

Viewpoint: Supreme Court Should Set Objective Test for Software Patents

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Is software patentable? Computers and software are everywhere in our daily lives; we rely on software inventions in our homes, our workplaces, our automobiles and our schools. We use them for pleasure, and depend on them for our health and safety. It is not an exaggeration to say that much of the future will be invented using computers and software.

Yet this question—whether computer-implemented inventions like systems and machines, processes and manufactured items constitute patentable subject matter—is only now squarely before the U.S. Supreme Court in *Alice Corp. Pty. Ltd v. CLS Bank Int'l.*, No. 13-298.

We recently filed two amicus briefs with the Supreme Court in that case, one on behalf of Advanced Biological Laboratories (ABL), and one for Ronald Benrey.

In the Supreme Court case, Alice is an Australian company that obtained four patents covering a computer system for trading currencies and other financial instruments that reduced settlement risk by processing the transactions in a particular way. CLS is a consortium that provides a computerized foreign exchange settlement system for its member banks and also seeks to reduce settlement risk. CLS garnered substantial notice for significantly changing the financial services industry, even though the company was formed almost 10 years after Alice's patents were filed and three years after they were granted.

CLS filed a declaratory judgment against Alice in 2007, and Alice counterclaimed for infringement. The district court held Alice's patent claims invalid because they recited ineligible subject matter. While patent statute 35 U.S.C. § 101 makes any machine, process, articles of manufacture or composition of matter eligible for patenting, certain exceptions have been created by the Supreme Court. In this case, the district court found Alice's patent claims are directed to abstract ideas—one of the excluded categories. Alice appealed to the Federal Circuit, and in 2012 a three-judge panel reversed the district court, holding all the claims patent eligible. CLS sought en banc review.

Then, in June 2013, the Federal Circuit issued a highly fractured opinion that ultimately left Alice's patents invalid. The Federal Circuit issued six opinions, offering differing views on how to determine whether a patent claim covers an abstract idea. Several judges commented that the current approaches are inherently subjective, resulting in arbitrary, panel-dependent outcomes. Alice sought and was granted certiorari by the Supreme Court, which will hear oral arguments on March 31.

Our two briefs focused on different aspects of the abstract idea issue. The ABL brief set forth a new framework for patent eligibility that we call "objective preemption," which seeks to solve the subjectivity problem. The core thesis is that patent eligibility is a question of law, but must be predicated on an objective framework. That objective framework is the "person of ordinary skill in the art," or POSITA—the patent law's equivalent of the reasonable person standard.

The ABL brief explains how a POSITA analysis would be used to understand the scope of the claim, and whether the claim preempts all practical applications of an identified abstract idea. This stance conforms the patent eligibility analysis to how other patent law questions are resolved, including claim obviousness, claim construction, enablement, written description and doctrine of equivalents infringement. In each of these, the POSITA perspective is used to ground the analysis in objective factors based on actual evidence, rather than the subjective view of the court. The brief concludes by showing how Alice's patent claims are valid under an objective preemption analysis.

The Benrey brief is more narrowly focused. Benrey is the author of "Understanding Digital Computers." This book was cited by the solicitor general to the U.S. Supreme Court in the seminal 1972 patent case of *Gottschalk v. Benson* in support of the proposition that computers perform mental steps like humans. This became a core principle over the years and persists today; a cadre of Federal Circuit judges have repeatedly stated it as fact, and continue to use it to invalidate software patents.

The problem is Benrey never stated or even suggested that computers, in fact, operate like human minds. Benrey's brief explains that he was quoted out of context and that computers do not perform mental steps or "think" like humans do. The brief further explains that mathematical formulas are not scientific truths per se as apparently believed by the court, another misperception that continues to this day. Benrey's brief goes on to explain that the mental steps doctrine was extended to computers only on the basis of these misunderstandings of the nature of computers and mathematics. It further shows, based on the work of computer science pioneer Alan Turing, that the notion that general purpose computers cannot impart patent eligibility is scientifically unsound.

While the Supreme Court has had recent opportunities to drastically alter the definition of what is patentable subject matter, it has so far chosen to exercise restraint. With the Alice decision, the court has the opportunity to clearly define the boundary between purely abstract intellectual ideas, which are not patentable, and computerized processes and systems for implementing those ideas in the real world, which plainly are. The best thing the court can do for the patent community is to articulate a clear test—such as objective preemption—that resolves the current climate of uncertainty surrounding the patentability of software-related inventions.

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