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THE SURPRISING BREADTH OF POST-GRANT REVIEW FOR COVERED-BUSINESS-METHOD PATENTS: A NEW WAY TO CHALLENGE PATENT CLAIMS[†]

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Sued for or threatened with infringement? Companies and innovators sued for infringement over software, Internet, or business-method patents have a

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new means for quick and relatively low-cost resolution. By using the recently enacted post-grant review procedures at the U.S. Patent and Trademark Office created by the America Invents Act and implemented September 16, 2012, parties can resolve software disputes quickly and relatively cheaply, compared to the rigors of a full trial. While there are never easy answers, these reviews enable many parties not only to lower costs but also to protect their own often-nascent software innovations from predatory suit.

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Appendix A: The First 100 CBM Petitions.....289

Recent court decisions . . . have sharply pulled back on the patenting of business methods, emphasizing that these “inventions” are too abstract to be patentable. In the intervening years, however, PTO was forced to issue a large number of business-method patents, many or possibly all of which are no longer valid. The Schumer proceeding offers a relatively cheap alternative to civil litigation for challenging these patents, and will reduce the burden on the courts of dealing with the backwash of invalid business-method patents.¹

–Senator Jon Kyl, March 8, 2011, from the Senate Floor

Congress, in the CBM method, said business methods that are subject to special scrutiny—that is, dubious patents—include methods and corresponding apparatuses, which is what we have here, that pertain to data processing in the financial services industry and do not offer a technological solution. That describes Alice’s patents to a letter, Your Honor.²

–Mark A. Perry, Esq., March 31, 2014, at the Supreme Court

I. INTRODUCTION

Sued for infringing a questionable computer-implemented patent? Received a letter threatening the same? Like many accused of infringing software or business-method patents, you may face patent claims too general or abstract to defend against. Patent claims like these often shouldn’t survive 35 U.S.C. § 101, the statute defining U.S. patentable subject matter. Indeed, some of these patents—often naturally abstract—face validity challenges under § 101. But what forum should parties use when attacking the validity of an abstract business-method or software patent?

1. 157 Cong. Rec. S1367 (daily ed. Mar. 8, 2011) (statement of Sen. Kyl).

2. Transcript of Oral Argument at 29, *Alice Corp. Pty. Ltd. v. CLS Bank Int’l (CLS Bank Int’l VII)*, 134 S. Ct. 734 (2013) (Mem.) (No. 13-298) (argument of Mark A. Perry, Esq., on behalf of the Respondents), available at http://www.supremecourt.gov/oral_arguments/argument_transcripts/13-298_869d.pdf.

After a series of decisions³ and the Congress' passage of the Leahy–Smith America Invents Act (AIA),⁴ some defendants have options when asserting § 101 challenges. Some of these options may help avoid incurring the costly burdens of civil discovery and trial. For these potential and actual defendants have two powerful weapons in their arsenal: an early pretrial motion to dismiss and an administrative post-grant review (PGR) of covered-business-methods (CBMs). Analyzing the first hundred CBM PGR petitions, we demonstrate the value and utility of the latter.

Early in federal trial litigation, defendants sometimes rely on Federal Rules of Civil Procedure 12(c) and 12(b)(6) to raise § 101 challenges where patent claims appear invalid. Under Rule 12(c), a party can challenge the legal sufficiency of the pleadings (the complaint and answers) any time after their filing. Even earlier, under Rule 12(b)(6), a party may challenge a filing for a failure to state a claim even before filing a response. For example, the day after litigants assert a patent in court, defendants can file a Rule 12(b)(6) motion to invalidate an iffy patent under § 101.

In the past, courts typically waited to construe the scope of the patent's claims via a claim construction (or *Markman*) hearing⁵ before entertaining motions to dismiss based on § 101. But as

3. See *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012); *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266 (Fed. Cir. 2012); Complaint at 29, *CLS Bank Int'l v. Alice Corp. Pty. Ltd. (CLS Bank I)*, 667 F. Supp. 2d 29 (D.D.C. 2009) (No. 07 Civ. 974); *CLS Bank I*, 667 F. Supp. 2d at 29 (denying parties' Rule 56 summary judgment motions); *CLS Bank Int'l v. Alice Corp. Pty. Ltd. (CLS Bank II)*, 411 F. App'x 306, 307 (Fed. Cir. 2010) (denying CLS Bank's petition for leave to appeal); *CLS Bank Int'l v. Alice Corp. Pty. Ltd. (CLS Bank III)*, 768 F. Supp. 2d 221, 225 (D.D.C. 2011) (granting CLS Bank's motion for summary judgment on § 101 issues in light of *Bilski v. Kappos*, 130 S. Ct. 3218 (2010)); *CLS Bank Int'l v. Alice Corp. Pty. Ltd. (CLS Bank IV)*, 685 F.3d 1341 (Fed. Cir. 2012) (reversing and remanding *CLS Bank III*); *CLS Bank Int'l v. Alice Corp. Pty. Ltd. (CLS Bank V)*, 484 Fed. App'x 559 (Fed. Cir. 2012) (vacating *CLS Bank IV* and granting rehearing en banc); *CLS Bank Int'l v. Alice Corp. Pty. Ltd. (CLS Bank VI)*, 717 F.3d 1269 (Fed. Cir. 2013) (en banc); *CLS Bank VII*, 134 S. Ct. 734 (2013) (Mem.) (granting certiorari), *argued*, No. 13-298 (Mar. 31, 2014); Transcript of Oral Argument, *supra* note 2, at 29.

4. Leahy–Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284 (2011) (codified in scattered sections of 35 U.S.C.).

5. A pretrial hearing in a U.S. District Court, a claim construction or *Markman* hearing lets the judge examine the parties' evidence on the meanings of relevant words used in a patent claim. In the eponymous *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), the Supreme Court held that judges—rather than juries—determine the meaning of claim language as a matter of law.

Court decisions from 2010 and 2011 show, the rule varies. In *Bilski v. Kappos*⁶ and *Ultramercial, LLC v. Hulu, LLC*,⁷ for instance, the U.S. Supreme Court and the U.S. Court of Appeals for the Federal Circuit (the court hearing appeals on patent law⁸) allowed pre-*Markman* § 101 challenges. The Federal Circuit offers no clear rule. According to one Federal Circuit panel, § 101 is an “antecedent question” that must be answered before considering whether particular claims are invalid as obvious or anticipated.⁹ Yet Chief Judge Rader, speaking for the court most recently in *Ultramercial*,¹⁰ stated that “[c]laim construction may not always be necessary for a § 101 analysis.”¹¹ Following this guidance, some courts allow a § 101 challenge at any time after the pleading stage, particularly before claim construction.¹² But it depends on the bench, and if even one claim survives a § 101 challenge, the case continues.

Enter a powerful, lesser-known alternative. Defensive parties can file (and should consider) CBM petitions created by the AIA. The law forged a powerful new tool for attacking CBM patents asserted against another party in litigation. In particular, § 18, the “Transitional Program for Covered Business Method Patents,” provides an efficient, relatively cheap remedy to businesses plagued with broad patents.¹³ The main hesitancy? Scope. The only real question? Just what is “covered” under the “covered business method” standard?

6. *Bilski v. Kappos*, 130 S. Ct. 3218 (2010).

7. *Ultramercial, LLC v. Hulu, LLC*, 657 F.3d 1323 (Fed. Cir. 2011), *cert. granted, vacated and remanded on other grounds sub nom. WildTangent, Inc. v. Ultramercial, LLC*, 132 S. Ct. 2431 (2012) (Mem.) (remanding on §101, not on procedural grounds).

8. *See* 28 U.S.C. § 1295 (2012).

9. *See In re Comiskey*, 554 F.3d 967, 975 n.7 (Fed. Cir. 2009).

10. *Ultramercial*, 657 F.3d 1323.

11. *Id.* at 1325 (Fed. Cir. 2011) (not requiring claim construction).

12. *See Digitech Info. Sys., Inc. v. BMW Fin. Servs. NA, LLC*, 864 F. Supp. 2d 1289 (M.D. Fla. Mar. 30, 2012) (holding claim construction is not necessary for determining patent eligibility), *reconsideration denied*, 2012 WL 3105898 (M.D. Fla. Jul. 30, 2012), *aff'd sub nom. Digitech Info. Sys. v. BMW Auto Leasing, LLC*, 504 Fed. App'x. 920 (Fed. Cir. 2013); *Nazomi Comm'ns, Inc. v. Samsung Telecomms., Inc.*, 2012 WL 967968 (N.D. Cal. Mar. 21, 2012) (same); *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Can. (U.S.)*, 771 F. Supp. 2d 1054, 1059 (E.D. Mo. 2011) (same), *reconsideration denied*, 2011 WL 1599550 (E.D. Mo. Apr. 27, 2011), *reh'g and reh'g en banc denied*, 687 F.3d 1266 (Fed. Cir. 2012).

13. Leahy–Smith America Invents Act (AIA), Pub. L. No. 112-29 § 18, 125 Stat. 284, 329 (2011).

This Article seeks to explain CBM procedures, their benefits, and their detriments. We collected and analyzed CBM data since they began in September 2012. We conclude that these procedures offer advantages to those wishing to challenge a patent, and predict they will see increased use in coming years. As such, those in industries plagued by broad, frequently asserted patents—like the software industry—should familiarize themselves with this powerful tool.

II. A BRIEF BACKGROUND ON § 101 AND CBM REVIEW

A. Patentable subject matter, software, and the struggle to define what is not patent-eligible

The definition of patentable subject matter found in § 101 is the progeny of Article III of the Constitution and the Patent Act of 1790. Courts struggle to trace the lines drawn by these two-hundred-year-old documents—that laws of nature, natural phenomena, and abstract ideas are not patentable—to the computer software ubiquitous today. Decisions after 2010 from the Supreme Court and Federal Circuit, such as *Bilski v. Kappos*,¹⁴ *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*,¹⁵ *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.)*,¹⁶ and *CLS Bank Int'l v. Alice Corp. Pty. Ltd.*,¹⁷ illustrate the difficulty of articulating clear § 101 standards. Yet two things ring clear. First, applying a general-purpose computer to an abstract idea is not patentable. Second, challenging validity under § 101 remains fertile ground for one seeking to invalidate or cancel a software or business-method patent.

The ever-changing law of computer-implemented business methods, as most recently elucidated in *Bancorp*, asks whether the claimed technology or computer is integral to the invention as a whole.¹⁸ Computer-implemented business methods, by nature,

14. *Bilski v. Kappos*, 130 S. Ct. 3218 (2010).

15. *Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 132 S. Ct. 1289 (2012).

16. *Bancorp*, 687 F.3d 1266.

17. *CLS Bank I-VII*, *supra* note 3.

18. *See Bancorp*, 687 F.3d at 1278 (“To salvage an otherwise patent-ineligible process, a computer must be integral to the claimed invention, facilitating the process in a way that a person making calculations or computations could not.”); *see also* *SiRF Tech., Inc. v. Int'l Trade Comm'n*, 601 F.3d 1319, 1333 (Fed. Cir. 2010) (“In order for the addition of a machine to impose a meaningful limit on the scope of a claim, it must play a significant part in permitting the claimed method to be performed, rather than function solely as

generally do not “transform” anything, and so their patentability rests on their technological claim recitations.¹⁹ In *Bancorp*, the Federal Circuit dismissed preexisting processes only made more efficient via a computer, saying these extra-solution, expediency limitations “do not materially alter the patent eligibility of the claimed subject matter.”²⁰ But after the *CLS Bank* en banc opinion failed to produce a majority opinion and resulted in six different fractured writings, it is difficult to definitively say what the state of computer patent eligibility is. As of this writing, the Supreme Court’s pending decision promised to help resolve the dispute. Notably, the Supreme Court justices discussed the “technological means” test as a helpful way to resolve the dispute, similar to the CBM institution factor of the same name.²¹

The PTO, meanwhile, generally continues to administer the requirement as they always have—with the machine-or-transformation (MOT) test.²²

1. A brief history of the origins of present-day challenges § 101 challenges

Our founding fathers included in the text of the Constitution a provision “[t]o promote the Progress of . . . useful Arts, by securing for limited Times to . . . Inventors the exclusive Right to their . . . Discoveries.”²³ The First Congress quickly passed the Patent Act of 1790,²⁴ providing foremost, in different language eventually adopted as § 101 of Title 35, that “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”²⁵ The Courts limited this grant of patentable subject matter

an obvious mechanism for permitting a solution to be achieved more quickly . . .”).

19. *Bancorp*, 687 F.3d at 1278.

20. *Id.*

21. Transcript of Oral Argument, *supra* note 2, at 29–30, 32, (“does not offer a technological solution,” “technological solutions,” “technological solution to a business problem, a social problem, or a technological problem,” “to improve other technological functions,” “there is a technological link here,” “the use of computer technology to improve the functioning of another technological process.”) (argument of Cart G. Phillips, Esq., on behalf of Petitioners and Donald B. Verrilli, Jr., Esq., on behalf of the United States).

22. See discussion *infra* CBM review procedure, briefly explained

23. U.S. CONST. art. I, § 8, cl. 8.

24. Patent Act of 1790, ch. 7, 1 Stat. 109-112 (Apr. 10, 1790).

25. 35 U.S.C. § 101 (2012).

with three judicially recognized exceptions: laws of nature, natural phenomena, and abstract ideas.²⁶

In the 1970s and 1980s, the Supreme Court developed the test in a trio of cases—*Gottschalk v. Benson*,²⁷ *Parker v. Flook*,²⁸ and *Diamond v. Diehr*.²⁹ For computers, *Flook* and *Gottschalk* define the outer limits of what is and is not patentable, respectively.

In *Benson*, the Supreme Court discussed the “preemption” of abstract ideas and found that the mathematical formula at issue had “no substantial practical application except in connection with a digital computer” and so the claims “would wholly pre-empt the mathematical formula and in practical effect would be a patent on an algorithm itself.”³⁰

Similarly, in *Flook*, the Supreme Court repeated this ban on “preempting” the “basic tools of scientific and technological work.”³¹ There, the Court held that “field of use” limitations—there, to the oil-refining and petrochemical industries—or the addition of “post-solution” activity—there, adjusting an “alarm limit” according to a claimed mathematical calculation—could not “transform an unpatentable principle into a patentable process.”³²

2. The often-confounding nature of software and business-method patents

Computers and software vex the patent system.³³ Difficult to quantify, they can be difficult to claim.³⁴ While clearly important,

26. See *Diamond v. Diehr*, 450 U. S. 175, 185 (1981); *Parker v. Flook*, 437 U.S. 584, 590 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (widely considered the “patentability” trilogy, recognizing that an “application” of any of these exceptions would survive patentability); see also *Diamond v. Chakrabarty*, 447 U.S. 303, 310 (1980) (holding bioengineered living organisms are patentable subject matter).

27. 409 U.S. 63 (1972).

28. 437 U.S. 584.

29. 450 U.S. 175.

30. *Benson*, 409 U.S. at 71–72.

31. 437 U.S. at 589.

32. *Id.* at 589; accord *CLS Bank IV*, 685 F.3d at 1349–50, *vacated and reh’g en banc granted*, 848 F. App’x 559 (Fed. Cir. 2012), *aff’d*, 717 F.3d 1269 (Fed. Cir. 2013) (en banc), *cert. granted*, 134 S. Ct. 734 (2013), *argued*, No. 13–298 (Mar. 31, 2014).

33. For example, the PTO recently cautioned patent examiners that such patents are obvious subject matter. See *Examination Guidelines Update: Developments in the Obviousness Inquiry After KSR v. Teleflex*, 75 Fed. Reg. 53,650 (Sept. 1, 2010) (“Because Internet and Web browser technologies had become commonplace for communicating and displaying information, it would

both create problems for courts. For instance, in discussing computers, the Federal Circuit, in a vacated opinion, recently said:

They are found in everything from toasters to transponders. The computer, with all of its hardware and software variations, may be one of the greatest inventions of all time, and there can be no question that advances in computer technology have fostered and will continue to foster innovation in all areas of science and technology.³⁵

However, another panel has written:

Prior to the information age, a “computer” was not a machine at all; rather, it was a job title: “a person employed to make calculations.” Those meanings conveniently illustrate the interchangeability of certain mental processes and basic digital computation, and help explain why the use of a computer in an otherwise patent-ineligible process for no more than its most basic function—making calculations or computations—fails to circumvent the prohibition against patenting abstract ideas or mental processes.³⁶

As these quotations illustrate, courts and even Federal Circuit panels clearly disagree on how to best implement and enforce § 101 subject-matter limitations over abstract computer-implemented patents.

3. Early attempts to apply § 101 to software and business methods: *State Street Bank* and *In re Bilski*

have been obvious to adapt existing processes to incorporate them for those functions.”).

34. See, e.g., E. Robert Yoches, *Litigation Involving Software Technology*, in ELECTRONIC & SOFTWARE PATENTS: LAW & PRACTICE Ch. 16, at 877 (Steven W. Lundberg et al. eds., 3d ed. 2011) (“One of the most vexing problems software-related patent holders face is how to investigate infringement before filing suit.”). See also *id.* at 866 (“The fast-moving nature of this industry argues for strategic patenting and quick resolution of disputes.”).

35. *CLS Bank IV*, 685 F.3d 1341, 1350 (Fed. Cir. 2012), *vacated and reh’g en banc granted*, 848 F. App’x 559 (Fed. Cir. 2012), *aff’d*, 717 F.3d 1269 (Fed. Cir. 2013) (en banc), *cert. granted*, 134 S. Ct. 734 (2013) (Mem.), *argued*, No. 13-298 (Mar. 31, 2014).

36. *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can. (U.S.)*, 687 F.3d 1266, 1277-78 (Fed. Cir. 2012).

In 1998, the Federal Circuit first attempted to apply § 101 to software in *State Street Bank and Trust Company v. Signature Financial Group, Inc.*³⁷ Interpreting *Flook* and *Benson*, the Federal Circuit tried to develop a clear test for business methods and other difficult-to-claim subject matter, holding that claimed inventions are patent eligible if they involved some practical application that “produce[d] a useful, concrete and tangible result.”³⁸

A flood of patent filings focused on computer algorithms, computer systems, complex financial products, and other software and business methods followed the *State Street Bank* decision, compounding the challenge facing courts. Today, courts are faced with multiple suits based on these patents, forcing the question—when is abstract too abstract? And when can you patent your increasingly abstract ideas and not run afoul of *Flook* or *Benson*?

