technologies explained how the claims overcome a problem arising in the realm of computer networks or how they improve computer functionality. Because barcodes and billing transactions were common in commercial practice and the claims merely implement barcodes with computer equipment in any ordinary way to facilitate billing transactions, the court found that the claims were directed to an abstract idea—namely, using barcodes to facilitate a billing transaction.

Turning to step two, Coding Technologies argued that there was no proper basis for rejecting the allegations in the complaint that the elements, individually and as an ordered combination, “are not well-understood, routine, or conventional activity” and that “the combination improves computer functionality.” The court, however, disagreed because allegations divorced from the patent are not sufficient to defeat a motion to dismiss. Here, the claimed method steps are merely routine computing tasks that do not require fact-finding or claim construction. The court could not “discern an inventive concept in claims which merely involve computers performing billing transactions, a standard commercial practice, through a sequence of standard computing tasks and using commonplace technology.”

Coding Technologies also argued that the claimed “processor” transforms the system claims into a patent-eligible invention because it has non-generic functionality, such as decoding a barcode, obtaining information from a billing database, and processing the payment. But the court found those activities to be generic computer tasks, and neither the patent nor the complaint specifies “additional software” needed for the processor to perform the activities. Thus, according to the court, the claims provide a conventional technological environment to carry out the abstract idea of using barcodes to facilitate a billing transaction.

After concluding that all claims should be treated the same because they contain “no material difference” with respect to the above analysis, the court found that all claims were patent-ineligible under § 101 and granted Mississippi Power’s motion to dismiss with prejudice.

Practice Tip: When prosecuting computer-implemented patents, patent owners should ensure that the specification describes any improvements that the claimed invention has over the prior art or reasons why inventive, claimed components, like a processor and associated

circuitry or functionality, are non-generic. When defending computer-implemented claims against a § 101 attack at the pleading stage, patent owners should avoid relying solely on conclusory allegations (e.g., that the claims “improve computer functionality”) and, instead, elaborate on the claimed improvements and inventive aspects, preferably by pointing to language in the specification.

Coding Technologies, LLC v. Mississippi Power Co., No. 1:19-cv-994-LG-RHW (S.D. Miss. June 4, 2020) (Guirola, J.)

Categories

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