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Federal Circuit Affirms District Court Decision Holding Asserted Software Claims Invalid as Directed to Patent Ineligible Subject Matter

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By: Michael P. Kahn

The Federal Circuit affirmed the district court's decision and found that the claims were directed to a patent-ineligible abstract idea: the concept of analyzing records of human activity to detect suspicious behavior. The court agreed that the claimed method is nothing more than a combination of several abstract ideas previously found ineligible under § 101, including collecting information, analyzing information and presenting the results of an abstract process.

The court contrasted the claims of the '500 patent with those at issue in *McRO, Inc. v. Bandai Namco Games America, Inc*. In *McRO*, the court found McRO's claims patent-eligible because they were directed to a specific asserted improvement in computer animation that used rules to accurately synchronize animated lips for on screen characters. This was previously done by animators; thus, the rules were critical to the implementation of the process on a computer. In contrast, the claims in the '500 patent did not use rules to improve an existing technological process, but rather merely implemented an old practice in a new environment

Turning to step two of the patent-eligibility inquiry, the court found that the claims fail to add something more or transform the claimed abstract idea of collecting information and analyzing into a patent-eligible application of the abstract idea. The '500 patent claims merely use generic computer elements such as microprocessors and user interfaces, which are not enough to transform an otherwise abstract idea into patent-eligible subject matter. Moreover,

the claims do not propose a solution or overcome a problem specifically arising in the realm of computer technology.

The court also rejected FairWarning's argument that the '500 patent does not pre-empt the field of Health Insurance Portability and Accountability Act (HIPAA) regulation compliance. The court held that the absence of complete field pre-emption does not demonstrate patent eligibility, and the fact that the '500 patent's claims might not pre-empt the entire field of HIPAA compliance does not make them any less abstract.

FairWarning IP, LLC v. Iatrict Systems, Inc., Case No. 2015-1985 (Fed. Cir. Oct. 11, 2016).

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