Ten years later, when considering *In re Bilski*³⁹ in 2008, the Federal Circuit changed course, adopting a different bright-line test—the machine-or-transformation (MOT) test—as the sole test for determining the patent eligibility of processes.⁴⁰ As the Supreme Court later reiterated, the MOT test asks whether “(1) [the claim] is tied to a particular machine or apparatus, or (2) [the claim] transforms a particular article into a different state or thing.”⁴¹ Although the MOT test is not the sole test for patent eligibility under § 101, it remains an “important clue or investigative tool” for determining patentability, and failing the test strongly indicates claim unpatentability.⁴² The Patent Trial and Appeal Board (PTAB) has long applied the MOT test, especially requiring claims to include a specific computer application to survive a § 101 challenge.⁴³

After *In re Bilski* in 2008, the PTO issued a guidance memo to its examiners reinforcing the MOT test’s importance.⁴⁴ The memo explains that “the machine or transformation must impose

37. *State St. Bank & Trust Co. v. Signature Fin. Group, Inc.*, 149 F.3d 1368 (Fed. Cir. 1998).

38. *Id.* at 1373 (internal quotations omitted).

39. *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008), *aff’d*, *Bilski v. Kappos*, 130 S. Ct. 3218 (2010).

40. *See Bilski*, 130 S. Ct. at 3226.

41. *Id.* at 3224.

42. *Id.* at 3221-22.

43. *See, e.g., infra* note 105.

44. *See* Memorandum from John J. Love, Dep’y Comm’r, U.S. Patent and Trademark Office on Guidance for Examining Process Claims in view of *In re Bilski* to Tech. Center Examining Corps. (Jan. 7, 2009).

meaningful limits on the method claim's scope [for it] to pass the test."⁴⁵

But the parties in *In re Bilski* petitioned for and were granted certiorari. Thus, in *Bilski v. Kappos*,⁴⁶ the Supreme Court reversed the Federal Circuit, invalidating a claim for a computer-implemented method of hedging risk in the commodities market. The Court found the MOT test useful for looking at standard processes "grounded in a physical or other tangible form," but not for methods in the Information Age.⁴⁷ The Court held that § 101 does not automatically exclude business methods, noting that Congress explicitly recognized them.⁴⁸ It held that although the MOT test is not the sole test for patent eligibility under § 101, it remains an "important clue or investigative tool" for determining patentability, and that failing the MOT test strongly suggests that a patent claim is invalid.⁴⁹

4. Approaches to § 101 after *Bilski v. Kappos*

Post-*Bilski* decisions illustrate the slippery nature of articulating patentability, as well as the continued importance of § 101 challenges to software and business-method patents. While the Supreme Court,⁵⁰ the Federal Circuit,⁵¹ the PTO,⁵² and the lower federal courts⁵³ seem to agree that reciting a general-purpose or

45. *Id.*

46. 130 S. Ct. at 3221-22.

47. *Id.* at 3227.

48. *Id.* at 3228.

49. *Id.* at 3227.

50. *See id.*; *see also* *Gottschalk v. Benson*, 409 U.S. 64 (1972).

51. *See Dealertrack, Inc. v. Huber*, 674 F.3d 1315 (2012).

52. *See Ex parte Rigoutsos*, No. 2009-010520 (B.P.A.I. Feb. 9, 2012) (holding unpatentable claims under § 101 because the method fails a specific machine test); *Ex parte Webb*, No. 2010-008274 (B.P.A.I. Feb. 7, 2012) (holding unpatentable claims under § 101 because patent would "cover both known and unknown uses of the concept and be performed through any existing or future-devised machinery."); *Ex parte Edelson*, No. 2011-004285 (B.P.A.I. Feb. 7, 2012) (holding unpatentable a patent under § 101 to a "computer implemented method" for creating asset-backed derivatives; claims do not recite any particular link to a particular machine); *Ex parte Sesek*, No. 2009-0458 (B.P.A.I. Mar. 25, 2009) (holding unpatentable changes not tied to a specific machine nor a transformation, and not tied to any physical representation); *Ex parte Harris*, No. 2007-0325 (B.P.A.I. Jan. 13, 2009) (holding a method of conducting an auction over a network is not a specific machine or transformation, and the network could be a human network).

53. *See, e.g., Digitech Info. Sys., Inc. v. BMW Fin. Servs. NA, LLC*, 864 F. Supp. 2d 1289 (M.D. Fla. 2012), *reconsideration denied*, 2012 WL 3105898

“generic” computer does not render an abstract program or business method valid for § 101 purposes. Put simply, a computer program or a business method must be tied to a specific tangible machine or medium to be patentable, in line with the more-stringent European Patent Office (EPO) standard.⁵⁴ Notably, this is also in line with the standard—the “technological solution” to a “technological problem” suggested by both the United States and the Respondents during oral argument in *Alice Corp. Pty. Ltd. v. CLS Bank Int’l* on March 31, 2014 at the Supreme Court.⁵⁵ This is part of the standard of CBM review institution.

But they—the Supreme Court, the Federal Circuit, and the USPTO—diverge on exactly how to articulate (and apply) this test.

In *Prometheus*, a related if not directly analogous case, the Supreme Court unanimously invalidated a method patent encompassing a blood-diagnostic test as unpatentable subject matter under 35 U.S.C. § 101.⁵⁶ The Court applied a reformulated “obviousness-plus” analysis. In sum, the Court found that combining an obvious, known process—here, administering a blood test—with a mathematical formula or other natural law—here, a mathematical relationship concerning blood metabolites—is

(M.D. Fla. Jul. 30, 2012), *aff’d sub nom.* *Digitech Info. Sys. v. BMW Auto Leasing, LLC*, 504 Fed. App’x. 920 (Fed. Cir. 2013).

54. The European Patent Office’s standard reflects “technological” means. EPO Case Number T 258/03 (*Hitachi/Auction Method*) (holding unpatentable patents that do not provide a technical solution to a technical problem as lacking inventive step as required by Article 52(1) EPC) (referencing EPO Case Number T 641/00 (*Comvik/Two Identities*) (EPO) *available at* <http://www.epo.org/law-practice/case-law-appeals/pdf/t000641ep1.pdf>) (holding that

[a]n invention consisting of a mixture of technical and non-technical features and having technical character as a whole is to be assessed with respect to the requirement of inventive step by taking account of all those features which contribute to said technical character whereas features making no such contribution cannot support the presence of inventive step.))

available at <http://www.epo.org/law-practice/case-law-appeals/pdf/t030658eu1.pdf>.

Under this test, a patent application or patent that does not provide a technical solution to a technical problem lacks an inventive step.

55. Transcript of Oral Argument, *supra* note 2.

56. See *Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 132 S. Ct. 1289, 1297 (2012) (“[D]o the patent claims add *enough* to their statements of the correlations to allow the processes they describe to qualify as patent-eligible processes that *apply* natural laws? We believe that the answer . . . is no.”) (emphasis in the original).

unpatentable.⁵⁷ In the *Prometheus* decision, the Court held that merely adding obvious extra-solution activity to a patent claim for diagnostic-testing methods is insufficient under § 101.⁵⁸

Indeed, the *Prometheus* Court was quick to discuss the rule's application to computer patents, and the Court's Grant, Vacate, and Remand (GVR) Order of the computer-patent *WildTangent v. Ultramercial* case highlights the rough road that vague computer patents must now travel to survive litigation.⁵⁹ The case was "VACATED and . . . REMANDED for further consideration in light of *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*"⁶⁰ A little more than a year later, the Federal Circuit again held that the subject matter of the patent was eligible subject matter. Chief Judge Randall Rader, writing for the majority, applied a number of principles as follows: claims remain valid if they (1) recite an abstract idea but are directed to an application of the idea. That required asking if the claim as a whole included "meaningful limitations" restricting it to the application. Here, it did.⁶¹

The Federal Circuit *had* responded with force in July 2012 in *CLS Bank*,⁶² the first § 101 case decided after *Prometheus*. There, a divided Federal Circuit panel rejected any limits to their prior precedent from the Supreme Court's § 101 approach in *Prometheus*.⁶³ Then-active Judge Richard Linn, writing for the majority, applied a newfound standard, holding that "when . . . it is not *manifestly evident* that a claim is directed to a patent ineligible abstract idea," a § 101 challenge should fail.⁶⁴ He went on to add that "[u]nless the *single most reasonable understanding* is that a claim is directed to *nothing more than* a fundamental truth or disembodied concept, with no limitations in the claim attaching that idea to a specific application," a claim will survive a § 101 challenge.⁶⁵

57. *See id.*

58. *See id.*

59. *WildTangent Inc. v. Ultramercial, LLC* 132 S. Ct. 2431 (2012) (Mem.) (granting certiorari, vacating lower court's judgment, and remanding).

60. *Id.* (citation omitted).

61. *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335 (Fed. Cir. June 21, 2013) (Rader, C.J.) (concurring opinion by Lourie, J.).

62. *CLS Bank IV*, 685 F.3d 1341, 1343 (Fed. Cir. 2012), *vacated and reh'g en banc granted*, 848 F. App'x 559 (Fed. Cir. 2012), *aff'd*, 717 F.3d 1269 (Fed. Cir. 2013) (en banc), *cert. granted*, 134 S. Ct. 734 (2013).

63. *See id.* at 1344.

64. *Id.* (emphasis added). Judge Linn has since taken senior status.

65. *Id.* (emphasis added).

Just weeks later, another Federal Circuit panel adopted a different approach in *Bancorp*,⁶⁶ invalidating computer-implemented patent claims to a method and system. The claims managed a stable-value-protected investment plan using a “fee calculator,” a “credit calculator,” an “investment calculator,” a “policy calculator,” and digital storage.⁶⁷ The Federal Circuit held that the claimed computer elements were not “integral” to the method and did not add a “meaningful limit” on the claims, and accordingly found the claims ineligible.⁶⁸

The Federal Circuit then took the *CLS Bank* decision en banc, vacating the underlying decision.⁶⁹ The patent world waited with bated breath for the en banc court to breathe clarity into the world of computers.⁷⁰ Instead, they were served on May 10, 2013, with an unwieldy legal missive. The court produced a terse fifty-five-word per curiam opinion:

Upon consideration en banc, a majority of the court affirms the district court’s holding that the asserted method and computer-readable media claims are not directed to eligible subject matter under 35 U.S.C. § 101. An equally divided court affirms the district court’s holding that the asserted system claims are not directed to eligible subject matter under that statute.⁷¹

Six different writings were issued with this opinion,⁷² substantially muddying the waters regarding the application of

66. *Bancorp Servs. v. Sun Life Assurance Co. of Can.* (U.S.), 687 F.3d 1266 (Fed. Cir. 2012).

67. *Id.*

68. *Id.*; see Robert D. Swanson, *Section 101 and Computer-Implemented Inventions*, 16 STAN. TECH. L. REV. 161 (2012) (discussing *Bancorp*).

69. See *CLS Bank V*, 484 F. App’x 559 (Fed. Cir. 2012) (vacating *CLS Bank IV* and granting rehearing en banc), *aff’d*, 717 F.3d 1269 (Fed. Cir. 2013) (en banc), *cert. granted*, 134 S. Ct. 734 (2013), *argued*, No. 13-298 (Mar. 31, 2014).

70. Meanwhile, the Supreme Court decided *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S. Ct. 1207 (2013), invalidating a patent to isolated genes under § 101.

71. *CLS Bank Int’l v. Alice Corp. Pty. Ltd (CLS Bank VI)*, 717 F.3d 1269 (Fed. Cir. 2013) (en banc), *cert. granted* 134 S. Ct. 734 (2013) *argued*, No. 13-298 (Mar. 31, 2014)..

72. They list as follows:

- *Per Curiam*: En banc court;
- *Concurring opinion*: Judges Alan Lourie, Timothy Dyk, Sharon Prost, James Reyna, and Eli Wallach;

§ 101 to software and computerized business methods. The court affirmed that claims to lessening settlement risk using a trusted third party recited a patent-ineligible abstract idea, but without any agreement on why.

To be sure, a clear majority held that the method claims and the computer-readable medium claims at issue in *CLS Bank* encompassed abstract ideas. The major disagreement centered on whether “system” claims that recite “a data storage unit” and “a computer” save the claims. But the disagreement virtually guaranteed that the Supreme Court would grant certiorari in the case—which they did in December 2013.⁷³

The leading concurring opinion, headed by Judge Alan Lourie, asked if the system claims were “merely a Trojan horse designed to enable abstract claims to slide through the screen of patent eligibility,” answering yes.⁷⁴ “The system claims are little different,” the judges wrote in the concurring opinion.⁷⁵ They provided no “inventive concept” and were instead “akin to stating the abstract idea of third-party intermediation and adding the words: ‘apply it’ on a computer.”⁷⁶ To punctuate the disagreement, the concurrence states: “Abstract methods do not become patent-eligible machines by being clothed in computer language.”⁷⁷

The lead concurrence states baldly that, despite the claims requiring the use of a computer, a “generic computer automation of one or more steps evinces little human contribution.”⁷⁸ Later, while discussing the method claims (a ruling for which it garnered a majority of support from the court), the concurrence reiterated

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- *Concurring-in-part, dissenting-in-part opinion*: Chief Judge Randall Rader, Judges Richard Linn, Kimberly Moore, and Kathleen O’Malley;
 - *Dissenting-in-part opinion*: Judges Kimberly Moore, Randall Rader, Richard Linn, and Kathleen O’Malley;
 - *Concurring-in-part and dissenting-in-part opinion*: Judge Pauline Newman;
 - *Dissenting opinion*: Judges Richard Linn and Kathleen O’Malley;
 - *Additional Reflections*: Chief Judge Randall Rader.

Id. at *passim*.

73. See *CLS Bank VII*, 134 S. Ct. 734 (2013) (Mem.) (granting certiorari), argued, No. 13-298 (Mar. 31, 2014).

74. *CLS Bank VI*, 717 F.3d at 1290 (Lourie, J., Dyk, J., Prost, J., Reyna, J., and Wallach, J., concurring).

75. *Id.* at 1290.

76. *Id.* at 1291.

77. *Id.* at 1292.

78. *Id.* at 1286.

that a computer limitation requires “recitation of essential . . . or improved computer technology . . . and no reason to view the computer limitation as anything but ‘insignificant post-solution activity’ relative to the abstract idea.”⁷⁹ The concurrence went on: “simply appending generic computer functionality to lend speed or efficiency to the performance of an otherwise abstract concept does not meaningfully limit claim scope for purposes of patent eligibility.”⁸⁰

Because of the efficiency and ubiquity of computers, essentially all practical, real-world applications of the abstract idea implicated here would rely, at some level, on basic computer functions—for example, to quickly and reliably calculate balances or exchange data among financial institutions.⁸¹

Likewise, the concurrence added that “ancillary ‘data-gathering steps’ . . . add nothing of practical significance to the underlying idea of reducing settlement risk through intermediation.”⁸²

Notably, the concurring-in-part, dissenting-in-part opinion authored by Chief Judge Randall Rader and joined by Judges Richard Linn, Kimberly Moore, and Kathleen O’Malley took a slightly different approach, stating that “[t]he key to this inquiry is 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.”⁸³ If so, the concurrence continued, “they likely will be patent eligible, unlike claims directed to *nothing more than the idea* of doing that thing on a computer.”⁸⁴ Thus, it remains clear that the recitation of a generic computer will not save questionable claims from § 101, but the proper test to apply remains unclear in view of the lack of a clear majority opinion.⁸⁵ Indeed, all sides agree the test on computer-implemented patent

79. *Id.* at 1290 (citations omitted).

80. *Id.*

81. *Id.*

82. *Id.* at 1287.

83. *Id.* at 1302 (Rader, C.J., Linn, J., Moore, J., and O’Malley, J., concurring in part and dissenting in part).

84. *Id.* at 1290 (emphasis in original).

85. The major disagreement amongst the Judges was whether “system” claims that recite “a data storage unit” and “a computer” could be patentable. The leading concurring opinion, headed by Judge Alan Lourie, saw the system claims as “merely a Trojan horse designed to enable abstract claims to slide through the screen of patent eligibility,” finding them invalid. *Id.* Other opinions took a different approach.

eligibility requires “a specific computer.”⁸⁶ Judge Rader also added “additional reflections” of nonprecedential value.⁸⁷

The fractured nature of the *CLS Bank* decision virtually guaranteed a Supreme Court grant of certiorari, which eventually came (as many expected it might) in December 2013. At oral argument, both the government and the respondents endorsed a “technological solution” to a “technological problem” test for computer-implemented business method patentability.⁸⁸

Thus, we can expect further development of the standards for challenging software patents under § 101. In the meantime, § 101 provides a viable opportunity for one accused of infringing an abstract patent to challenge its claims.

B. § 101 at the PTO

For years, the Board of Patent Appeals and Inferences (BPAI), now the Patent Trial and Appeal Board (PTAB), regularly applied the MOT test alone to determine the patent eligibility of computer-implemented claims. After *Bilski*, the PTO reinforced the usefulness of the test, in effect doubling-down on the test’s importance. For example, a 2009 PTO Guidance Memo explained that the MOT is still highly relevant, and for questionable claims, “the machine or transformation must impose meaningful limits on the method claim’s scope to pass the test.”⁸⁹ The Manual of Patent Examining Procedure (MPEP) currently instructs patent examiners on how to apply § 101 law:

In these cases, the general purpose computer may be sufficiently ‘particular’ when programmed to perform the process steps. Such programming creates a new machine because a general purpose computer, in effect, becomes a special purpose computer once it is programmed to perform particular functions pursuant to instructions from program software.⁹⁰

Carefully analyzing the Board’s prior application of § 101 computer-patent eligibility requirements suggests they have

86. *Id.* at 1302.

87. *Id.* at 1333 (Rader, C.J., additional reflections).

