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Supreme Court Rejects 3 Alice Patent Appeals

By Tiffany Hu

Law360 (March 24, 2020, 3:37 PM EDT) -- The U.S. Supreme Court on Monday rejected three appeals calling for more clarification on what is and isn't eligible for patents under the high court's Alice ruling, despite warnings that refusing to resolve the uncertainty will lead to "staggering consequences."

A few months after denying numerous cases that sought to provide more clarity concerning patent eligibility standards, the justices turned down a new batch of appeals on the same issue.

Here is a look at some of the cases the high court turned down.

Reese v. Sprint

The high court on Monday denied a petition for certiorari filed by inventor Morris Reese fighting the Federal Circuit's decision in June to strike down parts of his patent for a combined call waiting and caller ID service under Alice, which states that abstract ideas aren't eligible for a patent unless an "inventive concept is added."

The appeals court had found no such concept, instead ruling that nothing in the disputed claims required anything other than ordinary phone network equipment to perform "generic" functions of receiving and sending information, thus failing to pass the Alice test.

In his November petition, Reese argued that the Federal Circuit misunderstood the nature of the claims at issue and ignored evidence that the claims included an inventive concept that would transform the nature of the claims into a patent-eligible application under Alice.

The inventor also argued that the appeals court made its own "unsupported" statements that

the claims contained generic functions when it deemed the claims invalid. In doing so, the court improperly "import[ed]" the factual analysis surrounding an anticipation or obviousness challenge to what is considered abstract under Alice, he said.

"The encroachment of the factual inquiries … presents opportunities for inconsistent results and threatens to make the clear and convincing evidence requirements for an anticipation or obviousness challenge obsolete," Reese wrote in November, adding that refusing to review the case will lead to "staggering consequences."

Sprint, one of the phone service providers that Reese accused of infringement, in February urged the justices not to take up the inventor's appeal, saying that his apparent "confusion" about basic eligibility requirements made the case a poor one for challenging Alice.

In criticizing the Federal Circuit's analysis of whether the claims covered an abstract idea under the first step of Alice, Reese mischaracterized the ruling by referring only to the court's analysis of Alice's second step: whether the claims were routine or conventional, the companies said.

"And therein lies the clear flaw in Reese's argument," they wrote. "The panel cannot be said to have conflated the step one 'directed to' inquiry with step two's 'well known, routine, and conventional' inquiry when nowhere in step one did it discuss what was well-known, routine, and conventional."

The patent-in-suit is U.S. Patent No. 6,868,150.

The case is Reese v. Sprint Nextel Corp. et al., case number 19-597, before the U.S. Supreme Court.

Solutran v. Elavon

The justices on Monday also refused to review Solutran Inc.'s appeal of a Federal Circuit decision in July that overturned a $4 million infringement win against U.S. Bank over a checking system patent.

The appeals court had found that the patent was directed to the abstract idea of "crediting a merchant's account as early as possible while electronically processing a check," disagreeing with a Minnesota federal judge and jury that found the patent to be valid.

In its February petition, Solutran argued that the Federal Circuit incorrectly analyzed only one element of the patent to find it covered an abstract idea under Alice. Instead of looking at the claims as a whole, the appeals court zeroed in on a "broadly stated business method underlying one of the claim's elements" to find the patent abstract, the company argued.

This application of the Alice test leaves courts and inventors "hopelessly confused" over what can be patentable, Solutran told the high court. If the appeals court's decision is left in place, it would additionally ban all business method patents and "radically change patent law," according to the petition.

"By ignoring the claim as a whole and the physical nature of what the inventors actually identified as their improvement over the prior art, and instead citing an associated business goal as the claim's focus, the Federal Circuit's decision effectively renders all business methods unpatentable no matter how physical their process improvements are," it wrote.

U.S. Bank and its payment processing subsidiary, Elavon Inc., waived its right to respond to the petition, according to court documents.

The patent-in-suit is U.S. Patent No. 8,311,945.

The case is Solutran Inc. v. Elavon Inc. et al., case number 19-1017, before the U.S. Supreme Court.

Maxell v. Fandango

The high court on Monday also rejected Maxell Ltd.'s petition for review of the Federal Circuit decision in October that upheld a California federal judge's ruling invalidating parts of three of its online video patents asserted against Fandango.

The appeals court had issued a decision affirming the invalidation without further comment, just days after holding oral arguments. The lower court in 2018 found that time restrictions within the patents were considered abstract ideas under Alice.

In its January petition, Maxell argued that the district court "fundamentally erred … by describing the claims at too high a level of generality and failing to consider the digital context."

The patents covered a specific way to restrict access to digital audio and visual content using a series of controls and rules, and was an “inventive solution” at the time of the priority date of the patents, it said.

Noting that several petitions on the issue were before the Supreme Court, Maxell said it "requests that this court hold this case pending its decisions on those pending petitions. If the court grants the petition for a writ of certiorari in one or more of those cases, the court should grant this petition, vacate the Federal Circuit’s decision, and remand the case.”

Fandango, for its part, had told the high court that Maxell's argument was "expressly predicated on a contingent event that has not come to pass," noting that the justices have denied review to each of the cases identified in the petition for certiorari.

“Moreover, nothing in the petition casts doubt on the district court's straightforward application of this court's Alice framework, or the Federal Circuit's affirmance thereof,” Fandango wrote in an opposition brief last month. “Indeed, the Federal Circuit did not deem this case a close enough call even to warrant a written opinion.”

The patents-in-suit are U.S. Patent Nos. 8,311,389; 9,083,942; and 9,773,522.

The case is Maxell Ltd. v. Fandango Media LLC, case number 19-852, before the U.S. Supreme Court.

--Additional reporting by Ryan Davis and Dani Kass. Editing by Jack Karp.