

**ALERT**

## **Federal Circuit Patent Bulletin: *DDR Holdings, LLC v. Hotels.com, L.P.***

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December 8, 2014

*"[The claims at issue are patent eligible under 35 U.S.C. § 101] because they do not merely recite the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet. Instead, the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks."*

On December 5, 2014, in *DDR Holdings, LLC v. Hotels.com, L.P.*, the U.S. Court of Appeals for the Federal Circuit (Wallach, Mayer, Chen\*) affirmed-in-part, reversed-in-part, and remanded the district court's judgment, inter alia, that National Leisure Group, Inc. (NLG) infringed U.S. Patents No. 6,993,572 and No. 7,818,399, which related to the generation of a composite web page that combines certain visual elements of a host website with content of a third-party merchant, and that the '572 and '399 patents are not invalid. The Federal Circuit stated:

A patent claim is anticipated if a single prior art reference expressly or inherently discloses every limitation of the claim. Anticipation challenges under § 102 must focus only on the limitations actually recited in the claims. Whether a reference discloses a limitation is a question of fact, and a jury's findings on questions of fact are reviewed for substantial evidence. Invalidity by anticipation must be proven by clear and convincing evidence.

On appeal, the parties only dispute whether Digital River's prior art Secure Sales System (SSS) satisfies the "look and feel" limitation; DDR does not dispute that the SSS satisfies every other limitation of the '572 patent's asserted claims. . . . Both the district court and DDR introduced a limitation found neither in the '572 patent's claims nor the parties' stipulated construction. In particular, the district court introduced a requirement that the generated composite web page have an "overall match" in appearance with the host website, beyond what is expressly recited by the claims. There is nothing, however, in the parties' stipulated construction of "look and feel," the claim language, or the specification that requires the generated composite web page to match the host website or to incorporate a specific number, proportion, or selection of the identified "look and feel" elements on a host website. In order to satisfy this limitation, it is sufficient that "look

and feel” elements identifying the host website are transferred to and displayed on the generated composite webpage. . . . The jury’s determination that the SSS does not anticipate claims 13, 17, and 20 of the ‘572 patent is not supported by substantial evidence. Therefore, the district court erred by denying the defendants’ motion for JMOL of invalidity of the ‘572 patent under 35 U.S.C. § 102(a). . . .

[T]he Supreme Court set forth an analytical framework under § 101 to distinguish patents that claim patent-ineligible laws of nature, natural phenomena, and abstract ideas—or add too little to such underlying ineligible subject matter—from those that claim patent-eligible applications of those concepts. First, given the nature of the invention in this case, we determine whether the claims at issue are directed to a patent-ineligible abstract idea. If so, we then consider the elements of each claim—both individually and as an ordered combination—to determine whether the additional elements transform the nature of the claim into a patent-eligible application of that abstract idea. This second step is the search for an “inventive concept,” or some element or combination of elements sufficient to ensure that the claim in practice amounts to “significantly more” than a patent on an ineligible concept.

Distinguishing between claims that recite a patent-eligible invention and claims that add too little to a patent-ineligible abstract concept can be difficult, as the line separating the two is not always clear. At one time, a computer-implemented invention was considered patent-eligible so long as it produced a “useful, concrete and tangible result.” This understanding rested, in large part, on the view that such inventions crossed the eligibility threshold by virtue of being in the technological realm, the historical arena for patented inventions. While the Supreme Court [has] noted that the machine-or-transformation test is a “useful and important clue” for determining patent eligibility, it is clear today that not all machine implementations are created equal. For example, [the] Supreme Court emphasized that satisfying the machine-or-transformation test, by itself, is not sufficient to render a claim patent-eligible, as not all transformations or machine implementations infuse an otherwise ineligible claim with an “inventive concept.” [T]here can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim patent-eligible. The bare fact that a computer exists in the physical rather than purely conceptual realm “is beside the point.”

Although the Supreme Court did not “delimit the precise contours of the ‘abstract ideas’ category” . . . . [w]e know that mathematical algorithms, including those executed on a generic computer, are abstract ideas. We know that some fundamental economic and conventional business practices are also abstract ideas. In some instances, patent-ineligible abstract ideas are plainly identifiable and divisible from the generic computer limitations recited by the remainder of the claim. . . . Although many of the claims recited various computer hardware elements, these claims in substance were directed to nothing more than the performance of an abstract business practice on the Internet or using a conventional computer. Such claims are not patent-

eligible. . . .

Here, we note that the '399 patent's asserted claims do not recite a mathematical algorithm. Nor do they recite a fundamental economic or longstanding commercial practice. Although the claims address a business challenge (retaining website visitors), it is a challenge particular to the Internet. Indeed, identifying the precise nature of the abstract idea is not as straightforward . . . . [T]hese claims stand apart because they do not merely recite the performance of some business practice known from the pre-Internet world along with the requirement to perform it on the Internet. Instead, the claimed solution is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of computer networks. . . .

We caution, however, that not all claims purporting to address Internet-centric challenges are eligible for patent. [T]he claims at issue here specify how interactions with the Internet are manipulated to yield a desired result—a result that overrides the routine and conventional sequence of events ordinarily triggered by the click of a hyperlink. Instead of the computer network operating in its normal, expected manner by sending the website visitor to the third-party website that appears to be connected with the clicked advertisement, the claimed system generates and directs the visitor to the above-described hybrid web page that presents product information from the third-party and visual “look and feel” elements from the host website. When the limitations of the '399 patent's asserted claims are taken together as an ordered combination, the claims recite an invention that is not merely the routine or conventional use of the Internet.

It is also clear that the claims at issue do not attempt to preempt every application of the idea of increasing sales by making two web pages look the same, or of any other variant suggested by NLG. Rather, they recite a specific way to automate the creation of a composite webpage by an “outsource provider” that incorporates elements from multiple sources in order to solve a problem faced by websites on the Internet. As a result, the '399 patent's claims include “additional features” that ensure the claims are “more than a drafting effort designed to monopolize the [abstract idea].” In short, the claimed solution amounts to an inventive concept for resolving this particular Internet-centric problem, rendering the claims patent-eligible. . . .

The definiteness requirement focuses on whether “a patent's claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty.” The inquiry “trains on the understanding of a skilled artisan at the time of the patent application.” When a claim term “depend[s] solely on the unrestrained, subjective opinion of a particular individual purportedly practicing the invention,” without sufficient guidance in the specification to provide objective direction to one of skill in the art, the term is indefinite. For some facially subjective terms, the definiteness requirement is not

satisfied by merely offering examples that satisfy the term within the specification. For other terms like, for example, terms of degree, specific and unequivocal examples may be sufficient to provide a skilled artisan with clear notice of what is claimed.

Here, though NLG attempts to characterize “look and feel” as purely subjective, the evidence demonstrates that “look and feel” had an established, sufficiently objective meaning in the art, and that the ’399 patent used the term consistent with that meaning. . . . The examples of “look and feel” elements disclosed in the specification are consistent with the term’s established meaning. In short, the term “visually perceptible elements,” or “‘look and feel’ elements that can be seen,” viewed in light of the specification and prosecution history, informed those skilled in the art about the scope of the ’399 patent’s claims with reasonable certainty. The district court did not err by denying NLG’s motion for JMOL of invalidity of the ’399 patent under 35 U.S.C. § 112 ¶ 2.