88. Transcript of Oral Argument, *supra* note 2, at 29–30, 32.

89. Memorandum from John J. Love, Dep’y Comm’r, U.S. Patent and Trademark Office on Guidance for Examining Process Claims in view of *In re Bilski* to Tech. Center Examining Corps. (Jan. 7, 2009).

90. *Id.*

consistently applied the MOT test through the years. In particular, the former BPAI generally required claims to include an integral *specific* machine to survive a § 101 challenge.⁹¹ Thus the Board's application of the MOT test generally accords with the Federal Circuit's and the Supreme Court's varying approaches.

To be sure, when the Board reviews appeals from patent examinations, it applies a highly deferential standard of review, and the Board decided most of the cases we reference here prior to the recent upheaval in § 101 law. However, careful analysts should look to the Board's treatment of § 101 and claim construction when painting a complete picture of § 101 computer-implemented patent eligibility.

A majority of Board decisions have held challenged claims unpatentable. Some cases included new grounds of rejection under § 101 not raised by the examiner. And none of the cases highlighted below overturned the examiner's finding that the claims were unpatentable without replacing that rejection with another Board-provided one.

In these, the old BPAI held that the claims were unpatentable under the broadest reasonable interpretation. The Board upheld the examiner's rejection and found that all claims failed to pass § 101 muster. While the Board designated only one of these decisions, *Ex Parte Gutta*,⁹² "precedential," the great diversity of judicial panels at the BPAI (now PTAB) and the overwhelming consistency with which the Board has held similar claims unpatentable speaks volumes.⁹³ One of the last precedential § 101 decisions of the BPAI-era board was *Ex Parte Gutta*.⁹⁴

91. See, e.g., *supra* note 52.

92. *Ex Parte Gutta*, No. 2008-4366, 2009 WL 2563524 (B.P.A.I. Aug. 10, 2009), *reprinted in* 93 U.S.P.Q.2d 1025.

93. Under the old BPAI's STANDARD OPERATING PROCEDURE 2, expanded-panel decisions were marked "precedential" while others are generally considered nonprecedential. *Ex Parte Gutta* was one of the last precedential § 101 decision of the board.

94. *Gutta*, No. 2008-4366, 2009 WL 2563524 (B.P.A.I. Aug. 10, 2009), *reprinted in* 93 U.S.P.Q.2d 1025. The only interim precedential decision was *Ex Parte Frye*, No. 2009-006013, 2010 WL 889747 (B.P.A.I. Feb. 26, 2010) (precedential), *reprinted in* 94 U.P.S.Q.2d 1072, 1077-78, *cited in Ex Parte Weisenberger*, No. 2011-006566, 2013 WL 1309790, at *2 (P.T.A.B. Mar. 21, 2013).

Short Name	PTAB 101 Case Name	Judges	Tech Center	Affirm, Reject, or Remand	Date
<i>Ex Parte Harris</i>	<i>In re Harris</i> , No. 2007-0325, 2009 WL 86719 (BPAI Jan. 13, 2009)	Robert E. Nappi, Linda E. Horner, Anton W. Fetting	3600	Req. Reh'g Denied	Jan. 13, 2009
<i>Ex Parte Seseek</i>	<i>In re Seseek</i> , No. 2009-0458, 2009 WL 803089 (BPAI March 25, 2009)	Hubert C. Lorin, Anton W. Feeting, Joseph A. Fischetti	3600	Affirm (add 101)	Mar. 25, 2009
<i>Ex Parte Shahabi</i>	<i>In re Shahabi</i> , No. 2009-2472, 2009 WL 1067191 (Apr. 20, 2009)	Allen MacDonald, St. John Courtenay III, Debra Stephens	2100	Affirm-in-part	April 20, 2009
<i>Ex Parte Gutta</i>	<i>In re Gutta</i> , No. 2008-4366, 2009 WL 2563524 (BPAI Aug. 10, 2009), reprinted in 93 U.S.P.Q.2d 1025	Michael R. Fleming, Kenneth W. Hairston, Scott R. Boalilck, John A. Jeffery (per curiam)	2400	Affirm (101)	Aug. 10, 2009
<i>Ex parte Caccavale</i>	<i>In re Caccavale</i> , No. 2009-006026, 2010 WL 2901727, at *5 (BPAI July 23, 2010)	John A. Jeffery, Joseph L. Dixon, Jay P. Lucas	2400	Affirm-in-part	July 23, 2010
<i>Ex Parte Kelkar</i>	<i>In re Kelkar</i> , No. 2009-004635, 2010 WL 3768175 (BPAI Sept. 24, 2010)	Allen R. MacDonald, Eric Grimes, Donald E. Adams	1600	Affirm	Sept. 24, 2010
<i>Ex Parte MacKenzie</i>	<i>In re MacKenzie</i> , No. 2009-7332, 2010 WL 3922193 (BPAI October 4, 2010)	John A. Jeffrey, Lance Leonard Barry, St. John Courtnay III	2400	New 101 ground	Oct. 4, 2010
<i>Ex Parte Venkata</i>	<i>In re Venkata</i> , No. 2009-007302, 2010 WL 3934573 (BPAI October 5, 2010)	Howard B. Blankenship, Jean R. Homere, and Stephen C. Siu	2400	Affirm (101)	Oct. 5, 2010
<i>Ex parte Ramanujam</i>	<i>In re Ramanujam</i> , No. 2009-002483, 2010 WL 3214559 (BPAI Aug. 12, 2010)	Thu A. Dang, Carolyn D. Thomas, Debra K. Stephens	2100	Affirm	Aug. 12, 2010
<i>Ex parte Russo</i>	<i>In re Russo</i> , No. 2009-001876, 2010 WL 3441058 (BPAI Aug. 30, 2010)	Robert E. Nappi, Jay P. Lucas, Bradley W. Baumeister	2100	Affirm	Aug. 30, 2010
<i>Ex Parte Foulger</i>	<i>In re Foulger</i> , No. 2009-007619, 2010 WL 5244744 (BPAI Dec. 22, 2010)	Joseph Dixon, Lance Leonard Barry, Howard Blankenship	2100	Affirm (101)	Dec. 22, 2010
<i>Ex Parte Starkey</i>	<i>In re Starkey</i> , No. 2010-007809, 2011 WL 4434501 (BPAI Sept. 20, 2011)	Murriel Crawford, Anton Fetting, Kalyan Deshpande	3600	Affirm (101)	Sept. 20, 2011
<i>Ex Parte Subbu</i>	<i>In re Subbu</i> , No. 2010-001444, 2011 WL 6739373 (BPAI Dec. 21, 2011)	Hubert Lorin, Anton Feeting, Joseph Fischetti	3600	Affirm (101)	Dec. 21, 2011
<i>Ex Parte Webb</i>	<i>In re Webb</i> , No. 2010-008274 (BPAI Feb. 6, 2012)	Murriel Crawford, Meredith Petravick, Michael Kim	3700	Affirm	Feb. 6, 2012
<i>Ex Parte Edelson</i>	<i>In re Edelson</i> , No. 2011-004285 (BPAI Feb. 6, 2012)	Anton Fetting, Joseph Fischetti, Michael Kim	3600	Affirm	Feb. 6, 2012
<i>Ex Parte Rigoutsos</i>	<i>In re Rigoutsos</i> , No. 2009-010520, 2012 WL 424120 (BPAI Feb. 8, 2012)	Joseph Dixon, James Hughes, Andrew Dillon	2100	Affirm (101)	Feb. 8, 2012
<i>Ex Parte Alverson</i>	<i>In re Alverson</i> , No. 2010-008459, 2012 WL 527402 (BPAI Feb. 15, 2012)	Anton Fetting, Joseph Fischetti, Meredith Petravick	3600	Affirm	Feb. 15, 2012

Figure 1: Some relevant BPAI/PTAB cases upholding § 101 rejections.

In *Gutta*, the BPAI found that, although the claims “on their face” were directed to machines or manufactures, they were “nonetheless nonstatutory.”⁹⁵ The Board applied a two-prong test:

- 1) Is the claim limited to a tangible practical application, in which the mathematical algorithm is applied, that results in a real-world use (e.g., not a mere field-of-use label having no significance); and
- 2) Is the claim limited so as to not encompass substantially all practical applications of the mathematical algorithm either ‘in all fields’ of use of the algorithm or even in ‘only one field?’⁹⁶

This test is a hybrid of the tangible, concrete test of *State Street* and preemption arguments made elsewhere. Here, the BPAI held unpatentable claims that included a “system” comprising a “memory” and a “processor” configured to determine the best way to minimize variance.⁹⁷ The claims fell into the “abstract ideas” exception created by the Supreme Court,⁹⁸ and also “preempt[ed] substantially every practical application of the algorithm.”⁹⁹ In addition, the BPAI found that the elements of a “memory and processor clearly introduce structure into the claim.”¹⁰⁰ Nevertheless, the specification provided no specific details “about these devices and furthermore, the claim is not so limited to even these disclosed examples.”¹⁰¹ The Board found that “claim 14 encompass[ed] substantially all practical applications.”¹⁰² The claim placed no meaningful limitations on the generic memory or the generic computer, in effect preempting the idea of organizing a system in the same way. Chief Judge Rader continues to invoke a “meaningful limitations” test, in his *CLS Bank* concurrence¹⁰³ as well as his *Ultramercial* majority.¹⁰⁴

95. *Gutta*, 2009 WL 2563524, at *1.

96. *Id.*

97. *Id.* at *2.

98. *Id.* at *7 (citing *Diamond v. Diehr*, 450 U.S. 175, 185 (1981)).

99. *Id.* at *3.

100. *Id.* at *10.

101. *Id.*

102. *Id.*

103. *CLS Bank VI*, 717 F.3d 1269, 1299 (Fed. Cir. 2013) (en banc) (emphasis omitted), *cert. granted* 134 S. Ct. 734 (2013) (Mem.), *argued* No. 13-298 (Mar. 31, 2014).

104. See *Ultramercial, LLC v. Hulu, LLC*, 657 F.3d 1323, 1328 (Fed. Cir. 2011) (“[T]he ‘545 patent . . . would still need to withstand challenges that the

The many nonprecedential BPAI-era decisions also offer insight into the PTO's application of § 101.¹⁰⁵

claimed invention . . . does not sufficiently enable, describe, and disclose the limits of the invention”), *rev'd*, *WildTangent, Inc. v. Ultramercial, LLC*, 132 S.Ct. 2431 (2012) (Mem.).

105. See *Ex parte* Alverson, No. 2010-008459, 2012 WL 527402, at *5-6 (B.P.A.I. Feb. 15, 2012) (the invention “claims coverage of a human as an element of the system/apparatus *per se*. Since the broadest reasonable interpretation of the claimed invention as a whole encompasses a human being, the claimed invention is directed to nonstatutory subject matter.” For example, “claim 1 effectively covers an abstract idea because it incorporates human thought and processing to effect claim functions . . . and the recited computer-based solution activity is of insufficient cause to avoid preempting an abstraction under 35 U.S.C. § 101.”); *Ex parte* Rigoutsos, No. 2009-010520 (B.P.A.I. Feb. 7, 2012) (“At most, independent claim 1 recites adding additional data to other data without expressly setting forth the specifics of the process. Therefore, Appellant’s argument does not identify a statutory transformation.”); *Ex parte* Edelson, No. 2011-004285 (B.P.A.I. Feb. 6, 2012) (holding unpatentable a patent under § 101 to a “computer implemented method” for creating asset-backed derivatives; claims do not recite any particular link to a particular machine); *Ex parte* Webb, No. 2010-008274 (B.P.A.I. Feb. 6, 2012) (holding unpatentable patent under § 101 because patent would “cover both known and unknown uses of the concept and be performed through any existing or future-devised machinery.”); *Ex parte* Subbu, No. 2010-001444, 2011 WL 6739373 (B.P.A.I. Dec. 21, 2011) (rejecting claims referencing a “computing device” and a “dominance filter” because drawing and sending data was an “insignificant step . . . not sufficient to pass the test”); *Ex parte* Starkey, No. 2010-007809, 2011 WL 4434501, at *3 (B.P.A.I. Sept. 20, 2011) (finding that “[a]t most, a ‘computer-implemented method’ ties the process to any general-purpose computer.”); *Ex parte* Shah, No. 2009-010340, 2011 WL 3754612 (B.P.A.I. Aug. 19, 2011) (“[T]he claim’s body recites nothing more than software [and therefore] lacks statutory subject matter.”); *Ex parte* Venkata, No. 2009-007302, 2010 WL 3934573 (B.P.A.I. Oct. 5, 2010) (holding unpatentable a claim directed to a “primary storage connected to a network,” a “backup storage,” a “client system” sending packets “on said network,” and a “synchronization unit”); *Ex parte* MacKenzie, No. 2009-7332, 2010 WL 3922193 (B.P.A.I. Oct. 4, 2010) (rejecting a claim under § 101 where the claim used “a device,” a “message,” and the “transmitting” of that message from a “first party device” to a “second party device;” although MacKenzie’s claim does recite various devices, the Board saw these as “nominal” limitations to “generic devices”); *Ex parte* Kelkar, No. 2009-004635, 2010 WL 3768175, at *2 (B.P.A.I. Sept. 24, 2010) (gene expression profile claims requiring a computer “not limited to a particular machine”; they presented only a “field-of-use limitation insufficient to render the otherwise ineligible process of claim 1 patent-eligible.”); *id.* at *3 (method claims including “stor[ing] on a recordable medium” and a “carrier wave storage” fail § 101 patentability under the broadest reasonable interpretation); *Ex parte* Russo, No. 2009-001876, 2010 WL 3441058 (B.P.A.I. Aug. 30, 2010) (holding unpatentable claims for a system of grouping a community of users within a directory structure reciting “tools” and “resources,” a “directory,” and a “mapping”, and “machine readable storage”); *Ex parte* Ramanujam, No. 2009-002483, 2010 WL 3214559 (B.P.A.I.

C. CBM review procedure, briefly explained

Section 18 of the AIA, effective September 16, 2012, governs CBM review. The legislative history of the AIA shows that review of CBMs was included as an accessible, low-cost procedure for companies to challenge broad, abstract patents.¹⁰⁶

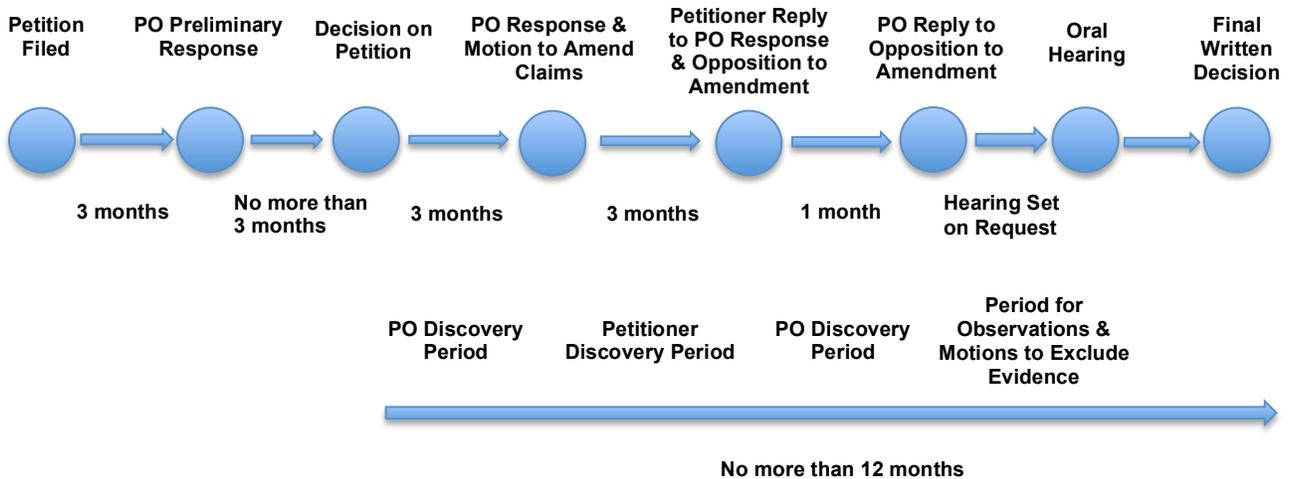


Figure 2: The now-ubiquitous suggested procedural timeline.¹⁰⁷

Aug. 12, 2010) (rejecting claims to an apparatus comprising “a destination storage location,” a “functional unit” consisting of packets, a “decoder,” and an “architectural register”); *Ex parte* Caccavale, No. 2009-006026, 2010 WL 2901727 (B.P.A.I. July 23, 2010) (holding unpatentable a claim to a data processing system including “industry standard database” where the “industry standard database is the Windows Management Instrumentation Database”; the claim to the database “fail[ed] to qualify as a machine” with respect to the other limitations of the claims); *Ex parte* Shahabi, No. 2009-2472, 2009 WL 1067191, at *4 (B.P.A.I. Apr. 20, 2009) (construing the scope of “database” under the broadest reasonable interpretation as “encompassing a collection of data elements in the abstract” and that the two steps of “processing” and “performing” could be performed as mental steps); *Ex parte* Sesek, No. 2009-0458 (B.P.A.I. Mar. 25, 2009) (changes not tied to a specific machine nor a transformation, and not tied to any physical representation); *Ex parte* Harris, No. 2007-0325 (B.P.A.I. Jan. 13, 2009) (holding a method of conducting an auction over a network is not a specific machine or transformation, and the network could be a human network).

106. See generally Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II*, 21 FED. CIR. B.J. 539, 630 & n.582 (2012).

107. Trial Practice Guide, 77 Fed. Reg. 48756 (Aug. 14, 2012).

Parties currently threatened or sued on a CBM patent may file a CBM petition.¹⁰⁸ They must state the relief sought, material facts, and include their entire argument.¹⁰⁹ The petition may raise any statutory ground found in Part II of the patent title—generally §§ 101, 102, 103, and 112 challenges.¹¹⁰ The regulations limit parties to eighty pages per petition, but parties generally include an expert declaration to bolster their arguments.¹¹¹

Within three months, the patent owner may file a preliminary patent owner's response but may not introduce testimonial evidence.¹¹² The patent owner's response generally addresses whether the challenged patent is a "covered business method, the grounds for unpatentability asserted by the petitioner, as well as the meaning of the patent's claims."¹¹³ This eighty-page preliminary response offers the patent owner its first chance to address the Board and to argue against the proposed grounds of unpatentability.¹¹⁴

The Board then issues a Decision on Institution, denying redundant grounds and prior art, and instituting on those with merit that qualify. Redundancy requires parties to highlight the differences between prior art references (horizontal redundancy) and between statutory grounds (vertical redundancy).¹¹⁵

108. See Leahy–Smith America Invents Act (AIA), Pub. L. No. 112-29 § 18(a)(1)(B), 125 Stat. 284, 330 (2011) (codified in scattered sections of 35 U.S.C.) ("A person may not file a petition for a transitional proceeding with respect to a covered business method patent unless the person or the person's real party in interest or privy has been sued for infringement of the patent or has been charged with infringement under that patent."); 37 C.F.R. § 42.302(a) (2012) ("Who may petition for a covered business method patent review.").

