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The Federal Circuit Further Clarifies Patentable Subject Matter Under 35 U.S.C. § 101

The Court of Appeals for the Federal Circuit (“CAFC”) reversed the U.S. District Court for the Northern District of Texas grant of Defendant AT&T’s Motion to Dismiss under Federal Rule of Civil Procedure 12(b)(6) for failure to state a claim in *BASCOM Glob. Internet Servs. v. AT&T Mobility, LLC*, and further clarified the standard for patentable subject matter under 35 U.S.C. § 101.

By way of background, Plaintiff BASCOM Global Internet Services, Inc. appealed the Texas District Court’s grant of a motion to dismiss under Rule 12(b)(6), in which the Texas District Court held that BASCOM failed to state a claim upon which relief could be granted because the claims of the U.S. Patent No. 5,987,606 are invalid as a matter of law under 35 U.S.C. §101. BASCOM alleged that the claims of the ‘606 patent contain an “inventive concept” in their ordered combination of limitations sufficient to satisfy the second step of the Supreme Court’s Alice analysis. The CAFC sided with Plaintiff finding nothing in the record to support invalidity under §101.

The ‘606 patent is directed to a system that relates to software for blocking undesirable websites from access in both the workplace as well as in the home. While prior art software performed such functions, the software had to be installed on each machine. Another prior art system overcame some of the disadvantages of installing filtering software on each local computer by relocating the filter to a local server. The disadvantages of this prior art solution were that “a single set of filtering criteria is often not appropriate for all of the end users,” and filtering Internet content also required time consuming local service to initiate and maintain software implementing the filtering functions specifically used to a single local area network or a local platform.

The invention claimed in the ‘606 patent is able to provide individually customizable filtering at the remote ISP server by taking advantage of the technical capability of certain communication networks. That is, the ISP is able to associate an individual user with a specific request to access a website or other Internet content and can distinguish the user’s requests from other users’ requests. One way that the ISP is able to make this association, as described in the ‘606 patent, is by requiring each user to first complete a log-in process with the ISP server. After a user has logged in, the ISP server can then associate the user with a request to access a specific website. The ISP server receives a request to access a website, associates the request with a particular user, and identifies the requested website. The filtering tool then applies the filtering mechanism associated with the particular user to the requested

website to determine whether the user associated with the request is allowed access to the website. The filtering tool returns either the content of the website to the user, or a message to the user indicating that the request was denied.

BASCOM sued AT&T for patent infringement, and then added AT&T Mobility LLC and AT&T Corp. as defendants and then dismissed AT&T Inc. from the case. AT&T moved to dismiss BASCOM's complaint under Rule 12(b)(6) on the basis that each claim of the '606 patent was invalid under §101. AT&T analogized the idea of filtering content to a parent or librarian forbidding children from reading certain books, and argued that performing the filtering on the Internet does not make the idea nonabstract. Finally, AT&T pointed to each individual limitation of the claims and argued that none of the limitations transforms the abstract idea of filtering content into patent-eligible subject matter because they do no more than recite routine and conventional activities performed by generic computer components.

BASCOM responded by arguing that the claims of the '606 patent are not directed to an abstract idea because they address a problem arising in the realm of computer networks, and provide a solution entirely rooted in computer technology, similar to the claims at issue in *DDR Holdings LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014). BASCOM asserted that its claims were different because filtering Internet content was not longstanding or fundamental at the time of the invention and is not independent of the Internet.

The Texas District Court agreed with AT&T finding the '606 patent claims were directed to the abstract idea of "filtering content" because content provided on the Internet is not fundamentally different from content observed, read, and interacted through other media, like books, magazines, television, or movies. The District Court (i) first determined that no individual limitation was inventive because each limitation in isolation was a "well-known, generic computer component" or a standard filtering mechanism, and then (ii) noted that the absence of specific structure for the generic computer components raises the likelihood that such claims could preempt every filtering scheme under the sun.

