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Federal Circuit Affirms Summary Judgment in Precedential Opinion on Patent Claims Directed to Targeting Advertisements as Ineligible Subject Matter Under 35 U.S.C. § 101

April 16, 2024

Reading Time : **5 min**

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The Federal Circuit recently affirmed summary judgment that patent claims directed to identifying advertisements based on search results are patent ineligible subject matter under 35 U.S.C. § 101. The court found that identifying advertisements based on search results is an abstract idea and that none of the concepts that patent owner identified are inventive to transform this abstract idea into patent-eligible subject matter.

Chewy, Inc. v. International Business Machines Corporation, No. 2022-1756 (Fed. Cir. Mar. 05, 2024) (precedential).

Chewy sued IBM in the Southern District of New York, seeking a declaratory judgment of noninfringement of several IBM patents, including the '443 patent. The '443 patent discloses "improved systems and methods for targeting advertisements." IBM appealed the district court's grant of summary judgement that claims 13, 15, 16 and 17 of the '443 patent are ineligible under 35 U.S.C. § 101.

Claim 13 recites (simplified, and including claims 1 and 5, on which claim 13 depends):

> A method for targeting an associated advertisement from an Internet search having access to an information repository by a user, comprising:
>
> > identifying a search result item from a search result of the Internet search;

searching for an associated advertisement within the repository using the search result item;

identifying an associated advertisement from the repository having at least one word that matches the search result item;

correlating the associated advertisement with the search result item;

designating the search result item matched to the associated advertisement for subsequent selection by a user; and

performing an off-line batch process for each search result item, wherein the process identifies at least one associated advertisement for each search result item.

Claim 15 recites (simplified):

A method for providing related advertisements for search result items from a search of an information repository, comprising:

matching the search result items to the related advertisements;

designating each search result item that have the related advertisements matched therewith;

providing a corresponding graphical user interface for each search result item so designated for subsequent user selection;

searching and retrieving the related advertisements for one of the search result items when selected by a user; and,

formatting and displaying the related advertisements upon selection.

Claim 16 depends on claim 15 and further recites (simplified):

assigning an identifier for the user when the user submits a query to the information repository.

Claim 17 depends on claim 15 and further recites (simplified):

the related advertisements comprise related product advertisements.

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. v. CLS Bank Int'l*, 573 U.S. 208, 217 (2014). If they are, the court proceeds to step two—the search for an "inventive concept"—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.* (quoting *Mayo Collaborative Servs. v. Prometheus Lab'ys, Inc.*, 566 U.S. 66, 78-79 (2012)). An inventive concept is more than merely implementing an abstract idea using "well-understood, routine, conventional" activities previously known to the industry. *Id.* at 225.

1. Alice Step One

Addressing *Alice* step one, the Federal Circuit agreed with the district court that the claims are directed to the abstract idea of identifying advertisements based on search results. The court reasoned the claims "broadly recite correlating advertisements with search results using a generic process." The court noted prior decisions finding claims to targeted advertising were directed to an abstract idea, including *Customedia Technologies, LLC v. Dish Network Corp.*, 951 F.3d 1359 (Fed. Cir. 2020), and *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363 (Fed. Cir. 2015).

The court distinguished *Packet Intelligence LLC v. NetScout Systems, Inc.*, 965 F.3d 1299 (Fed. Cir. 2020), because the claims in that case were directed to "challenges unique to computer networks, or specific improvements to the functionality of the computer itself." In contrast, the claims here "merely recite the concept of identifying advertisements based on search results, without any specificity as to how this is accomplished." The court reasoned that, even if the claimed method "improves the specificity and relevancy of online advertisements," this is "at most an improvement to the abstract concept of targeted advertising wherein a computer is merely used as a tool."

2. Alice Step Two

Addressing *Alice* step two, the court found that none of the concepts identified by the patent owner are inventive sufficient to transform the claimed abstract idea into patent-eligible subject matter. The identified concepts include (1) "an inventive repository configured

to associate search results with advertisements"; (2) "using offline batch processing in an unconventional way"; and (3) "refining the targeting criteria by assigning session identifiers when the user enters a search query."

For the first concept, the court found that "[u]sing a generic database to store the information used in correlating advertisements with search results" is not inventive. The patent owner argued that the repository is specialized, but the court found this is "not supported" because the patent refers to an "information repository" with no further details. For the second concept, the court noted that it was undisputed that off-line batch processing was conventional. The court also stated that "claiming the improved speed or efficiency inherent with applying the abstract idea on a computer [does not] provide a sufficient inventive concept." For the third concept, the court found that the claimed use of session values is not a sufficient inventive concept because the patent provides "no additional detail as to how this is done in an unconventional way." The patent owner's expert testified that the claimed use of session values is "more precise and requires less processing on the backend," but the court found that this alone is insufficient to transform the abstract idea into a patent-eligible concept.

The patent owner further argued that the claims recite an inventive concept as "an ordered combination" because they describe a specific method of using search results in targeted advertising. The court, however, disagreed. The court reasoned that the claims recite "the generic process of obtaining search results from a search query and using the search results to identify advertisements" and the claims "do not recite any specific implementation of the abstract concept of using search results to identify relevant advertisements."

Practice Tip: In the computer arts, patent owners should avoid claiming abstract ideas consisting of merely generic processes without providing any specificity to these processes and should also avoid claiming improvements to an abstract concept wherein a computer is merely used as a tool. Instead, patent owners should focus on claiming a specific implementation, support how the claims are inventive in the patent specification, and provide detail on how the claims are performed in an unconventional way.

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