109. See 37 C.F.R. § 42.22.

110. See *id.* § 42.204(b)(2) (incorporating 35 U.S.C. § 282(b)(2), (3) (2012)).

111. See *id.* §§ 42.207(a), 42.24(a)(ii).

112. See *id.* § 42.207.

113. See *Message From Administrative Patent Judges Sheridan Snedden And Jacqueline Bonilla: Deep Dive Into A Patent Owner Preliminary Response In An Inter Partes Review Proceeding Before The Patent Trial And Appeal Board*, AIA Blog, USPTO.GOV (Feb. 24, 2014, 11:30 AM), available at <http://www.uspto.gov/blog/aia/> (explaining effective uses of the Patent Owner Preliminary Response).

114. See 37 C.F.R. § 42.208(c) ("The Board's decision will take into account a patent owner preliminary response where such a response is filed.").

115. See generally *Scentair Techs. Inc. v. Prolitec*, IPR2013-00180, Paper 18, 2013 WL 5970110 (P.T.A.B. Aug. 26, 2013) (discussing redundancy in denying requests for rehearing institution decisions); *Larose v. Caprola*, IPR2013-00120, Paper 20, 2013 WL 5947706, at *2 (P.T.A.B. July 22, 2013); *Oracle Corp. v. Clouding IP, LLC*, IPR2013-00088, Paper 13, 2013 WL 5970180

For the patent to qualify for CBM review, the petitioner must show that at least one claim is covered and at least one claim is “more likely than not” unpatentable.¹¹⁶ Parties may request rehearing¹¹⁷ but may not appeal any decision not to institute, to which no estoppel attaches.¹¹⁸

Parties exchange limited discovery generally confined to depositions and observations of expert witnesses.¹¹⁹ Beyond responding to the institution, the patent owner may file one motion to amend as a matter of right, although these motions have thus far met with limited success.¹²⁰ After six to seven months, the parties have an oral hearing with the Board (if requested), and roughly three months after that, the Board issues a final written decision. If the Board amends or cancels claims, petitioners must wait until the patent owner exhausts or waives appeal to the Federal Circuit until the PTO issues a Certificate of Correction cancelling or amending those claims.

D. The legislative history of AIA § 18 shows CBMs have broad scope.

As first written, AIA § 18 targeted certain class 705 business-method patents alone, but House members chose to amend and strengthen § 18,¹²¹ expanding the definition of the types of method patents that are eligible for review.¹²²

(P.T.A.B. June 13, 2013); *Berk-Tek LLC v. Belden Techs. Inc.*, IPR2013-00057, Paper 21, 2013 WL 5970170 (P.T.A.B. May 14, 2013); *Microstrategy v. Zillow*, IPR2013-00034, Paper 23, 2013 WL 6327763 (P.T.A.B. Apr. 22, 2013).

116. 37 C.F.R. § 42.208(c).

117. *See* 37 C.F.R. § 42.71(b)-(d).

118. *See id.* at § 42.71(b)-(d).

119. *See id.* at § 42.51(b)(1) (“Routine discovery”— i.e., exhibits cited in papers, cross-examination of declarants, and information inconsistent with positions advanced—is of right); *id.* at § 42.51(b)(2) (the Board must grant any “[a]dditional discovery” if there is reason); *Garmin Int’l, Inc. v. Cuozzo Speed Techs., LLC*, IPR2012-00001, Paper No. 26, at 6–7 (P.T.A.B. Mar. 5, 2013) (A request for additional discovery must meet the following five-factor test: (1) Request is based on more than “the mere possibility of finding something useful”; (2) Request does not seek “the litigation positions and underlying basis”; (3) Information is not reasonably available through other means; (4) Request is “easily understandable”; and (5) Answering request is “not overly burdensome.”).

120. *See infra* note 234, and accompanying text. The authors have reviewed all filings on the Patent Review Processing System (PRPS) as of this article’s filing.

121. *See* 157 CONG. REC. S5407–08 (daily ed. Sept. 8, 2011) (statement of Sen. Cantwell); *see id.* at S5408–10 (statement of Sen. Schumer) (“I have to

Representative Michael Grimm called § 18 “one of the legislation’s most important reforms, a crackdown on low-quality business method patents.”¹²³ He responded to charges that § 18 applies only to banking patents: “This isn’t true. The National Retail Federation and the U.S. Chamber of Commerce have endorsed this provision. Companies impacted include McDonald’s, Walmart, Costco, Home Depot, Best Buy, and Lowes. These don’t sound like banks to me.”¹²⁴

Representative Joseph Crowley described a patent claiming a method “soliciting charitable contributions on the Internet” asserted against the Red Cross, concluding that “[t]hese patents, and many others in this space, are not legitimate patents that help advance America. They are nuisance patents used to sue legitimate businesses and nonprofit business organizations like the Red Cross or any other merchants who engage in normal activity that should never be patented.”¹²⁵

Senator Charles Schumer also discussed the House of Representative’s expansion of the scope of the program beyond business-method patents assigned to PTO Patent Classification 705.¹²⁶ He noted that “after the bill passed the Senate, it became clear that some offending business method patents are issued in other sections,”¹²⁷ and went on to list a long series of examples of such things, concluding that “[t]o be eligible for section 18 review, *the patent claims must only be broad enough to cover a financial product or service.*”¹²⁸

Later, during the March 2011 debates, Senator Schumer noted:

The amendment covers not only financial products and services, but also the “practice, administration and management” of a financial product or service. This language is intended to make clear that the scope of patents

acknowledge that the House made some significant improvements to section 18.”).

122. Compare S. 23, 112th Cong. § 18(d) (as passed by Senate, Mar. 8, 2011), with H.R. 1249, 112th Cong. § 18 (d) (as passed by House of Representatives Jan. 5, 2011). See H.R. REP. NO. 112-98, at 54 (2011) (noting benefits of the changes); 157 CONG. REC. S5410, S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer) (commenting on House changes).

123. 157 CONG. REC. H4496 (daily ed. June 23, 2011) (statement of Rep. Grimm).

124. *Id.*

125. *Id.* (statement of Rep. Crowley).

126. See *id.* at S5410 (statement of Sen. Schumer).

127. *Id.*

128. *Id.* at S5432 (emphasis added).

eligible for review under this program is not limited to patents covering a specific financial product or service. *In addition to patents covering a financial product or service, the “practice, administration and management” language is intended to cover any ancillary activities related to a financial product or service, including . . . marketing, customer interfaces, Web site management and functionality, transmission or management of data, servicing, underwriting, customer communications, and back office operations—e.g., payment processing, stock clearing.*¹²⁹

Senator Schumer later expounded:

[S]ection 18 is intended to cover not only patents claiming the financial product or service itself, but also patents claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity. Any business that sells or purchases goods or services “practices” or “administers” a financial service by conducting such transactions. Even the notorious “Ballard patents” do not refer specifically to banks or even to financial transactions. Rather, because the patents apply to administration of business transactions, such as financial transactions, they are eligible for review under section 18. To meet this requirement, the patent need not recite a specific financial product or service.¹³⁰

Thus, Congress intended the scope of CBM review to be far broader than some practitioners might initially assume. Notably, since the passage of the AIA, there have been multiple legislative attempts to expand the scope still further—the Patent Litigation and Innovation Act;¹³¹ the Patent Quality Improvement Act of 2013;¹³² and the Stopping the Offensive Use of Patents (STOP) Act,¹³³ and the related House bill.

129. *Id.* at S1364-65 (daily ed. Mar. 8 2011) (emphasis added).

130. *Id.* at S5432.

131. H.R. 2639, 113th Cong. (2013).

132. S. 866, 113th Cong. (2013).

133. H.R. 2766, 113th Cong. (2013).

III. CHALLENGING SOFTWARE PATENTS IN DISTRICT COURTS

A. The problems with, and benefits of, early subject-matter district court challenge under § 101

It is an open question whether subject matter under § 101 is an antecedent question to any invalidity analysis.¹³⁴ This analysis focuses on the claims, and decides whether they recite patent-eligible subject matter.¹³⁵

In direct infringement actions, patent litigators typically employ a stripped-down complaint, found in Form 18 to the Federal Rules of Civil Procedure.¹³⁶ These bare-bones patent complaints are sufficient to withstand an *Iqbal*¹³⁷ or *Twombly*¹³⁸ challenge under *In re Bill of Lading Transmission & Processing System Patent Litigation*.¹³⁹ Because this form pleading includes a copy of the asserted patent, a Form 18 patent complaint affords one golden opportunity for patent litigators. They can challenge the patent based solely on the subject-matter eligibility of the patent as part of the pleadings.

The Federal Rules of Civil Procedure grant two procedural means of early review. First, a challenger can file a Rule 12(b)(6) motion to dismiss the complaint for “failure to state a claim upon which relief can be granted.” A Rule 12(b)(6) motion is usually based on the face of the complaint alone.¹⁴⁰ Second, a challenger can file a Rule 12(c) motion on the pleadings (the complaint and the answer together).¹⁴¹ Rule 12(c) of the Federal Rules of Civil Procedure governs all district court proceedings, regardless of subject matter,¹⁴² with exceptions that are not material to the present discussion.¹⁴³ It reads: “After the pleadings are closed—but

134. Compare *In re Comiskey*, 554 F.3d 967, 975 n.7 (Fed. Cir. 2009), with *Dealertrack v. Huber*, 674 F.3d 1315, 1334 (Fed. Cir. 2012).

135. See *Dealertrack*, 674 F.3d at 1334.

136. FED. R. CIV. P. FORM 18 (2012) (“Complaint for Patent Infringement”). Form 18’s days may be numbered—as it were. See Dennis Crouch, *Patent Reform 2013—A Discussion Draft*, PATENTLY-O (Sept. 25, 2013, 12:57 AM), <http://patentlyo.com/patent/2013/09/patent-reform-2013-1.html> (discussing all the ways the courts and the legislature are attempting to modify Form 18, and calling it “bare bones” with too much “wobble room” for pleadings).

137. *Ashcroft v. Iqbal*, 556 U.S. 662 (2009).

138. *Bell Atl. Corp. v. Twombly*, 550 U.S. 544 (2007).

139. *In re Bill of Lading Transmission*, 681 F.3d 1323 (Fed. Cir. 2012).

140. FED. R. CIV. P. 12(b)(6) (2013).

141. FED. R. CIV. P. 12(c) (2012).

142. See generally FED. R. CIV. P. (2012).

143. See FED. R. CIV. P. 81 (2012).

early enough not to delay trial—a party may move for judgment on the pleadings.”¹⁴⁴ Thus, Rule 12(c) motions may be more appropriate later in discovery; 12(b)(6) motions, earlier.¹⁴⁵ Rule 12(c) motions are also particularly relevant in the case of cross-claimants and declaratory judgment actions.

A Rule 12(c) motion is analyzed under the same standards as a Rule 12(b)(6) motion,¹⁴⁶ accepting the well-plead factual allegation of the complaint as true and views them in the light most favorable to the non-moving party.¹⁴⁷ The court must also consider all assertions contained in the patents-in-suit¹⁴⁸ as true to construe the claims. Thus, courts enter judgment “when there are no material facts in dispute, and judgment may be rendered by considering the substance of the pleadings and judicially noticed facts.”¹⁴⁹

B. Ugly alternatives: Addressing § 101 through summary judgment or trial

In federal courts, even a pure issue of law like subject-matter eligibility under § 101 *can* wait until trial. If a § 101 challenge is not raised at the pleading stage, or the court exercises its discretion to delay the motion, the question of subject-matter eligibility can be addressed through a Rule 56 motion for summary judgment—usually well into discovery, or even on the eve of trial, after

144. See FED. R. CIV. P. 12(c) (2012).

145. For the most part, a 12(c) and a 12(b)(6) motion are ordinarily treated similarly by the courts. See *Aponte-Torres v. Univ. of P. R.*, 445 F.3d 50, 54 (1st Cir. 2006) (citing *Collier v. City of Chicopee*, 158 F.3d 601, 602 (1st Cir.1998), *cert. denied* 526 U.S. 1023 (1999); *Lanigan v. Vill. of E. Hazel Crest*, 110 F.3d 467, 470 n.2 (7th Cir. 1997)).

146. Compare *Aponte-Torres*, 445 F.3d at 55 (“There is, of course, a modest difference between Rule 12(c) and Rule 12(b)(6) motions. A Rule 12(c) motion, unlike a Rule 12(b)(6) motion, implicates the pleadings as a whole.”) (citations omitted) with *Braisted v. Chicon*, 2009 WL 2711962, at *1 (D. Me. Aug. 21, 2009) (Recommended Decision on Motion for Judgment on the Pleadings) (“There is a significant difference between consideration of an answer to a complaint filed by the party seeking judgment on the pleadings and the discovery-seeped, record-related to-and fro of the plaintiff and a different defendant in a proceeding.”), *report and recommendation adopted*, 2009 WL 2982948 (D. Me. Sept. 11, 2009). See generally 5C CHARLES ALAN WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 1368 (3d ed. 2004).

147. See, e.g., *Castro v. Sec’y of Homeland Sec.*, 472 F.3d 1334, 1336 (11th Cir. 2006).

148. See, e.g., *Horsley v. Feldt*, 304 F.3d 1125, 1134 (11th Cir. 2002), *aff’d on subsequent appeal*, 124 F. App’x 641 (11th Cir. 2004).

149. See, e.g., *Horsley v. Rivera*, 292 F.3d 695, 700 (11th Cir. 2002).

discovery closes and after a *Markman* decision.¹⁵⁰ Even later, the court can decide the question during trial. Both of these alternatives allow the court to hold a *Markman* hearing and to construe the claims before determining whether they capture unpatentable subject matter.

But these approaches raise considerable difficulty and expense for the parties involved in the litigation and require much more time from the court. Reviewing the file history of the *CLS Bank* decision provides a good example of the cumbersome process of bringing a § 101 challenge at the Rule 56 motion for summary judgment stage in district court, rather than at the earlier Rule 12(b)(6) or 12(c) stage.

- On May 4, 2007, CLS Bank brought a declaratory-judgment action for noninfringement over Alice Corporation's U.S. Patent Nos. 6,970,479; 6,912,510; and 7,149,720 in the U.S. District Court for the District of Columbia.¹⁵¹
- Shortly thereafter, Alice Corporation brought infringement counterclaims.¹⁵²
- CLS Bank brought a motion to dismiss the counterclaims, or alternatively, a motion to dismiss for summary judgment, based on noninfringement.¹⁵³
- On March 6, 2009, after over a year of discovery, CLS Bank again brought motions for summary judgment, one of no infringement, and one of invalidity.¹⁵⁴
- Then, on October 13, 2009, in a published memorandum order, the district court denied the first motion for summary judgment.¹⁵⁵
- CLS Bank then asked for a certification for an interlocutory appeal on November 18, 2009, which the court granted on December 3.¹⁵⁶

150. See FED. R. CIV. P. 56 (“[A] party may file a motion for summary judgment at any time until 30 days after the close of all discovery.”).

151. See Complaint at 1–5, *CLS Bank I*, 667 F. Supp. 2d 29 (D.D.C. 2009) (No. 07 Civ. 974).

152. See Answer at 1–4, *CLS Bank I*, 667 F. Supp. 2d 29 (No. 07 Civ. 974).

153. See Motion to Dismiss Counterclaims, or Alternatively, Motion for Summary Judgment at 1, *CLS Bank I*, 667 F. Supp. 2d (No. 07 Civ. 974).

154. See Motion for Summary Judgment of No Infringement, Motion for Summary Judgment of Invalidity, *CLS Bank I*, 667 F. Supp. 2d 29 (No. 07 Civ. 974).

155. See *CLS Bank I*, 667 F. Supp. 2d 29 (denial of summary judgment motion).

- On February 2, 2010, the Federal Circuit denied the parties leave to appeal, and the case continued in the district court.¹⁵⁷
- On June 28, 2010, the Supreme Court issued their decision in *Bilski v. Kappos*.¹⁵⁸
- In light of that case, on September 22, 2010, CLS Bank again moved for summary judgment, this time for lack of patentable subject matter.¹⁵⁹
- On March 9, 2011, the district court held that the claims at issue were directed to unpatentable subject matter, and granted summary judgment in CLS Bank's favor.¹⁶⁰
- On appeal to the Federal Circuit, the case was first reversed—on July 9, 2012, a panel held that the claims could not be deemed ineligible.¹⁶¹
- On October 9, 2012 that decision was vacated, and the Federal Circuit took the case up en banc.¹⁶²
- In May 2013, the Federal Circuit, sitting en banc, held that the method claims were not directed to eligible subject matter, but could not rule on the systems claims.¹⁶³
- The Supreme Court granted certiorari on Dec. 6, 2013.¹⁶⁴ They heard oral argument on Monday, March 31, 2013.¹⁶⁵

Thus, somewhat typically, over six years later, the controversy remains undecided. As this example illustrates, opting to address § 101 challenges—pure legal issues—long before trial in a different way is ideal. Occasionally, parties raise them prior to claim construction. They have two procedural means: First, through a

156. See Certification of Interlocutory Appeal, *CLS Bank I*, 667 F. Supp. 2d 29 (No. 07 Civ. 974).

157. See *CLS Bank II*, 411 F. App'x 306 (Fed. Cir. 2010).

158. *Bilski v. Kappos*, 130 S. Ct. 3218 (2010).

