

# PUBLICATION

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## Light in the Alice Tunnel: Software Claims Found Patentable

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On May 12, the Court of Appeals for the Federal Circuit in *Enfish, LLC v. Microsoft Corporation* provided much needed guidance for the patent community in finding that software claims were patentable subject matter under Section 101 of the Patent Act. In reversing the District Court, the Federal Circuit panel went against the flood tide of cases in which courts have invalidated patents based on the U.S. Supreme Court's decision two years ago in *Alice Corporation Pty. Ltd v. CLS Bank International*. More importantly, it re-confirmed that patentability is the rule, not the exception.

Enfish owned two patents directed to an innovative logical model for a "self-referential" computer database. Microsoft offered an ADO.NET product that provided an interface through which software applications could store, retrieve and manipulate data stored in a database. Enfish sued Microsoft for patent infringement, asserting that the ADO.NET software used self-referential tables. The District Court for the Central District of California granted summary judgment in favor of Microsoft on several grounds, including holding that the patent claims were invalid under *Alice*.

In *Alice* (and a companion case, *Mayo vs. Prometheus Labs*), the Supreme Court fashioned a two-step test for determining whether patent claims are patentable subject matter under 35 USC 101. First, the court determines whether the claims at issue are directed to a patent-ineligible concept (such as an abstract idea). If so, the court then 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.

The vast majority of post-*Alice* cases have focused on the second step, giving the appearance that the first step carried little weight. In *Enfish*, however, the Federal Circuit gave teeth to this first step, and in fact did not find it necessary to proceed to the second step to find the claims patentable. The court cautioned that the "directed to" inquiry cannot simply ask whether the claims *involve* a patent-ineligible concept, because essentially every routinely patent-eligible claim involves a patent-ineligible concept, such as a law of nature. Instead, this first step filters claims, considered in light of the specification, based on whether their character as a whole is directed to excluded subject matter.

The court explicitly rejected the idea that all improvements in computer-related technology were inherently abstract. In particular, the court stated that claims directed to software, as opposed to hardware, were not inherently abstract. Reference to "physical" components is not required. Similarly, a software-based invention's ability to run on a general-purpose computer does not doom the claims.

The court then had little issue in finding that the focus of the Enfish claims was on an improvement to computer functionality, as opposed to economic or other tasks for which a computer was used in its ordinary capacity. It cautioned against overgeneralizing claims: "However, describing the claims at such a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule."

The *Enfish* decision joins the previous Federal Circuit case of *DDR Holdings LLC v. Hotels.com LLC* in providing a glimmer of light in what has been a very dark tunnel for patent owners and applicants. Even pure

software inventions can be patentable, if the claims are specific enough, and can be characterized in some way as directed to improving computer functioning or capabilities.

If you have any questions about this case or how it could impact your business, please contact Edward Ramage or any of the attorneys in Baker Donelson's Intellectual Property Group.