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Federal Circuit Reverses Summary Judgment of Invalidity Under 35 U.S.C. § 112, ¶ 2.

In *CBT Flint v. Return Path*, Appeal No. 2010-1202, -1203 (Aug. 10, 2011), the Federal Circuit reversed a district court's grant of summary judgment that the asserted patent claim was invalid for indefiniteness under 35 U.S.C. § 112, ¶ 2.

The asserted claim related to a system for charging a fee for sending e-mail, generally known as "spam," to recipients. Claim 13 recited in pertinent part: "a computer in communication with a network, the computer being programmed to *detect analyze* the electronic mail communication ...." (Emphasis added). The district court held that there had been a drafting error rendering the claim indefinite as it was unclear whether the words "to detect analyze" meant "to detect," "to analyze," or "to detect and analyze."

CBT appealed and the Federal Circuit held that a person of skill in the art would find the claim to have the same scope and meaning under each of the three possible meanings, and ruled that the district court had the authority to correct the error by changing "detect analyze" to "detect and analyze." As such, the Federal Circuit reversed the district court's summary judgment of invalidity and the case has been remanded for further proceedings.

Federal Circuit Affirms Summary Judgment of Invalidity Under 35 U.S.C. § 101.

In *Cybersource Corp. v. Retail Decisions, Inc.*, Appeal No. 2009-1358 (Aug. 16, 2011), the Federal Circuit affirmed the district court grant of summary judgment of invalidity of claims 2 and 3 of U.S. Patent No. 6,029,154 under 35 U.S.C. § 101 for failure to recite patent-eligible subject matter.

The '154 patent recites a "method and system for detecting fraud in a credit card transaction between [a] consumer and a merchant over the Internet." In *Bilski*, the Federal Circuit held that the "machine-or-transformation" test was the appropriate test for patentability of process claims. A claimed process would only be "patent-eligible under § 101 if: (1) it is tied to a particular machine or apparatus; or (2) it transforms a particular article into a different state or thing." To satisfy the machine prong of the test, the use of a machine "must impose meaningful limits on the claim's scope."

The Federal Circuit agreed with the district court which had found that claim 3 of the '154 patent failed to meet either prong of the machine-or-transformation test because the method of claim 3 simply requires one to "obtain and compare intangible data pertinent to business risks." The Federal Circuit ruled that the mere collection and organization of data regarding credit card numbers and Internet addresses is insufficient to meet the transformation prong of the test, and the plain language of claim 3 does not require the method to be performed by a particular machine, or even a machine at all.

The Federal Circuit also agreed with the district court that claim 2 of the '154 patent was invalid. Claim 2 of the '154 patent, which recites a "Beauregard

claim" (named after *In re Beauregard*, 53 F.3d 1583 (Fed. Cir. 1995)), is a claim to a computer readable medium (*e.g.*, a disk, hard drive, or other data storage device) containing program instructions for a computer to perform a particular process. The Federal Circuit held that the "computer readable medium" limitation of claim 2 does not make the otherwise unpatentable method patent-eligible under § 101. Moreover, CyberSource had not met its burden to demonstrate that claim 2 is "truly drawn to a specific" computer readable medium, rather than to the underlying method of credit card fraud detection. The Federal Circuit stated that such a method that can be performed by human thought alone is merely an abstract idea and is not patent-eligible under §101.

Federal Circuit Affirms Summary Judgment Finding Patent Claim Nonobvious

In *Unigene Labs., Inc.,v. Apotex, Inc.* Appeal No. 2010-1006 (Aug. 25, 2011), the Federal Circuit affirmed the district court's grant of summary judgment that claim 19 of U.S. Patent No. RE40,812E would not have been obvious at the time of invention.

The claim covered the nasal spray Fortical® with the active ingredient salmon calcitonin ("salmon calcitonin" or "calcitonin") used to treat osteoporosis. Fortical® is a bioequivalent of Novartis' Miacalcin® calcitonin nasal spray. Miacalcin® has been marketed since 1995, before the '812E patent's February 4, 2000 priority date. Unigene developed Fortical® as an alternative to Miacalcin®. Both Miacalcin® and Fortical® use salmon calcitonin at a concentration of 2,200 I.U./mL as their active ingredient, but have different formulations.

The Federal Circuit held that a person skilled in the art, starting with the Novartis "reference composition" would not have found it obvious to design a product including a specific amount of citric acid as an absorption agent. Prior art references taught away from citric acid or included it as "one of over fifty options." Accepting that there was a design need and market pressure to develop a pharmaceutical formulation that is bioequivalent to Miacalcin®, there was no evidence in the record that claim 19 would be an obvious solution to those motivations. Accordingly, Unigene's solution was not obvious.

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