159. See Motion for Summary Judgment that the Claims of Alice's Patents are Invalid for Lack of Patentable Subject Matter, *CLS Bank III*, 768 F. Supp. 2d 221 (D.D.C. 2011) (No. 07 Civ. 974).

160. See *CLS Bank III*, 768 F. Supp. 2d 221 (D.D.C. 2011) (granting plaintiff's motion for summary judgment).

161. See *CLS Bank IV*, 685 F.3d 1341 (Fed. Cir. 2012) (reversing and remanding *CLS Bank III*).

162. See *CLS Bank V*, 484 F. App'x 559 (Fed. Cir. 2012) (vacating *CLS Bank IV* and granting rehearing en banc).

163. See *CLS Bank VI*, 717 F.3d 1269 (Fed. Cir. 2013) (en banc).

164. See *CLS Bank VII*, 134 S. Ct. 734 (2013) (Mem.) (granting certiorari).

165. See Transcript of Oral Argument, *CLS Bank Int'l VII*, 134 S. Ct. 734 (2013) (Mem.) (No. 13-298), available at http://www.supremecourt.gov/oral_arguments/argument_transcripts/13-298_869d.pdf.

Rule 12(b)(6) motion to dismiss the complaint for a “failure to state a claim upon which relief can be granted.” A Rule 12(b)(6) motion is usually based on the complaint alone.¹⁶⁶ Second, through a Rule 12(c) motion on the pleadings (i.e., the complaint and the answer together).¹⁶⁷ Rule 12(c) of the Federal Rules of Civil Procedure reads: “After the pleadings are closed—but early enough not to delay trial—a party may move for judgment on the pleadings.”¹⁶⁸ So Rule 12(c) motions may be more appropriate later in discovery; Rule 12(b)(6) motions, earlier.¹⁶⁹ Rule 12(c) motions are also particularly relevant in the case of cross-claimants and declaratory-judgment actions.

C. The Courts are split on whether claim construction must predicate analyzing § 101

Normally, a patent trial proceeds as any other civil litigation might, with the exception of a *Markman*¹⁷⁰ hearing, where the district court construes the claims before the trial. A Rule 12(c) motion is analyzed under the same standards as a Rule 12(b)(6) motion,¹⁷¹ accepting the well-pleaded factual allegation of the complaint as true, and views them in the light most favorable to the nonmoving party.¹⁷² Thus, courts enter judgment “when there

166. See FED. R. CIV. P. 12(b)(6).

167. See FED. R. CIV. P. 12(c).

168. *Id.*

169. For the most part, Rule 12(c) and 12(b)(6) motions are ordinarily treated similarly by the courts. See *Aponte-Torres v. Univ. of P.R.*, 445 F.3d 50, 54 (1st Cir. 2006) (citing *Collier v. City of Chicopee*, 158 F.3d 601, 602 (1st Cir. 1998); *Lanigan v. Vill. of E. Hazel Crest*, 110 F.3d 467, 470 n.2 (7th Cir. 1997)).

170. Named after *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), which left claim construction—as a matter of law—to the province of the judge.

171. Compare *Aponte-Torres*, 445 F.3d at 55 (“There is, of course, a modest difference between Rule 12(c) and Rule 12(b)(6) motions. A Rule 12(c) motion, unlike a Rule 12(b)(6) motion, implicates the pleadings as a whole.”) (citations omitted) with *Braisted v. Chicon*, 2009 WL 2711962, at *1 (D. Me. Aug. 21, 2009) (Recommended Decision on Motion for Judgment on the Pleadings) (“There is a significant difference between consideration of an answer to a complaint filed by the party seeking judgment on the pleadings and the discovery-seeped, record-related to-and fro of the plaintiff and a different defendant in a proceeding.”), *report and recommendation adopted*, 2009 WL 2982948 (D. Me. Sept. 11, 2009). See generally 5C CHARLES ALAN WRIGHT & ARTHUR R. MILLER, FEDERAL PRACTICE AND PROCEDURE § 1368 (3d ed. 2004).

172. See, e.g., *Castro v. Sec’y of Homeland Sec.*, 472 F.3d 1334, 1336 (11th Cir. 2006).

are no material facts in dispute,” considering the substance of the pleadings and judicially noticed facts.¹⁷³

Because the courts are split on whether claim construction should precede subject-matter eligibility, Rule 12(b)(6) and 12(c) motions may frustrate parties. One panel of the Federal Circuit—the body hearing all appeals from cases “arising under” the patent law¹⁷⁴—has proclaimed § 101 an “antecedent question” that must be answered *first*, before considering whether particular claims are invalid as obvious or anticipated, and even before a *Markman* hearing.¹⁷⁵

But the district courts waver over the “antecedent question” rule—some apply § 101 before *Markman*, some after. As stated above, the *Ultramercial, LLC v. Hulu, LLC* Federal Circuit panel held recently that “[c]laim construction may not always be necessary for a § 101 analysis.”¹⁷⁶ Some district courts allow a § 101 challenge at any time after the pleading stage, particularly prior to claim construction.¹⁷⁷ Others will not entertain an “early” motion.

As the Federal Circuit held in *Ultramercial v. Hulu*:

This court has never set forth a bright line rule requiring district courts to construe claims before determining subject matter eligibility. Indeed, because eligibility is a ‘coarse’ gauge of the suitability of broad subject matter categories for patent protection . . . claim construction may not always be necessary for a § 101 analysis. . . . In this case, the

173. See, e.g., *Horsley v. Rivera*, 292 F.3d 695, 700 (11th Cir. 2002).

174. 28 U.S.C. § 1295 (2012).

175. See *In re Comiskey*, 554 F.3d 967, 975 n.7 (Fed. Cir. 2009).

176. *Ultramercial, LLC v. Hulu, LLC*, 657 F.3d 1323, 1325 (Fed. Cir. 2011) (not requiring claim construction), *cert. granted, vacated, and remanded on other grounds sub nom.* *WildTangent v. Ultramercial*, No. 11-962 (U.S. May 21, 2012).

177. See *Digitech Info. Sys., Inc. v. BMW Fin. Servs. NA, LLC*, 864 F. Supp. 2d 1289 (M.D. Fla. Mar. 30, 2012) (holding claim construction is not necessary for determining patent eligibility), *reconsideration denied*, 2012 WL 3105898 (M.D. Fla. Jul. 30, 2012), *aff'd sub nom.* *Digitech Info. Sys. v. BMW Auto Leasing, LLC*, 504 Fed. App'x. 920 (Fed. Cir. 2013); *Nazomi Comm'ns, Inc. v. Samsung Telecomms., Inc.*, 2012 WL 967968 (N.D. Cal. Mar. 21, 2012) (same); *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Can. (U.S.)*, 771 F. Supp. 2d 1054, 1059 (E.D. Mo. 2011) (same), *reconsideration denied*, 2011 WL 1599550 (E.D. Mo. Apr. 27, 2011), *reh'g and reh'g en banc denied*, 687 F.3d 1266 (Fed. Cir. 2012).

subject matter at stake and its eligibility does not require claim construction.¹⁷⁸

No clear answer seems forthcoming. One Federal Circuit panel in *Myspace, Inc. v. GraphOn Corp.* suggested that courts should avoid the “murky” issue of § 101, if possible.¹⁷⁹ Similarly, in a nonprecedential per curiam opinion,¹⁸⁰ the Federal Circuit held that claim construction was—sometimes—a necessary predicate. There, the Federal Circuit vacated and remanded an invalidity finding post-*Bilski*.¹⁸¹ The claimed invention—compression software for computer graphics—failed to pass the MOT test.¹⁸² In light of *Bilski*, the Federal Circuit remanded the case for claim construction in order to construe whether the “fuzzy” math present in the specification was to be read into the claims.¹⁸³ The Federal Circuit concluded “the patent eligibility of at least one of the asserted claims turns on questions of claim construction that the district court did not have the opportunity to address.”¹⁸⁴ A number of district courts have allowed § 101 challenges before claim construction; others have required claim construction first.¹⁸⁵

178. 657 F.3d at 1325.

179. *MySpace, Inc. v. GraphOn Corp.*, 672 F.3d 1250, 1260–61 (Fed. Cir. 2012) (comparing this avoidance to the doctrine of constitutional avoidance, stating, “Does this mean that § 101 can never be raised initially in a patent infringement suit? No.”).

180. *Fuzzysharp Techs., Inc. v. 3DLabs Inc.*, 447 Fed. App’x 182, 183 (Fed. Cir. 2011), *reh’g denied* (Dec. 20, 2011).

181. *See id.* at 182.

182. *See id.* at 186.

183. *Id.*

184. *Id.*

185. *Compare* *Lendingtree, LLC v. Zillow, Inc.*, No. 3:10-cv-00439-W (W.D.N.C. June 4, 2012) (denying a § 101 motion before claim construction), *with* *IconFind, Inc. v. Google, Inc.*, No. 2:11-cv-0319, 2012 U.S. Dist. LEXIS 5460 (E.D. Cal. Jan. 18, 2012) (denying a motion for judgment of invalidity on the pleadings under FED. R. CIV. P. 12(c) without discussing claim construction); *Digitech Info. Sys., Inc. v. BMW Fin. Servs. NA, LLC*, 864 F. Supp. 2d 1289 (M.D. Fla. 2012) (holding that claim construction is not necessary for determining patent eligibility), *reconsideration denied*, 2012 WL 3105898 (M.D. Fla. Jul. 30, 2012), *aff’d sub nom.* *Digitech Info. Sys. v. BMW Auto Leasing, LLC*, 504 Fed. App’x. 920 (Fed. Cir. 2013); *Nazomi Comm’ns., Inc. v. Samsung Telecomms., Inc.*, 2012 WL 967968 (N.D. Cal. Mar. 21, 2012) (same); *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can.*, 771 F. Supp. 2d 1054, 1059 (E.D. Mo. 2011) (same), *reconsideration denied*, 2011 WL 1599550 (E.D. Mo. Apr. 27, 2011), *reh’g and reh’g en banc denied*, 687 F.3d 1266 (Fed. Cir. 2012); *Glory Licensing LLC v. Toys “R” Us, Inc.*, No. 09-4252, 2011 U.S. Dist. LEXIS 51888, at *2–3, 18 (D.N.J. May 16, 2011) (same), *appeal dismissed* 459 F. App’x 916 (Fed. Cir. 2011); *Graff/Ross Holdings LLP v. Fed. Home Loan Mortg.*, No.

Because the courts split on whether claim construction should precede subject-matter eligibility, 12(b)(6) and 12(c) motions may frustrate parties.

Even if successful such Rule 12 motions still cost time, money, and are litigation-intensive. Litigation requires staffing and drafting, and judges may sit on motions or decide them haphazardly. And, as noted above, there is no guarantee that a particular court will allow a challenge to patentable subject matter under § 101 to proceed before claim construction.

D. Enter CBM review

With the advent of CBM review, qualifying patents can be challenged under § 101 under a statutorily mandated one-year timeline and likely lead the district court to stay any co-pending litigation. The Board applies a more petitioner-favorable claim construction¹⁸⁶ and evidentiary burden¹⁸⁷ and does not presume the patent valid.¹⁸⁸ Thus, the petitioner has a number of procedural advantages. In addition, the PTO will generally stay other prior-filed co-pending PTO actions or join actions in an attempt to consolidate the issues.¹⁸⁹ The law limits discovery¹⁹⁰ during CBM proceedings and the PTAB seems disinclined to grant all but the most tailored requests for additional discovery.¹⁹¹

07-796, 2010 U.S. Dist. LEXIS 141399, at *6-7 (D.D.C. Aug. 27, 2010) (same, converting a Rule 12(b)(6) motion to dismiss into a motion for summary judgment), *report and recommendation adopted*, 892 F. Supp. 2d 190 (D.D.C. 2012).

186. See 37 C.F.R. § 42.300(b); see also *In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984).

187. See 35 U.S.C. § 326(e) (2012).

188. See 37 C.F.R. § 42.206 (a)-(b) (describing “unpatentability,” not “invalidity” challenges).

189. See, e.g., *MeridianLink, Inc. v. DH Holdings, LLC*, CBM2013-0008, Paper 22 (P.T.A.B. July 24, 2013) (order staying co-pending reexamination, which preexisted the institution of the CBM); cf., e.g., *Lumondi Inc. v. Lennon Image Tech.*, IPR2013-00432, Paper 7 (P.T.A.B. Aug. 6, 2013). According to the Board, not staying a copending reexamination “would duplicate efforts within the Office and could potentially result in inconsistencies between the proceedings.” *Lumondi*, IPR2013-00432, Paper 7. The Board also cited the truncated timeline of an IPR. See *id.*

190. See 37 C.F.R. § 42.51(b)(1)(i) (2013).

191. See *Corning Inc. v. DSM IP Assets B.V. (I)*, IPR2012-00043 (June 21, 2013); *Corning Inc. v. DSM IP Assets B.V. (II)*, IPR2012-00046 (June 21, 2013); *Garmin Int'l, Inc. v. Cuozzo Speed Techs., LLC*, IPR2012-00001, Paper 26 (P.T.A.B. Mar. 5, 2013).

Significantly, CBM reviews will likely be cheaper than full-blown patent litigation.

The courts and the PTO do not consider factual evidence or require expert testimony when deciding § 101 challenges.¹⁹² The PTO may be amenable to requests for truncated timelines when § 101 is the only issue challenged.¹⁹³ No estoppel attaches to any other issue than those raised and granted.¹⁹⁴

To be clear: under the statute as written, in an *inter partes* review (IPR), parties are estopped from later raising any issue they “raised or could have raised,” a frightening prospect to some parties. In stark contrast, a CBM review, § 18 (a)(1)(D), limits estoppel to *grounds raised* during the review. Mitigating the harshness of the rule, the PTO has interpreted this to mean only those issues that the petition has been granted on, leaving parties free to challenge any issues that the PTO did not institute.¹⁹⁵

IV. CHALLENGING SOFTWARE PATENTS USING CBM REVIEW

A. Early results in CBM review

Between September 16, 2012, and September 26, 2013, parties filed fifty-six CBM petitions. By January 1, 2014, it was an even hundred. Through April 14, 2014, parties had filed 156, and as of this writing, the Board had issued eleven Final Written Decisions in CBMs, cancelling all 236 claims at issue:¹⁹⁶

192. See *In re Ferguson*, 558 F.3d 1359, 1363 (Fed. Cir. 2009) (explaining the Federal Circuit standard of review), *cert. denied sub nom. Ferguson v. PTO*, 130 S. Ct. 3541 (2010) (Mem.).

193. See, e.g., *SAP Am., Inc. v. Versata Dev. Grp.*, CBM2012-00001, Papers 40 (Feb. 6, 2013), 44 (Feb. 14, 2013), 45 (Feb. 21, 2013) (Petitioner’s Request for Expedited Determination of Invalidity).

194. See 35 U.S.C. § 325(e)(2) (2013) (estopping parties later in district court or ITC proceedings over issues they “raised or could have raised”).

195. See, e.g., *Interthinx, Inc. v. Corelogic, Inc.*, CBM2012-00007, Paper 58 (P.T.A.B. Jan. 30, 2014) (denying first and second motions to amend). As of this writing, the Board has granted few motions to amend, in both CBM and IPR. See, e.g., *Intellectual Ventures Mgmt., LLC v. Xilinx, Inc.*, IPR2012-00018, Paper 35 (P.T.A.B. Feb. 10, 2014) (denying second motion to amend).

196. *Patent Trial and Appeal Board: AIA Progress*, USPTO.GOV (Jan. 2, 2014), http://www.uspto.gov/ip/boards/bpai/stats/aia_statistics_sep18_2013.pdf. As of April 10, 2014, according to our numbers, for CBM, 236 claims have been cancelled, and zero claims have survived (total 236); For IPR, 310 claims have been cancelled, and 28 claims have survived (total 338). Thus, 8.2% of claims have survived IPR, and 4.8% have survived, total. Thus far, 95.2% of claims were, cancelled total.

- *SAP America, Inc. v. Versata Dev. Grp.*, CBM2012-00001 (§ 101)¹⁹⁷
- *CRS Advanced Techs., Inc. v. Frontline Techs., Inc.*, CBM2012-00005 (§ 101)¹⁹⁸
- *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00002 (§ 103)¹⁹⁹
- *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00004 (§ 103)²⁰⁰
- *Interthinx, Inc. v. Corelogic, Inc.*, CBM2012-00007 (§§ 101 and 102/103)²⁰¹
- *Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00003 (§ 103)²⁰²
- *Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2013-00009 (§ 103)²⁰³
- *Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2013-00002 (§ 103)²⁰⁴
- *Bloomberg Inc. v. Markets-Alert Pty.*, CBM2013-00005, (§ 102 and § 103)²⁰⁵
- *Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2013-00004 (§ 103)²⁰⁶
- *Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00010 (§ 103)²⁰⁷

197. *SAP Am., Inc. v. Versata Dev. Grp.*, CBM2012-00001, Paper 70 (P.T.A.B. June 11, 2013).

198. *CRS Advanced Techs., Inc. v. Frontline Techs., Inc.*, CBM2012-00005, Paper 66 (P.T.A.B. Jan. 21, 2014).

199. *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00002, Paper 66 (P.T.A.B. Jan. 23, 2014).

200. *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00004, Paper 60 (P.T.A.B. Jan. 23, 2014).

201. *Interthinx*, CBM2012-00007, Paper 58 (P.T.A.B. Jan. 30, 2014).

202. *Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00003, Paper 78 (P.T.A.B. Feb. 11, 2014).

203. *Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2013-00009, Paper 68 (P.T.A.B. Feb. 11, 2014).

204. *Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2013-00002, Paper 59 (P.T.A.B. Feb. 24, 2014).

205. *Bloomberg Inc. v. Markets-Alert Pty.*, CBM2013-00005, Paper 71 (P.T.A.B. Mar. 26, 2013).

206. *Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2013-00004, Paper 53 (P.T.A.B. Mar. 13, 2014).

207. *Liberty Mutual Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00010, Paper 59 (P.T.A.B. Feb. 24, 2014).

