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Ladders of Abstractions: How Many Rungs Till the Threshold?

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Maxell, Ltd., v. Fandango Media, LLC (Supreme Court 2020)

Maxell was originally a battery company (MAXimum capacity dry cELL). The $80b company has expanded into all sorts of digital

media.

Its patents at issue in this case all relate to managing access to content sent over networks, such as videos provided through online rental and streaming services. U.S. Patents 8,311,389; 9,088,942, and 9,733,522 (all with 2000 priority date).

Maxell sued Fandango for infringement — alleging that the "FandangoNow" service infringed. The lawsuit was cut-short by the district court's dismissal on the pleadings – finding the asserted claims ineligible as directed to the abstract idea of "restricting access to data" using

"rules based upon time." On appeal, the Federal Circuit affirmed without opinion following its internal R.36 procedure. Now, Maxell has petitioned the Supreme Court with a simple question:

Whether the claims at issue in Maxell's patents are patent-eligible under 35 U.S.C. 101, as interpreted in Alice Corp. v. CLS Bank Int'l, 573 U.S. 208 (2014).

[Petition]. This petition is part of the pile of eligibility petitions, including *Athena*, *Hikma*, *Berkheimer*, and *Trading Technologies*.

The argument in Maxell focuses primarily on *Alice* Step 1 — whether the claim is directed to a patent ineligible concept. Maxell explains its position that the lower court went too-far in generalizing the concepts of the invention:

The court fundamentally erred at step one by describing the claims at too high a level of generality and failing to consider the digital context.

Id. The Supreme Court particularly warned against undue generalization in *Alice* — writing that at some level of generalization, all inventions involve an abstract concept. *Alice*.

Although Maxell's innovations could be generally classified as a way of "restricting access to data" using "rules based upon time," the company argues that this abstraction is not what was actually claimed:

[T]he patents do not claim the general concept of restricting access to data using rules; they claim particular solutions for restricting access to digital audio/visual content using control information and rules sent to the user with the audio/visual file. Those solutions use two time controls to restrict access to copyright-protected content – a retention period and a playback permission period – according to specific rules set out in the claims. They protect copyright owners' rights by restricting access to the audio/visual file to a limited period. And they optimize the user experience by allowing the user to choose when to use the audio/visual file, including when the user is offline.

Regarding *Alice* Step 2, Maxell suggests that the innovative concept is easier to identify once you recognize that the patent applications were filed back in the year 2000. However, the district court refused to consider evidence of inventiveness in its eligibility analysis.

In some ways, this case is simply asking the Supreme Court to recognize the USPTO's eligibility examination guidelines as the law — a claim is only directed at an abstract idea if it *recites* an abstract idea.

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The district court used the following claim as representative in its analysis:

13. A method, comprising:

transmitting audio/video information;

receiving the audio/video information;

storing the audio/video information on a storage medium; and

reproducing the audio/video information from the storage medium according to control information related to the audio/video information,

wherein the control information includes:

- *a first period for retaining the audio/video information on the storage medium, and*
- *a second period, that begins at the start of an initial reproduction of the audio/video information, for enabling a start of a reproduction of the audio/video information stored on the storage medium, and*

wherein,

- *in a case where an elapsed time from a retaining of the audio/video information is within the first period and an elapsed time from an initial reproduction of the audio/video information is within the second period, enabling a reproduction of the audio/video information, and,*
- *in a case where a reproduction is started before the end of the first period and the reproduction is continuing at the end of the first period, enabling the reproduction to an end of the audio/video information beyond the end of the first period, and thereafter disabling a start of another reproduction of the audio/video information even if an elapsed time from the initial reproduction of the audio/video information is within the second period.*

Note that the claim has interesting parallels to the claims invalidated in *Mayo v. Prometheus*.