The CAFC, in reversing the Texas District Court, observed that this case presents a close call about how to characterize the subject matter recited in the claims. According to the CAFC, the prior art filters were either susceptible to hacking and thus dependent on local hardware and software, or confined to an inflexible one-size-fits-all scheme. The CAFC then observed that the inventive concept described and claimed in the '606 patent is the installation of a filtering tool at a specific location, remote from the end-users, with customizable filtering features specific to each end user. The CAFC also observed that this design gives the filtering tool both the benefits of a filter on a local computer and the benefits of a filter on the ISP server. That is, the claims do not merely recite the abstract idea of filtering content along with the requirement to perform it on the Internet, or to perform it on a set of generic computer components. Such claims would not contain an inventive concept. Nor did the claims preempt all the ways of filtering content on the Internet; rather, they recite a specific, discrete implementation of the abstract idea of filtering content.

The CAFC lastly noted that, while the claims of the '606 patent are directed to the abstract idea of filtering content, BASCOM adequately alleged facts establishing that the claims pass step two of Alice's two-

part framework. That is, an inventive concept can be found in the ordered combination of claim limitations that transform the abstract idea of filtering content into a particular, practical application of that abstract idea. Based upon this rationale, the CAFC vacated the Texas District Court's grant of AT&T's Rule 12(b)(6) motion to dismiss, and remanded the case for further proceedings consistent with the opinion.

The Federal Circuit Blesses the USPTO's Continuation Filing Rule

In *Immersion Corp. v. HTC Corp.*, the CAFC approved the USPTO's continuation filing rule. Specifically, the CAFC addressed whether the requirement that a continuation application be "filed before the patenting" of the earlier application, to avoid creating prior art to the later filed continuation application, is met if the continuation is filed on the same day as the patenting of the earlier application, and answered that a continuation is considered to be "filed before the patenting" of the earlier application when both legal acts, filing and patenting, occur on the same day.


By way of background, Immersion Corporation filed a patent application, on January 19, 2000, disclosing a mechanism for providing haptic feedback to users of electronic devices, which issued as U.S. Patent No. 6,429,846 ("the '846 patent") on August 6, 2002. Immersion, meanwhile, also filed PCT/US01/01486, which published as WO 01/54109 ("WO '109") on July 26, 2001, based upon substantially the same disclosure. WO '109 is therefore invalidating disclosure under 35 U.S.C. 102(b) to any claims having an effective filing date after July 26, 2002.

Beginning in August 2002 (after the July 26, 2002 critical date), Immersion filed a series of continuation applications that shared the written description of the '846 patent, and for which Immersion sought an effective filing date, based upon 35 U.S.C. § 120, of January 19, 2000, the filing date of the '846 patent. One link in the chain of applications was contested. Specifically, Immersion filed a continuation, which issued as U.S. Patent No. 7,148,875 ("the '875 patent"), on August 6, 2002, the same day that the '846 patent issued. The present dispute is whether the '875 patent was "filed before the patenting" of the '846 patent, and hence is entitled to the filing date of the '846 patent.

While there are other issued patents in the family, the 35 U.S.C. § 120 claims for priority in those patents are not challenged. The only patents that are at issue are three patents, i.e., U.S. Patent Nos. 7,982,720, 8,031,181, and 8,059,105, which all share a written description with WO '109, and include a § 120 claim for priority to the '846 patent.

In the District Court action filed in early 2012, Immersion sued HTC for infringing the '720, '181, and '105 patents (as well as other patents no longer at-issue), and sought summary judgment that the asserted patent claims were invalid under 35 U.S.C. § 102(b) because the applications did not satisfy the "filed before the patenting" requirement of § 120 and WO '109 disclosed the claimed subject matter. The District Court held that the '875 patent application was not "filed before the patenting" of the '846 patent, because its application was filed on the same day as the issuance of the patent.

While the CAFC observed that the "filed before the patenting" requirement could be interpreted to mean the day before or the same



day, the CAFC stated that the history of this Patent Act provision “is so weighty as to be determinative” to merely require that the continuation be filed the same day, which the CAFC noted was in line with the settled expectations of patentees. The CAFC saw no reason to overturn the long standing view of the statute even if it wasn't the "most natural" one and moreover the proffered interpretation was plausible. The CAFC also noted that there is no legislative history to support HTC's preferred interpretation, and Congress has altered the Patent Act multiple times since 1960, knowing the USPTO's rule, without disturbing § 120.

The PTO estimated that more than 13,500 patents issued since 2000 would have been susceptible to attack if the District Court holding was upheld, according to the U.S. government's brief. The Intellectual Property Owners Association filed an amicus brief citing Ocean Tomo UT's estimate of 12,300 patents at risk.

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