In *SAP America, Inc. v. Versata Development Group, Inc.*, CBM2012-00001 (P.T.A.B. 2013), the first CBM filed and decided, the Board granted a shortened schedule. There, the PTAB held unpatentable U.S. Patent No. 6,553,350, a “Method and Apparatus for Pricing Products in Multi-Level Product and Organizational Groups,” indicating it embodied an abstract concept and was capable of implementation by pencil and paper—by hand or by hand—or, alternatively, by a general-purpose computer.²⁰⁸ It did not contain “enough significant meaningful limitations to transform these abstract ideas into patent-eligible applications.”²⁰⁹ The Board held claims to a method, claims to an apparatus, and claims to a computer-readable medium unpatentable.

In *CRS Advanced Technologies, Inc. v. Frontline Technologies, Inc.*,²¹⁰ the second CBM, the Board again held all claims unpatentable under 35 U.S.C. § 101. It held unpatentable the claims, which recited an “internet communication link,” a “website,” and “one or more computers.”²¹¹

As exemplary of the suite of seven, in the first two *Liberty Mutual Insurance Co. v. Progressive Casualty Insurance Co.* cases—implemented on the same patent in parallel—the Board held a patent to a method of using electronic sensors on automobiles for insurance purposes unpatentable—twice. Notably, that case held only one claim need be eligible for CBM review for the patent to qualify.²¹² The case held the patent unpatentable over four different 35 U.S.C. § 103(a) obviousness grounds. In the second two, the Board held a separate patent’s claims unpatentable, again twice, over even more § 103 grounds.²¹³

In *Interthinx, Inc. v. Corelogic, Inc.*,²¹⁴ the expired patent was also involved in a parallel proceeding in the Eastern District of Texas.²¹⁵ After a jury found against *Interthinx* there and the judge

208. See *SAP Am.*, CBM2012-00001, Paper 70 (P.T.A.B. June 11, 2013).

209. *Id.* at 34.

210. *CRS Advanced Techs.*, CBM2012-00005, Paper 66 (P.T.A.B. 2014).

211. *Id.* at 4.

212. See *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00002, Paper 66 (P.T.A.B. Jan. 23, 2014); *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00004, Paper 60 (P.T.A.B. Jan. 23, 2014).

213. See *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00003, Paper 78 (P.T.A.B. Feb. 11, 2014); *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00009, Paper 68 (P.T.A.B. Feb. 11, 2014).

214. *Interthinx, Inc. v. Corelogic, Inc.*, CBM2012-00007, Paper 58 (P.T.A.B. Jan. 30, 2013).

215. See *CoreLogic Info. Solutions, Inc. v. Fiserv, Inc.*, No. 2:10-CV-132-RSP, 2012 WL 4635994 (E.D. Tex. Oct. 2, 2012).

held against *Interthinx* in post-trial invalidity motions on §§ 101 and 102/103, the parties settled and attempted to end the CBM.²¹⁶ The Board continued the case,²¹⁷ holding all of the granted claims unpatentable under § 101 and § 102/103 inherency grounds. Notably, as the patent was expired, it applied the district court's claim-construction standard, but it also applied the Board's "preponderance of the evidence" standard, and cancelled the claims.²¹⁸

And in *Bloomberg Inc. v. Markets-Alert Pty.*,²¹⁹ fourteen petitioners—Bloomberg Inc., Bloomberg L.P., Bloomberg Finance L.P., The Charles Schwab Corp., Charles Schwab & Co., Inc., E*TRADE Financial Corp., E*TRADE Securities LLC, E*TRADE Clearing LLC, optionsXpress Holdings Inc., optionsXpress Inc., Ameritrade Holding Corp.; TD Ameritrade, Inc.; TD Ameritrade IP Co., and Thinkorswim Group, Inc. all jointly petitioned against patent 7,941,357, which had been asserted against them jointly in litigation.²²⁰ The patent—to a trading system—was held unpatentable over § 102 and § 103 grounds, the Board denied a motion to amend, and all the claims were cancelled.²²¹

Parties as diverse as LinkedIn Corp., Apple Inc., BB&T Bank, Oracle Corp., eBay, Inc., Dell, Inc., Groupon, Inc., and Google, Inc. have filed CBM petitions.²²² There is an eighty-page limit on petitions²²³ and strict filing requirements.²²⁴ The regulations limit discovery,²²⁵ govern protective orders,²²⁶ discuss taking testimony,²²⁷ and govern the electronic-filing requirements, which disfavor paper submissions not submitted through the new Patent Review Processing System (PRPS) web portal. Parties may file

216. See *Interthinx, Inc. v. Corelogic, Inc.*, CBM2012-00007, Paper 58, at 3 (P.T.A.B. Jan. 30, 2013).

217. 35 U.S.C. § 317(a) (2012).

218. *Interthinx, Inc. v. Corelogic, Inc.*, CBM2012-00007, Paper 58, at 5 (P.T.A.B. Jan. 30, 2013).

219. *Bloomberg Inc. v. Markets-Alert Pty.*, CBM2013-00005, Paper 71 (P.T.A.B. Mar. 26, 2013).

220. See *Market-Alerts Pty. Ltd. v. Bloomberg Fin. L.P.*, 922 F. Supp. 2d 486 (D. Del. Feb. 5, 2013).

221. *Id.* at 3.

222. See *infra* App'x A.

223. See 37 C.F.R. § 42.207(a) (2012); 37 C.F.R. § 42.24 (2012).

224. See *generally* General Administrative Trial Final Rules, 77 Fed. Reg. 48,612 (Aug. 14, 2012).

225. See 37 C.F.R. § 42.51 (2012).

226. See *id.* § 42.54 (2012).

227. See *id.* § 42.53 (2012).

multiple petitions on the same patent.²²⁸ All of the CBMs filed have a pending litigation ongoing in a district court and the vast majority of district court cases have been stayed pending CBM review—all but one.²²⁹

B. The three hurdles CBM petitioners must vault

Any party seeking a CBM review must carefully analyze three major substantive hurdles. First, the petitioner must establish that the challenged patent qualifies as a “covered business method.” Second, the petitioner must show that the claimed invention is not a “technological invention” exempt from CBM review. Third, the petitioner must show that the standard of review is met—namely, that it is more likely than not that at least one challenged claim is unpatentable.

1. Hurdle one: Is it a covered patent?

The AIA and the PTO final rules define a CBM patent as “a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions.”²³⁰ “[F]inancial product or service’ should be interpreted broadly” to include services ancillary to banks, businesses, and sales.²³¹

According to the PTO’s rules implementing § 18, “patents subject to covered business method review are anticipated to be typically classifiable in Class 705,”²³² but a fair number of these patents will be classified elsewhere. Class 705—entitled “Business Processing Using Cryptography”—would seem the natural home of

228. See, e.g., *Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co.*, CBM2012-00002, CBM2012-00004 (both P.T.A.B. Sept. 16, 2012) (both governing U.S. Pat. No. 6,064,960).

229. See *VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2:13-cv-00011-JRG, 2014 WL 807588 (E.D. Tex. Jan. 8, 2014), (refusing to stay a CBM case. The movant appealed.).

230. Leahy–Smith America Invents Act (AIA), Pub. L. No. 112-29 § 18(d)(1), 125 Stat. 284, 331 (2011) (codified in scattered sections of 35 U.S.C.); see also Covered Business Method and Technological Invention Definitions Final Rules, 77 Fed. Reg. 48,734, 48,753 (Aug. 14, 2012).

231. Covered Business Method and Technological Invention Definitions Final Rules, 77 Fed. Reg. at 48,735.

232. *Id.* at 48,739.

CBM review. One petition called it the “sweet spot” of CBMs.²³³ Many of the patents already challenged under CBM, however, are classified outside of class 705. Of these, the Board has granted CBMs on only a handful. Even so, nearly all class 705 patents challenged are also cross-classified elsewhere, and most are cross-classified in PTO classes 702 (measurement system in a specific environment), 340 (communications: electrical), 360 (dynamic magnetic information storage or retrieval), 364 ([old business methods subclass, now defunct]), 395 ([same]), and other various classifications.

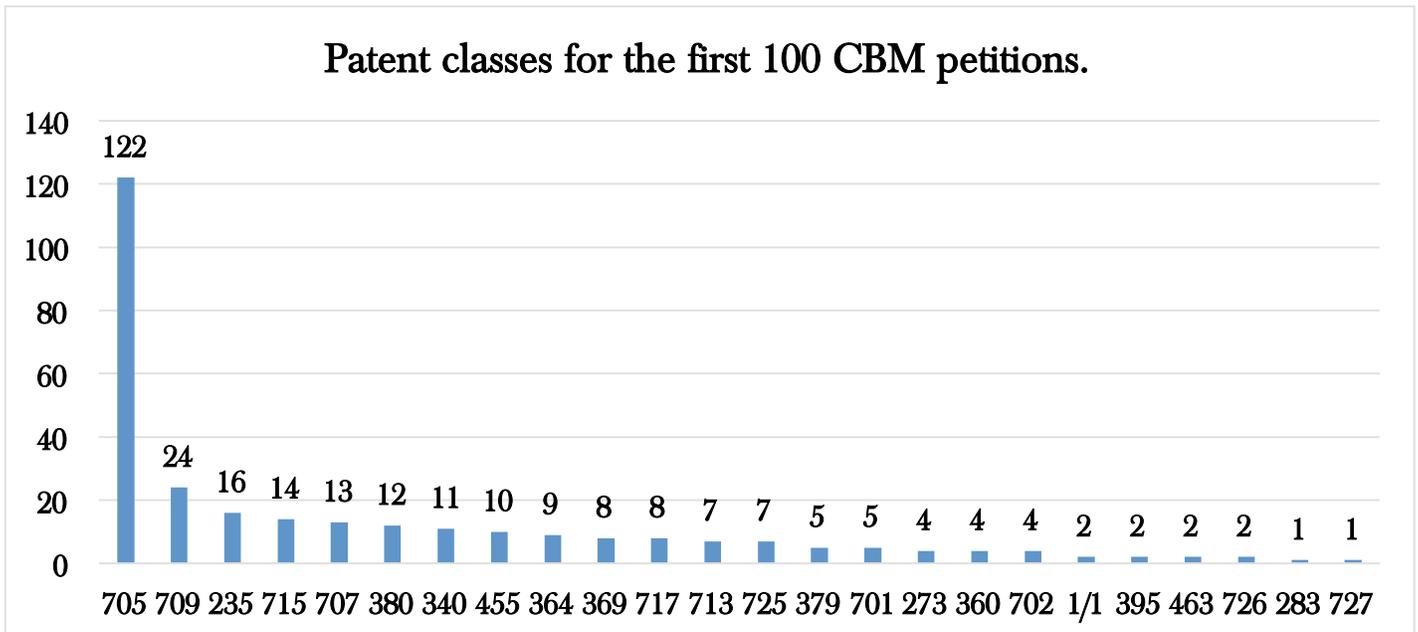


Figure 3: Table showing all listed USPC classifications for the patents challenged in the first 100 CBM petitions. Note: many patents are cross-listed in multiple classes²³⁴

As shown by the preceding figure, the vast majority of patents challenged lie in class 705, the business methods class. The chart below shows a breakdown of the most popular 705 subclasses:

²³³. See *MeridianLink, Inc. v. DH Holdings, LLC*, CBM2012-00008, Paper 1 (P.T.A.B. Nov. 13, 2012).

²³⁴. The charts included display data pulled from the PTO’s public website, the Patent Review Processing System (PRPS), <http://www.uspto.gov/ip/boards/bpai/prps.jsp> (last visited Feb. 16, 2014).

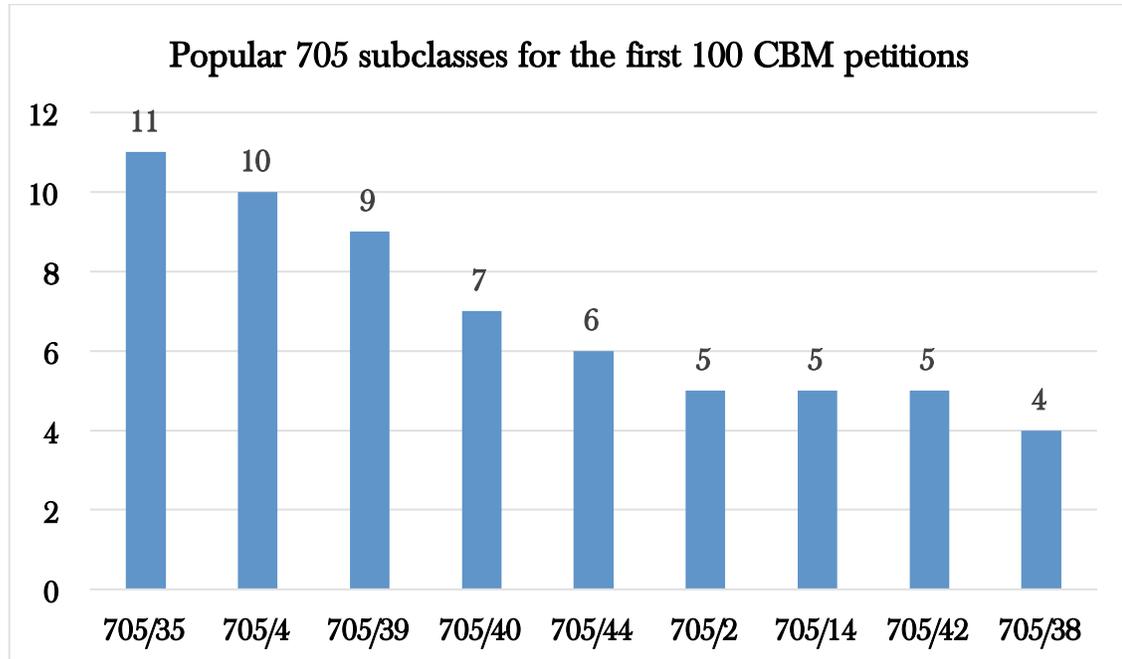


Figure 4: The most common listed class 705 subclasses in early CBM review.

Thus the most popular 705 subclass, 35, covers those patents related to “Price or cost determination based on market factor.”

A number of the patents with active petitions lie outside of class 705. Some lie outside of the 700 set of classes. For instance, in *Interthinx, Inc. v. CoreLogic Information Solutions*,²³⁵ the patent, “Real Estate Appraisal Using Predictive Modeling,” is classified in 364/401, 364/419.19, and 395/23—not class 705.²³⁶ The Board found all asserted claims unpatentable.²³⁷

Some other examples: One patent challenged lists in only 709 classes (709/219, 709/229, 709/225).²³⁸ Another lists in 707 and 715

235. *Interthinx, Inc. v. Corelogic, Inc.*, CBM2012-00007. Paper 58 (P.T.A.B. Jan. 30, 2014).

236. The PTO abolished both classes 364 and 395—the first is now found in class 705; the second was a generic class for “electrical computers and digital data processing systems” as well as “information processing”—i.e., computer software patents. Class 395 was the clearinghouse of most computer program patents, which the PTO then split into constituent parts such as subclasses 275, 325, 400, 425, 725, and 750. Most of the patent applications in those classes were moved to classes 700–707. See GREGORY A. STOBBS, *SOFTWARE PATENTS* § 5.04 (3d. ed. 2012).

237. *Interthinx, Inc. v. Corelogic, Inc.*, CBM2012-00007. Paper 58 (P.T.A.B. Jan. 30, 2014).

238. See U.S. Patent No. 8,037,158 (filed Oct. 30 2007), challenged in *SAP Am., Inc. v. Pi-Net Int’l, Inc.*, CBM2013-00013 (CBM petition filed Mar. 22, 2013).

classes (1/1, 707/999.1, 715/853, 707/E17.12).²³⁹ One patent Apple challenged lists in G9B/26.2, 369/85, G9B/27.2, G9B/27.51, 369/15, 235/381, 253/380, G9B/27.12, 348/E07.71)²⁴⁰—not in class 705. Thus Congress, the PTO, petitioners, and the Board have read the definition of “covered business method” as extending beyond the PTO’s rigid classification system. The PTO is granting and deciding CBM reviews of patents classified outside of class 705.

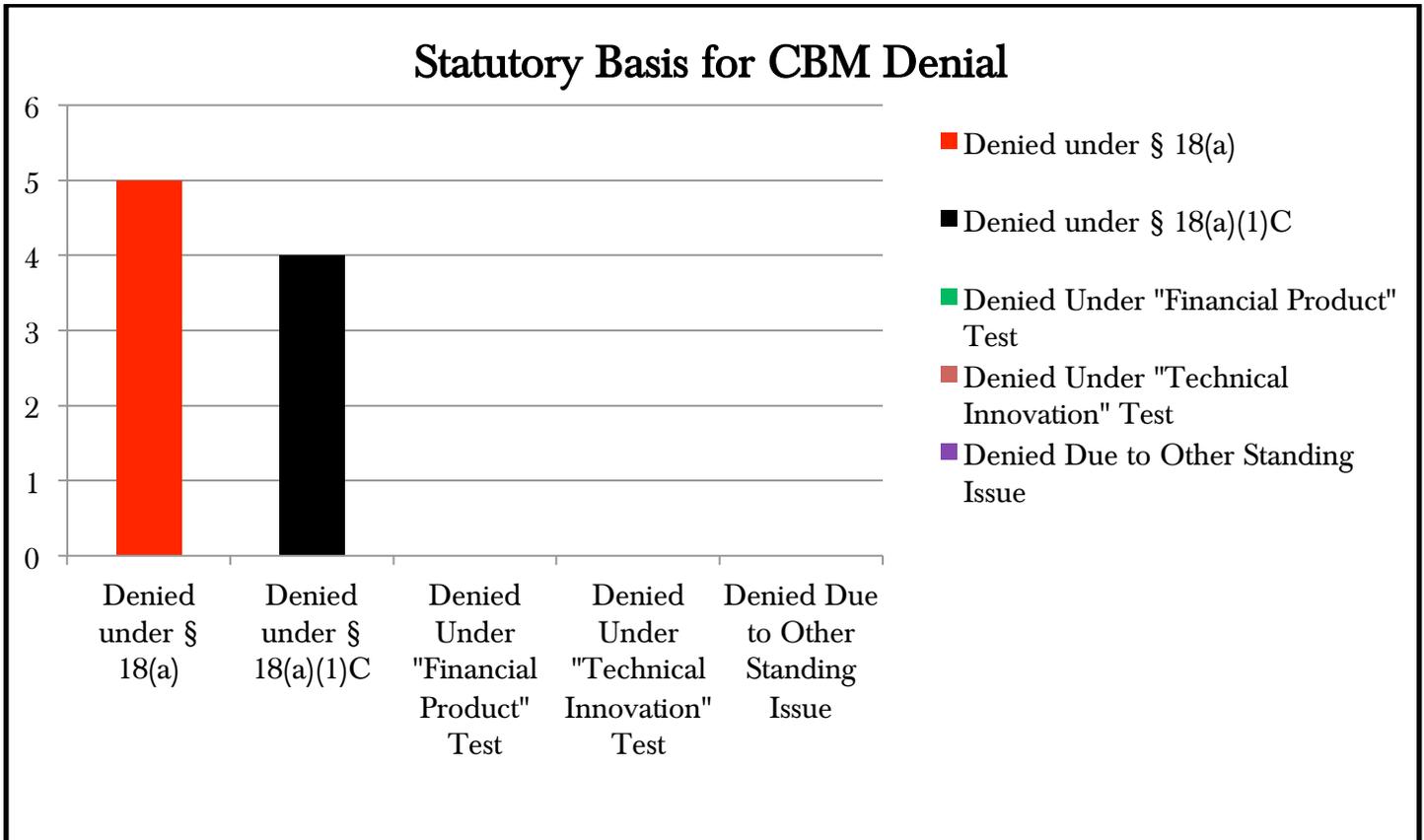


Figure 5: Chart illustrating the statutory basis for CBM Denial. Note: no CBM has yet been denied under either the “Financial Product” or “Technical Innovation” Test.²⁴¹

239. See U.S. Patent No. 6,834,282 (filed Jun. 18 2001), challenged in *Volusion, Inc. v. Versata Dev. Grp., Inc.*, CBM2013-00017 (CBM petition filed Apr. 23, 2013).

