

Kratz, Quintos & Hanson, LLP – IP Newsletter

By Nicholas S. Bromer

**THE COMPLEXITY OF A CLAIMED PROCESS MAY MAKE IT
EASIER TO BECOME PATENTABLE SUBJECT MATTER UNDER 35 U.S.C. §101**
(*Ultramercial, Inc. v. Hulu, LLC*, U.S. Court of Appeals for the Federal Circuit,
decided on June 21, 2013)

Ultramercial, Inc. v. Hulu, LLC, decided by the Court of Appeals for the Federal Circuit (CAFC), is concerned with U.S. Patent No. 7,346,545. The case started when the lower court decided that the claims of the '545 patent are invalid for being non-patentable subject matter under 35 U.S.C. §101. The CAFC had previously reversed and remanded, but this earlier decision was vacated by the U.S. Supreme Court, and the case had returned to the CAFC.

Claim 1 of the '545 patent includes *a fifth step of offering to a consumer access to the media product without charge to the consumer on the precondition that the consumer views the sponsor message*. No hardware or other structure is mentioned in the claim, which begins: *A method for distribution of products over the Internet via a facilitator*. (The "facilitator" is a person, not hardware.) An *activity log* records how many times that an advertisement has been presented, but it is not described. There are phrases which imply an interface, but again no structure is recited.

The CAFC's opinion states that "abstract ideas" are not patentable subject matter under Section 101, and mentions tests of abstractness (*e.g.*, the "machine or transformation" test), and holds them inadequate for the "Information Age" and for "Technology without anchors in physical structures and mechanical steps." The court then states that the essential test of process patentability is whether the claim, as a whole, is directed to an abstract idea, or the *application of* an abstract idea, and concludes with the following: **"the question for patent eligibility is whether the claim contains limitations that meaningfully tie that abstract idea to an actual application of that idea through meaningful limitations."**

The court clarifies that: "while the mere reference to a general purpose computer will not save a method claim ***, the fact that a claim is limited by a tie to a computer is an important indication of patent eligibility. *** This inquiry focuses on whether the claims tie the otherwise abstract idea to a *specific way* of doing something with a computer, or a *specific computer* for doing something; if so, they likely will be patent eligible" (emphasis in original).

Decision: The court further states that the invention requires "complex computer programming" and cites the patent's Figure 1, which shows several interconnected computers, and its Figure 2, a flowchart which is "tied to computer implementation." The court concludes that: "[v]iewing the subject matter as a whole, the invention involves an extensive computer interface;" and the court highlights the large number of steps in the claim, and therefore regards the claimed process as not abstract and renders it patentable subject matter under 35 U.S.C. §101.

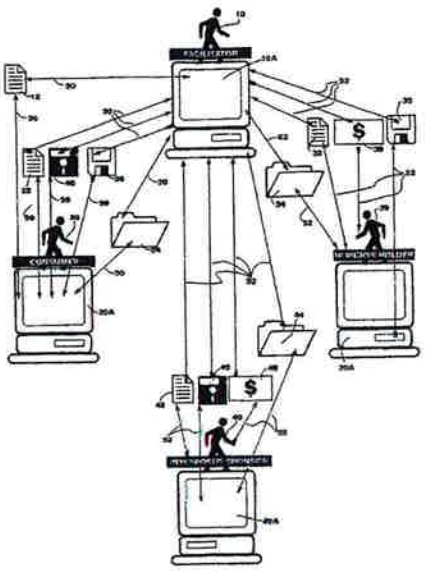


Figure 1

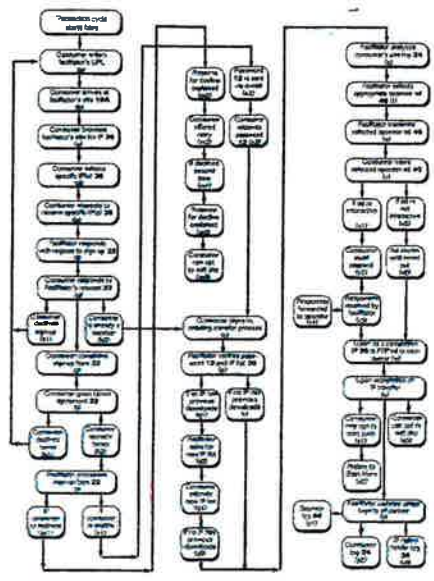


Figure 2

"[T]his court does not define the level of programming complexity required before a computer-implemented method can be patent-eligible. Nor does this court hold that use of an Internet website to practice such a method is [enough]. This court simply holds the claims in this case to be patent-eligible *** because of these factors."

Summary: Based on this decision, processes linked with computers or the Internet: (1) should be claimed with claims reciting many steps, (2) should imply a high "level of programming complexity," and (3) should be linked to complex drawings showing "several computer systems."

Washington D.C. Office:
4th Floor
1420 K Street, N.W.
Washington, DC 20005
U.S.A.
Tel: 202.659.2930
Fax: 202.887.0357
www.kqhpatentlaw.com

Tokyo Liaison Office:
Tokyo Banker's Club Building
15th Floor
1-3-1 Marunouchi, Chiyoda-ku
Tokyo 100-0005 JAPAN
Tel: 03.3216.7188
Fax: 03.3216.7210

DISCLAIMER: This information is intended to provide general information only and should not be construed as a legal opinion or as legal advice. Our firm disclaims liability for any errors or omissions. No action should be taken that relies upon information in this newsletter. This newsletter does not establish any form of attorney-client relationship with our firm or with any of our attorneys.