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Federal Circuit Patent Bulletin: *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*

December 11, 2017

"[Where a] claim uses a conventional ordering of steps—first processing the data, then routing it, controlling it, and monitoring its reception—with conventional technology to achieve its desired result[, the claim] fails to transform the abstract idea into something more."

On November 1, 2017, in *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*, the U.S. Court of Appeals for the Federal Circuit (Lourie, Reyna,* Hughes) affirmed the district court's judgment on the pleadings that the asserted claims of U.S. Patents No. 5,778,187, No. 5,983,005, No. 6,434,622 and No. 7,266,686, which related to streaming audio/visual data over a communications system like the internet, were invalid for patent ineligible subject matter under 35 U.S.C.§ 101. The Federal Circuit stated:

Section 101 of the Patent Act defines patent eligible subject matter . . . : The Supreme Court has long held that there are certain judicial exceptions to this provision: laws of nature, natural phenomena, and abstract ideas. In Alice, the Court supplied a two-step framework for analyzing whether claims are patent eligible. First, we determine whether the representative claims are "directed to" a judicial exception, such as an abstract idea. If the claims are directed to eligible subject matter, the inquiry ends. If the claims are determined to be directed to an abstract idea, we next consider whether the claims contain an "inventive concept" sufficient to "transform the nature of the claim into a patent-eligible application." We conclude that the '187 patent, '005 patent, '622 patent, and '686 patent are patent ineligible under § 101. . . .

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Under Alice step one, "the claims are considered in their entirety to ascertain whether their character as a whole is directed to excluded subject matter." We look to whether the claims in the patent focus on a specific means or method, or are instead directed to a result or effect that itself is the abstract idea and merely invokes generic processes and machinery. Claims directed to generalized steps to be performed on a computer using conventional computer activity are not patent eligible. . . . Claim 1 recites a method for routing information using result-based functional language. The claim requires the functional results of "converting," "routing," "controlling," "monitoring," and "accumulating records," but does not sufficiently describe how to achieve these results in a non-abstract way. . . . Because the claim is directed to an abstract idea, we proceed to Alice step two to determine whether the representative claims disclose a saving inventive concept.

In Alice step two, we consider the elements of the claim, both individually and as an ordered combination, to assess whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. Merely reciting the use of a generic computer or adding the words "apply it with a computer" cannot convert a patent-ineligible abstract idea into a patent-eligible invention. To save a patent at step two, an inventive concept must be evident in the claims. . . .

The main problem that Two-Way Media cannot overcome is that the claim—as opposed to something purportedly described in the specification—is missing an inventive concept. While the specification may describe a purported innovative "scalable architecture," claim 1 of the '187 patent does not. The lack of an inventive concept recited in claim 1 precludes eligibility here. For example, the claim refers to certain data "complying with the specifications of a network communication protocol" and the data being routed in response to one or more signals from a user, without specifying the rules forming the communication protocol or specifying parameters for the user signals. Neither the protocol nor the selection signals are claimed, precluding their contribution to the inventive concept determination.

Two-Way Media asserts that the claim solves various technical problems, including excessive loads on a source server, network congestion, unwelcome variations in delivery times, scalability of networks, and lack of precise recordkeeping. But claim 1 here only uses generic functional language to achieve these purported solutions. "Inquiry therefore must turn to any requirements for how the desired result is achieved." Nothing in the claims or their constructions, including the use of "intermediate computers," requires anything other than conventional computer and network components operating according to their ordinary functions. We likewise see no inventive concept in the ordered combination of these limitations. The claim uses a conventional ordering of steps—first processing the data, then routing it, controlling it, and monitoring its reception—with conventional technology to achieve its desired result. . . . We thus find that claim 1 here fails to transform the abstract idea into something more.

Two-Way Media argues that the claims of the '187and '005 patents are not preemptive, and therefore are patent eligible, because many methods of sending and monitoring the delivery of audio/visual remain available. However, where a patent's claims are deemed only to disclose patent ineligible subject matter under the Alice framework, as they are in this case, preemption concerns are fully addressed and made moot.

Finally, Two-Way Media argues that the district court erred by excluding its proffered evidence from prior cases relating to the purported technological innovations of its invention. We find no error in the district court's determination to reject Two-Way Media's proffered material, as the court correctly concluded that the material was relevant to a novelty and obviousness analysis, and not whether the claims were directed to eligible subject matter. Eligibility and novelty are separate inquiries. Accordingly, the district court correctly determined that the patents were ineligible under § 101 on the basis of the representative claims and Two-Way Media's proposed constructions, which the district court expressly adopted. . . .

Two-Way Media admits that the representative claims of the '622 patent and '686 patent are broader in several respects than claim1 of the '187 patent. . . . For the foregoing reasons, we affirm the district court's judgment that the'187 patent, '005 patent, '622 patent, and '686 patent are ineligible under § 101.