240. See U.S. Patent No. 5,191,573 (filed Sept. 18, 1990), challenged in *Apple, Inc. v. SightSound Technologies, LLC*, CBM2013-00019 (CBM petition filed May 6, 2013).

241. Compiled and created by, and used with special permission from, American University Washington College of Law student Jarrad Wood, who has a very bright future ahead of him.

This mirrors Congress's intention for AIA § 18. Indeed, as noted *supra* Part II(E), the legislative history shows Congress intended CBM review to extend far beyond a very narrow slice of banking patents. As stated above, the patent need only be "broad enough to cover a financial . . . service" and also cover the "practice, administration, and management" of financial products or services.²⁴² This extends to almost all web-based interactions businesses have with clients, as well as website management and customer interfaces. Covered patents "do not refer specifically to banks or even to financial transactions," and "the patent need not recite a specific financial product or service."²⁴³ Thus, Congress intended the scope of CBM to cover most computer-implemented patents useful to businesses—a scope supported by the language of the statute, the PTO regulations, and the legislative history.

Further, Congress intended covered business "method" patents to include system and apparatus claims. Speaking during the passage of the bill, Senator Schumer indicated that a "patent qualifies as a covered business method patent regardless of the type or structure of claims contained in the patent. Clever drafting of patent applications should not allow a patent holder to avoid Patent Office review under this amendment. Any other result would elevate form over substance."²⁴⁴ Thus method, system, and apparatus claims are susceptible to immediate CBM PGR.

2. Hurdle two: Is it a non-technological invention?

Section 18 of the AIA excludes "patents for technological inventions" from the definition of CBM patents.²⁴⁵ The authors of the bill anticipated this exception would be narrow:

The invention must be novel as software. If an invention recites software elements, but does not assert that it is novel as software, or does not colorably appear to be so, then it is

242. Leahy–Smith America Invents Act (AIA), Pub. L. No. 112-29 § 18(d)(1), 125 Stat. 284, 331 (2011) (codified in scattered sections of 35 U.S.C.); see also Covered Business Method and Technological Invention Definitions Final Rules, 77 Fed. Reg. 48,734, 48,753 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

243. 157 CONG. REC. S5432 (daily ed. Sept. 8, 2011) (statement of Sen. Schumer).

244. *Id.* at S1364.

245. AIA § 18(d)(2).

not ineligible for review simply because of that software element.²⁴⁶

To determine whether a patent is a technological invention, “the following will be considered on a case-by-case basis: whether the claimed subject matter as a whole recites a technological feature that is novel and unobvious over the prior art; and solves a technical problem using a technical solution.”²⁴⁷ The standard excludes inventions unlikely to be held patent ineligible under § 101. It mirrors the European standard for subject-matter eligibility—that the device has a technical character reciting technical features.²⁴⁸

Notably, at oral argument in *CLS Bank* on March 31, 2014, the respondents and the government seemed to endorse adopting the “technological means” test for subject-matter patentability of computer-implemented business method patents, which would bring the U.S. more in line with the European standard.²⁴⁹

According to the Federal Circuit in *Bancorp*, increasing efficiency does not save a claim.²⁵⁰ Additionally, Congress found that the “technological invention” exception does not “exclude patents that use known technology to accomplish a business process or method of conducting business—whether or not that process or method appears to be novel.”²⁵¹ The technology must be crucial to the inventive concept and use a “technological invention” to solve a “technical problem.” Thus, “a patent is not a technological invention because it combines known technology in a new way to perform data processing operations.”²⁵² So a patent meeting the CBM standard would likewise be of questionable abstract validity under § 101.

246. 157 CONG. REC. S5431 (statement of Sen. Jon Kyl).

247. 37 C.F.R. § 42.301 (2012).

248. See EPO Case Number T 1173/97 – 3.5.01. That standard is derived from the German courts, which have long required a technical character performing technical work. See Sprachanalyseeinrichtung, [2000] GRUR 1007 (Ger.); rote Taube, [1969] GRUR 672 (Ger.).

249. Transcript of Oral Argument, *supra* note 2, at 29–30, 32.

250. See *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can.* (U.S.), 687 F.3d 1266, 1278 (Fed. Cir. 2012).

251. 157 CONG. REC. S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

252. *Id.*

3. Hurdle three: Does it meet the standard of review?

A CBM patent qualifies for PGR if the PTAB finds “that the petition supporting the ground would, if unrebutted, demonstrate that it is more likely than not that at least one of the claims challenged in the petition is unpatentable.”²⁵³ Thus, the PTAB need only find *one claim* more likely than not unpatentable under CBM review. Importantly, under the regulations, claims are given their “broadest reasonable construction”²⁵⁴—even at the petition stage.²⁵⁵ Even where claims have been previously construed using a different standard—such as by a district court—the PTO often ignores those constructions and applies their own “broadest reasonable” interpretation.²⁵⁶

One thing above all else is clear—the burden of proof showing unpatentability at the PTO is lower than the burden facing patent challengers in district court, where invalidity must be shown by “clear and convincing evidence.”

V. CHOOSING WHERE TO LITIGATE § 101 INELIGIBILITY: CBM REVIEW VERSUS COURT PROCEEDINGS

As we have seen, these are not high hurdles. Comparing the two methods presented above, we see each has advantages and disadvantages. District courts require no threshold showing a patent is a “covered business method” before making a § 101 challenge. But CBMs offer a chance to challenge patent validity before costly discovery ensues, a presumption of unpatentability upon institution, a twelve-month proceeding, and a lower burden

253. 35 U.S.C. § 324(a) (2012); 37 C.F.R. § 42.208(c) (2013); *see also Inter Partes*, Post Grant, and Covered Business Method Review Final Rules, 77 Fed. Reg. 48,680, 48,684 (Aug. 14, 2014) (final rule) (codified at 37 C.F.R. § 42.208).

254. 37 C.F.R. § 42.300(b); *see also In re Yamamoto*, 740 F.2d 1569, 1571 (Fed. Cir. 1984).

255. The CBM standard is slightly easier to meet than the standard for IPR, another new procedure to challenge patents made available through the AIA, which the PTO paraphrases as “a reasonable likelihood that the petitioner would prevail with respect to at least one claim challenged.” *Inter Partes Disputes*, U.S. PATENT & TRADEMARK OFFICE, http://www.uspto.gov/aia_implementation/bpai.jsp (last visited May 9, 2013). Thus, the party may be required to show it is likely, rather than “more likely than not,” that the petitioner will prevail. 35 U.S.C. § 324(a) (2012); 37 C.F.R. § 42.208(c).

256. Changes to Implement *Inter Partes* Review Proceedings, Post-Grant Review Proceedings, and Transitional Program for Covered Business Method Patents, Final Rules, 77 Fed. Reg. 48,680, 48,697 (Aug. 14, 2012) (to be codified at 37 C.F.R. pt. 42).

of proof. On balance, we conclude that these factors favor challenging a patent via the CBM procedure.

A. Initiating a § 101 challenge

As outlined above, a CBM must overcome three legal hurdles in order to qualify as a CBM patent—it must be a CBM, it must not be a technological invention, and it must meet the standard of review.

These requirements do not apply in district court, where a challenge to § 101 validity of a patent is usually brought against a patent that is already asserted in litigation. However, there is a heavy presumption of validity of a patent in district court.²⁵⁷ Additionally, courts construe the claims given their “ordinary and customary meaning,”²⁵⁸ rather than the PTO’s “broadest reasonable interpretation” standard.²⁵⁹

So to even reach the issue, it may be more difficult to file a CBM initially; but once the CBM is granted, the PTO proceedings enjoy the benefits of little or no discovery, a truncated timeline, a lower standard of review, and no presumption of patent validity.

B. Timing and staying litigation discovery

Pursuing a CBM may also provide benefits of timing and stays. District courts have broad discretion whether to entertain a § 101 validity challenge early in a case. And as discussed above, courts vary in their approach to these challenges. Some allow early motions, and some deny them; some require claim construction first before ruling on § 101 subject-matter eligibility. Other courts will decide a § 101 challenge shortly after the complaint has been filed.

The AIA, on the other hand, guarantees a CBM filer that the PTO will address the challenge to subject-matter validity in a timely manner. In particular, the PTO will decide whether to institute the CBM within six months of the filing of a petition. And if the petition is granted, the PTO will issue a final decision on validity within twelve months of that decision. In the meantime, the petitioner can seek to stay any pending district court litigation,

257. See *CLS Bank VI*, 717 F.3d 1269, 1284 (Fed. Cir. 2013) (en banc) (“[I]t bears remembering that all issued patent claims receive a statutory presumption of validity.”) (Lourie, J., concurring), *cert. granted* 134 S. Ct. 734 (2013) (Mem.), *argued*, No. 13-298 (Mar. 31, 2014).

258. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1316 (Fed. Cir. 2005).

259. See *supra* Hurdle three: Does it meet the standard of review?.

forestalling expensive (and potentially unnecessary) discovery into its technology, sales, and research-and-development activities.

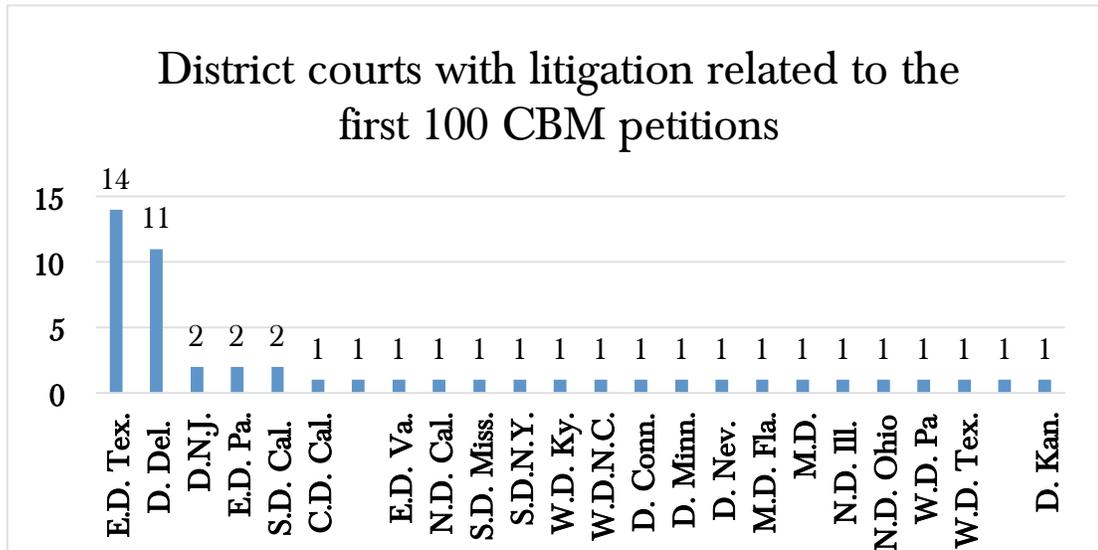


Figure 6: CBM petitions, by rule, list related ongoing litigation. This chart displays the unique related litigations for the first 100 CBM petitions. Many list litigation in more than one district—and many litigations are related to more than one CBM petition.

Unsurprisingly, the chart above correlates to two of the three districts that see more patent cases than any others—the Eastern District of Texas and the District of Delaware. It thus may reveal little—other than a slight Congressionally mandated easing of the heavy litigation burden those districts bear.

The CBM statute urges federal courts to consider staying motions in ongoing litigation pending the outcome of the CBM review. Parties can petition the court, and by statute, the district court must consider whether to stay the case under the four-factor test from *Broadcast Innovation, L.L.C. v. Charter Communications*.²⁶⁰ The four factors for determining whether to stay a case under the AIA are:

- whether a stay, or the denial thereof, will simplify the issues in question and streamline the trial;

²⁶⁰ *Broadcast Innovation, LLC v. Charter Commc'ns, Inc.* 420 F.3d 1364, 1366 (Fed. Cir. 2005), *cert. denied*, 547 U.S. 1113 (2006), *on remand*, 2006 WL 1897165 (D. Co. July 11, 2006).

- whether discovery is complete and whether a trial date has been set;
- whether a stay, or the denial thereof, would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; and
- whether a stay, or the denial thereof, will reduce the burden of litigation on the parties and on the court.²⁶¹

The fourth factor of the test pertains to saving litigation costs. Senator Schumer said the provision “places a very heavy thumb on the scale in favor of a stay,”²⁶² and “it is nearly impossible to imagine a scenario in which a district court would not issue a stay.”²⁶³ As of this writing, the evidence bears out the prediction—every judge and every district court save one has granted every CBM stay presented.²⁶⁴ Only one district court had denied a stay—in *VirtualAgility, Inc. v. Salesforce.com, Inc.*,²⁶⁵ in the Eastern District of Texas, which generally has a rather fast trial schedule. Judge Rodney Gilstrap’s decision was immediately appealed to the Federal Circuit, which expedited review.²⁶⁶ The parties heard oral argument on March 4, 2014 before a panel of Judges Pauline Newman, Susan Moore, and Raymond Chen.²⁶⁷ The appeal was still pending as of this writing.

261. Leahy—Smith America Invents Act (AIA), Pub. L. No. 112-29 § 18(b)(1), 125 Stat. 284, 331 (2011) (codified in scattered sections of 35 U.S.C.).

262. 157 CONG. REC. S1363-65 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

263. *Id.*

264. Stays have been granted in the litigations related to CBMs 2012-00005, 2013-00005, and 2013-00008, to name only a few. *See infra* Appendix A.

265. *VirtualAgility, Inc. v. Salesforce.com, Inc.*, No. 2:13-cv-00011-JRG, 2014 WL 807588 (E.D. Tex. Jan. 8, 2014),

266. From the Federal Circuit’s docket, filed Jan. 30, 2014:

ORDER filed granting motion to expedite appeal [14] filed by Appellants Salesforce.com, Inc., et al. as follows: Salesforce’s initial brief is due no later than January 31, 2014. VirtualAgility’s response brief is due no later than February 21, 2014. Salesforce’s reply brief and the joint appendix are due no later than February 28, 2014. Oral argument, if deemed necessary by the court, will be scheduled by subsequent order. Service: 01/30/2014 by clerk.

267. *See* Oral Argument, *VirtualAgility*, 2014 WL 807588 (argued Mar. 4, 2014) available at <http://www.cafc.uscourts.gov/oral-argument-recordings/all/virtuala.html>.

Notably, the Delaware District Court in *Market-Alerts Pty. Ltd. v. Bloomberg Financial* granted a CBM-related stay motion before the PTO decided whether to implement the petition.²⁶⁸ Another court initially declined to do so, but later stayed four co-pending actions related to ongoing CBM reviews after the PTO initiated the CBM proceedings.²⁶⁹ Judge Benita Y. Pearson stated that “[t]he analysis of the four-factor test set forth in § 18(b)(1) of the AIA counsels in favor of granting each defendant’s motion to stay. Accordingly, the motions to stay are granted. The consolidated cases are administratively closed pending notification of the completion of the CBM review.”²⁷⁰

Judge Pearson found that the plaintiff did not properly argue the fourth cost-of-litigation factor; further, granting a “stay would relieve Liberty Mutual and Progressive of the burden of litigating in multiple fora.”²⁷¹ Still further, the “Court would be relieved of having to expend substantial judicial resources in deciding claim construction, noninfringement, and invalidity issues before those claims are invalidated, narrowed, or refined through CBM review.”²⁷²

Either party is authorized to take an immediate interlocutory appeal to the Federal Circuit on the district court’s decision whether to grant a stay and the AIA provides that the “Federal Circuit shall review the district court’s decision to ensure consistent application of established precedent.”²⁷³ In the legislative history, Senator Schumer indicated the lower-court proceedings should be stayed pending the interlocutory appeal because doing so “while the Federal Circuit reviews the question of whether the case should be stayed pending the post-grant review will help ensure that requests to stay are consistently applied across cases

268. See *Market-Alerts Pty. Ltd. v. Bloomberg Fin. L.P.*, 922 F. Supp. 2d 486 (D. Del. Feb. 5, 2013).

269. See *Progressive Cas. Ins. Co. v. Hartford Fire Ins. Co.*, No. 1:12-cv-1070 (N.D. Ohio Apr. 30, 2012); *Progressive Cas. Ins. Co. v. State Farm Mut. Auto. Ins. Co.*, No. 1:12-cv-1068 (N.D. Ohio Apr. 30, 2012); *Progressive Cas. Ins. Co. v. Allstate Ins. Co.*, No. 1:11-cv-82 (N.D. Ohio Jan. 12, 2011); *Progressive Cas. Ins. Co. v. Safeco Ins. Co.*, No. 1:10-cv-1370 (N.D. Ohio Jun. 18, 2010).

270. See Order resolving ECF No. 98 at 22, *Safeco*, No. 1:10-cv-1370 (N.D. Ohio Jun. 18, 2010).

271. *Id.*

272. *Id.*

273. Leahy–Smith America Invents Act (AIA), Pub. L. No. 112-29 § 18(b)(2), 125 Stat. 284, 331 (2011) (codified in scattered sections of 35 U.S.C.).

and across the various district courts.”²⁷⁴ The Federal Circuit reviews de novo.

C. A presumption of ineligibility? Eligibility in CBM Review

I sometimes think risky generalizations are the only kind that are of interest. Safe generalizations are usually rather boring. Delete that ‘usually rather.’ Safe generalizations are quite boring. But I generalize.²⁷⁵

Available immediately to all pending and future patent litigation, § 18 CBM review requires that the patent (1) meets the CBM definition defined above (i.e., that at least one claim is “more likely than not” unpatentable),²⁷⁶ and (2) fails to use technological means to solve a technological solution.²⁷⁷ Given this, and the statutory history already reviewed and discussed above, and further, the fact that the PTO will use the “broadest reasonable interpretation” of the claims,²⁷⁸ and still further there is no presumption of validity of the patent during the proceedings,²⁷⁹ any patent that passes the three statutory hurdles and earns the PTAB’s grant of a CBM review on § 101 grounds alone will already have at least one claim that is a long way to being shown unpatentable under § 101. And if the Supreme Court adopts—or is at least influenced by—the arguments made on March 31, 2014 concerning a “technological means” test, the actual line for § 101

274. 157 CONG. REC. S1363, S1364 (daily ed. Mar. 8, 2011) (statement of Sen. Schumer).

275. JOSEPH EPSTEIN, *THE MIDDLE OF MY TETHER* 190 (1st ed.1983). To the extent any of the views conflict with any now-held or future positions Finnegan or the Authors may take, these views represent an interesting, evolving academic viewpoint. There is a reason Socrates never wrote anything down—he believed his own words would be used against him and that thought was not a static thing to be thrown back against the thinker. It is lucky for the world that Plato risked setting those thoughts down in stone. Understand—academic writings are simulacra of thought, not legal arguments.

276. See 37 C.F.R. § 42.208(c) (2013).

277. See AIA § 18(d)(1)-(2), as regulated by Transitional Program for Covered Business Method Patents—Definition of Technological Invention, 77 Fed. Reg. 7095 (Feb. 10, 2012).

278. 37 C.F.R. § 42.300(b) (A “claim in an unexpired patent shall be given its broadest reasonable construction in light of the specification of the patent in which it appears.”)

279. See 35 U.S.C. § 282(a) (2012), 326(e) (District courts presume patents “valid” unless parties prove, by clear and convincing evidence, invalidity. At the Office, a petition must only show “unpatentability” by a preponderance of the evidence).

patentability may substantially overlap, if not mirror, the CBM institution factors.²⁸⁰

Any computer-implemented claim that (1) is a CBM, (2) has one claim that is more likely than not unpatentable already, and (3) fails to use any technological means to solve any technological solution already presents a strong case for subject-matter ineligibility under § 101 as discussed above.

D. Other factors to consider, considered

Successful and unsuccessful CBMs alike estop petitioners from re-litigating the issues instituted and decided, but only if a final decision issues at the PTO.²⁸¹ Advantageously, the CBM estoppel is more limited than the basic PGR or IPR estoppel provision. Once the PTAB hands down a decision on the merits, the statute collaterally estops the petitioner from re-litigating only the issues brought under the petition.²⁸² Bringing a § 101 challenge alone would avoid estoppel over the grounds of § 112, § 102, § 103, inequitable conduct, and even, perhaps, the utility requirement of § 101 if the PTAB's grant is specific enough to be directed to "patent-eligible subject matter challenges." No court has ruled on the scope of the estoppel provisions, but this assumption is based on careful analysis of the way the statute was drafted and, in particular, the differences in the estoppel provisions between IPRs and CBM review.

Notably, the estoppel provision only attaches if a final decision is reached on the issue. If the PTO decides not to implement the CBM petition, no estoppel attaches.

VI. CONCLUSION: CONSIDER CBM REVIEW

Parties caught in defensive situations against bad patents should consider filing a CBM petition. The filing fees are relatively low, no estoppel attaches if the petition fails, and courts may issue a powerful stay remedy even prior to the PTO's implementation or denial of the action.²⁸³ If parties analyze the claims of the patents asserted against them and find they pass the hurdles listed above, those parties should strongly consider filing a CBM petition based solely on § 101 grounds. Doing so could result in an entire

280. Transcript of Oral Argument, *supra* note 2, at 29–30, 32.

281. See 35 U.S.C. § 325(e)(2).

282. See *id.*

283. See *Market-Alerts Pty. Ltd. v. Bloomberg Fin. L.P.*, 922 F. Supp. 2d 486 (D. Del. Feb. 5, 2013).

litigation being decided in less time and at less expense than otherwise can be expected.

APPENDIX A: THE FIRST 100 CBM PETITIONS

(THOSE FILED BETWEEN SEPT. 16, 2012 AND JAN. 1, 2014)
 (To be practical, we have omitted all details save the case number,
 case name, date, and the district of the related litigation)

Case	Name	Date	Lit. District
CBM2012-00001	SAP Am., Inc. v. Versata Software, Inc.	9/16/2012	E.D. Tex.
CBM2012-00002	Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co. (I)	9/16/2012	N.D. Ohio
CBM2012-00003	Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co. (II)	9/16/2012	N.D. Ohio
CBM2012-00004	Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co. (III)	9/16/2012	N.D. Ohio
CBM2012-00005	CRS Adv. Techs., Inc. v. Frontline Techs., Inc.	9/16/2012	E.D. Mich.
CBM2012-00007	Interthinx, Inc. v. CoreLogic Info. Solutions	9/19/2012	E.D. Tex.
CBM2012-00010	Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co. (IV)	9/29/2012	N.D. Ohio
CBM2012-00011	Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co. (V)	9/29/2012	N.D. Ohio
CBM2013-00001	Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co. (VI)	10/3/2012	N.D. Ohio
CBM2013-00002	Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co. (VII)	10/2/2012	N.D. Ohio
CBM2013-00003	Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co. (VIII)	10/15/2012	N.D. Ohio
CBM2013-00004	Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co. (IX)	10/15/2012	N.D. Ohio
CBM2013-00005	Bloomberg Inc., et al. v. Markets Alert Party Ltd.	10/15/2012	D. Del.
CBM2013-00008	MeridianLink, Inc. v. DH Holdings, LLC	11/14/2012	N.D. Ill.
CBM2013-00009	Liberty Mut. Ins. Co. v. Progressive Cas. Ins. Co. (X)	11/20/2012	N.D. Ohio
CBM2013-00013	SAP Am., Inc. v. Pi-Net Int'l, Inc.	3/22/2013	D. Del.; N.D. Cal.; C.D. Cal.
CBM2013-00014	U.S. Bancorp v. Retirement Capital Access Mgmt. Co. LLC	3/29/2013	D. Del.
CBM2013-00015	Oracle Corp. v. Cmty. United IP, LLC	4/2/2013	D. Del.
CBM2013-00016	Harland Clarke Holdings v. EZShield, Inc.	4/23/2013	E.D. Tex.
CBM2013-00017	Volusion, Inc. v. Versata Software, Inc.	4/23/2013	W.D. Tex.; D. Del.; D.N.J.
CBM2013-00018	Volusion, Inc. v. Versata Software, Inc. (II)	4/23/2013	W.D. Tex.; D. Del.; D.N.J.
CBM2013-00019	Apple Inc. v. SignSound Tech. LLC (I)	5/6/2013	W.D. Pa.
CBM2013-00020	Apple Inc. v. SignSound Tech. LLC (II)	5/6/2013	W.D. Pa.
CBM2013-00021	Apple Inc. v. SignSound Tech. LLC (III)	5/6/2013	W.D. Pa.
CBM2013-00023	Apple Inc. v. SignSound Tech. LLC (IV)	5/6/2013	W.D. Pa.
CBM2013-00024	Salesforce.com v. Virtual Agility	5/24/2013	E.D. Tex.
CBM2013-00025	LinkedIn v. AvMarkets, Inc.	5/29/2013	D. Del.
CBM2013-00026	Google Inc. v. Sprogis	5/31/2013	D. Del.
CBM2013-00027	Chi. Mercantile Exch., Inc. v. 5th Mkt. Inc.	6/18/2013	D. Del.
CBM2013-00028	Fid. Nat'l Info. v. CashEdge, Inc. (I)	6/24/2013	M.D. Fla.
CBM2013-00030	Fid. Nat'l Info. v. CheckFree Corp. (II)	6/24/2013	M.D. Fla.

Case	Name	Date	Lit. District
CBM2013-00031	Fid. Nat'l Info. v. CheckFree Corp. (III)	6/24/2013	M.D. Fla.
CBM2013-00032	Fid. Nat'l Info. v. CheckFree Corp. (IV)	6/25/2013	M.D. Fla.
CBM2013-00033	Groupon, Inc. v. Blue Calypso, Inc.	6/25/2013	E.D. Tex.
CBM2013-00034	Groupon, Inc. v. Blue Calypso, Inc.	6/25/2013	E.D. Tex.
CBM2013-00035	Groupon, Inc. v. Blue Calypso, Inc.	6/25/2013	E.D. Tex.
CBM2013-00036	Google Inc. v. EMG Tech. LLC	7/16/2013	E.D. Tex.
CBM2013-00037	Search Am., Inc. v. TransUnion Intelligence LLC	7/29/2013	D. Minn.
CBM2013-00038	Search Am., Inc. v. TransUnion Intelligence LLC	7/29/2013	D. Minn.
CBM2013-00040	Dell v. Disposition Servs. LLC	8/2/2013	E.D. Tex.
CBM2013-00042	SAP Am., Inc. v. Versata	8/16/2013	E.D. Tex.
CBM2013-00044	Groupon, Inc. v. Blue Calypso, Inc.	8/16/2013	E.D. Tex.
CBM2013-00046	Groupon, Inc. v. Blue Calypso, Inc.	8/16/2013	E.D. Tex.
CBM2013-00047	David W. Gillman, Talon Transaction Techs. Inc., and Nexpay, Inc. v. Stoneeagle Servs., Inc.	8/19/2013	E.D. Tex.
CBM2013-00048	Ebay Inc. and GSI Commerce Solutions, Inc. v. Cutsforth, Inc.	8/21/2013	D. Del.; D.N.J.; W.D. Ky.
CBM2013-00052	Callidus Software v. Versata	8/28/2013	D. Del.
CBM2013-00053	Callidus Software v. Versata	8/29/2013	D. Del.
CBM2013-00055	GSI Commerce Solutions v. Clear with Computers, LLC	9/4/2013	E.D. Tex.
CBM2013-00056	Trulia, Inc. v. Zillow, Inc.	9/11/2013	W.D. Wash.
CBM2013-00057	MasterCard Int'l Inc. v. D'Agostino	9/17/2013	D. Del.
CBM2013-00058	MasterCard Int'l Inc. v. D'Agostino	9/17/2013	D. Del.
CBM2013-00059	Branch Banking & Trust Co. v. Maxim Integrated Prods., Inc.	9/16/2013	W.D. Pa.; Fed. Cir.
CBM2014-00001	Am. Express Co. v. Metasearch Sys., LLC	10/1/2013	D. Del.
CBM2014-00002	Google Inc. v. Walker Digital, LLC	10/4/2013	D. Del.
CBM2014-00003	Google Inc. v. Walker Digital, LLC	10/4/2013	D. Del.
CBM2014-00004	Google Inc. v. Unwired Planet, LLC	10/11/2013	D. Nev.
CBM2014-00005	Google Inc. v. Walker Digital, LLC	10/8/2013	D. Nev.
CBM2014-00006	Google Inc. v. Unwired Planet, LLC	10/9/2013	D. Nev.
CBM2014-00007	Callidus Software v. TQP Dev., LLC	10/11/2013	E.D. Tex.
CBM2014-00008	Westlake Servs., LLC v. Credit Acceptance Corp.	10/11/2013	C.D. Cal.
CBM2014-00010	Experian Mktg. Solutions, Inc. v. RPost Commc'ns Ltd.	10/11/2013	E.D. Tex.
CBM2014-00012	Regions Fin. Corp. v. Retirement Capital Access Mgmt.	10/16/2013	D. Del.
CBM2014-00013	Apple Inc. v. Ameranth, Inc.	10/15/2013	S.D. Cal.
CBM2014-00014	Agilysys, Inc. v. Ameranth, Inc.	10/15/2013	S.D. Cal.
CBM2014-00015	Agilysys, Inc. v. Ameranth, Inc.	10/15/2013	S.D. Cal.
CBM2014-00016	Agilysys, Inc. v. Ameranth, Inc.	10/15/2013	S.D. Cal.
CBM2014-00017	Epsilon Data Mgmt., LLC v. RPost Commc'ns Ltd.	10/16/2013	E.D. Tex.
CBM2014-00018	SAP Am. v. Pi-Net Int'l, Inc.	10/21/2013	D. Del.; N.D. Cal.; C.D. Cal.
CBM2014-00019	Am. Express Co. v. Harey Lunenfeld	10/22/2013	D. Del.
CBM2014-00020	Fid. Nat'l v. Data Treasury Corp.	10/25/2013	E.D. Tex.

Case	Name	Date	Lit. District
CBM2014-00021	Fid. Nat'l v. Data Treasury Corp.	10/25/2013	E.D. Tex.
CBM2014-00024	Voltage Sec., Inc. v. Protegrity Corp.	11/1/2013	D. Conn.
CBM2014-00025	GSI Commerce Solutions v. Landmark Techs. LLC	11/4/2013	E.D. Tex.
CBM2014-00026	eBay Inc. and GSI Commerce Solutions, Inc. v. Landmark Techs., Inc.	11/4/2013	E.D. Tex.
CBM2014-00027	Redfin Corp. v. CoreLogic Solutions	11/9/2013	E.D. Tex.
CBM2014-00028	Bank of Am. v. Intell. Ventures	11/12/2013	W.D. Pa.; W.D.N.C.
CBM2014-00029	PNC Fin. Servs. Grp., Inc. v. Intell. Ventures (I)	11/12/2013	W.D. Pa.; W.D.N.C.
CBM2014-00030	Bank of Am. v. Intell. Ventures (I)	11/12/2013	W.D. Pa.; S.D. Ohio; W.D.N.C.; E.D. Va.; D. Del.; S.D.N.Y.
CBM2014-00031	PNC Fin. Serv. Grp., Inc. v. Intell. Ventures (II)	11/12/2013	W.D. Pa.; S.D. Ohio; W.D.N.C.; E.D. Va.; D. Del.; S.D.N.Y.
CBM2014-00032	PNC Fin. Serv. Grp., Inc. v. Intell. Ventures (III)	11/12/2013	S.D. Ohio; W.D.N.C.; E.D. Va.; D. Del.; S.D.N.Y.
CBM2014-00033	Bank of Am. v. Intell. Ventures (II)	11/12/2013	S.D. Ohio; W.D.N.C.; E.D. Va.; D. Del.; S.D.N.Y.
CBM2014-00034	Rackspace Hosting, Inc. v. Clouding IP, LLC	11/13/2013	D. Del.
CBM2014-00035	SecureBuy, LLC v. CardinalCommerce Corp. (I)	11/15/2013	D. Del.; S.D. Miss.
CBM2014-00036	SecureBuy, LLC v. CardinalCommerce Corp. (II)	11/15/2013	D. Del.; S.D. Miss.
CBM2014-00037	SecureBuy, LLC v. CardinalCommerce Corp. (II)	11/16/2013	D. Del.; S.D. Miss.
CBM2014-00038	PNC Bank, N.A v. Maxim Integrated Prods., Inc. (I)	11/22/2013	W.D. Pa.; E.D. Tex.
CBM2014-00039	PNC Bank, N.A v. Maxim Integrated Prods., Inc. (II)	11/22/2013	W.D. Pa.; E.D. Tex.
CBM2014-00040	PNC Bank, N.A v. Maxim Integrated Prods., Inc. (III)	11/22/2013	W.D. Pa.; E.D. Tex.

Case	Name	Date	Lit. District
CBM2014-00041	PNC Bank, N.A v. Maxim Integrated Prods., Inc. (IV).	11/22/2013	W.D. Pa.; E.D. Tex.
CBM2014-00042	Edo Interactive, Inc. v. TuitionFund, LLC (I)	12/5/2013	M.D. Tenn.
CBM2014-00043	Edo Interactive, Inc. v. TuitionFund, LLC (II)	12/5/2013	M.D. Tenn.
CBM2014-00044	Edo Interactive, Inc. v. TuitionFund, LLC (III)	12/5/2013	M.D. Tenn.
CBM2014-00047	eBay Inc. v. Adv. Auctions LLC	12/18/2013	S.D. Cal.
CBM2014-00048	GTECH Corp. v. SHFL Entm't, Inc. (I)	12/19/2013	C.D. Cal.
CBM2014-00049	GTECH Corp. v. SHFL Entm't, Inc. (I)	12/19/2013	C.D. Cal.
CBM2014-00050	Am. Express Co. v. Metasearch Sys. LLC	12/19/2013	D. Del.
CBM2014-00051	Stewart Title Guaranty Co. v. Ereconcile, LLC	12/20/2013	E.D. Va.
CBM2014-00052	Hulu, LLC v. Intertainer, Inc.	12/20/2013	C.D. Cal.
CBM2014-00053	Hulu, LLC v. Intertainer, Inc.	12/20/2013	C.D. Cal.
CBM2014-00054	Google, Inc. v. SimpleAir, Inc.	12/23/2013	E.D. Tex.