

Four takeaways from the Federal Circuit Section 101 reversal

Rani Mehta September 30, 2022



Counsel say applicants should focus on the benefits of innovations over prior art and drafting strong complaints

Counsel have four takeaways from a precedential decision handed down by the Court of Appeals for the Federal Circuit on patent eligibility.

The appellate court ruled on Wednesday, September 28, in **Cooperative Entertainment v Kollektive Technology** that the District Court for the Northern District of California shouldn't have dismissed the plaintiff's patent infringement claim.

The lower court threw out the suit on the basis that the patents were ineligible. But the appellate forum determined that there were plausible and factual allegations that the claims included inventive concepts, which was enough to prevent dismissal.

Counsel say this reversal highlights the importance of clearly illustrating the benefits of technology over the prior art in patent applications.

Litigators should use this case as guidance to help them draft stronger complaints too, add sources.

The Federal Circuit's analysis could help companies overcome arguments that patents aren't inventive if only standard computer elements are being claimed.

Despite the positive outcome for patent owners, some lawyers have walked away from the case feeling that the state of patent eligibility, set out in Section 101 under Title 35 of the US Code, needs to change.

How's it better?

Cooperative Entertainment had claimed that several alleged inventive concepts were improvements on the prior art. The Federal Circuit found this argument plausible.

James Tripp Fussell, partner at Mayer Brown in Washington DC, says explaining the benefits of the invention won't necessarily ensure the patent is upheld under Section 101, but it will help companies get past the motion to dismiss stage.

Michael Shepherd, principal at Fish & Richardson in California, adds that applicants have always had a duty of candour to disclose material information.

But because of Section 101 case law, judges want to know why patents are different from the prior art. They look at specifications for this information.

"There's a bit of a heightened standard," he says.

He notes that the Federal Circuit doesn't always discuss this issue in its written opinions as it did here, but it often raises these questions during oral arguments.

Shepherd adds that it's still perfectly acceptable to file an application without addressing all the ways the patent differs from the prior art. But companies will do themselves a favour by addressing these questions in their applications.

Clearer complaints and new citations

Litigators should generally make their complaints clearer in light of this ruling, say sources.

Fussell at Mayer Brown says companies would do well to consider claim construction issues when drafting briefs.

The district court hadn't conducted claim construction, but the Federal Circuit adopted Cooperative Entertainment's construction, which led it to reverse the earlier decision.

Fussell says plaintiffs don't always want to take claim construction positions at early stages of their disputes. Most courts will set timelines for parties to exchange proposed claim constructions, giving litigants time to consider discovery and get a better feel for their cases.

But this ruling suggests that plaintiffs should take positions on claim construction earlier to overcome motions to dismiss, he adds.

The court also stated that useful improvements to computer networks were patentable regardless of whether the network was comprised of standard computing equipment.

Fussell says defendants often claim that innovations aren't inventive if only standard computer equipment is claimed.

Litigators will cite this portion of the case to get around these arguments, he adds.

101 woes

It might be nice if these disagreements stopped cropping up all the time, say counsel.

Jeffrey Morton, partner at Procopio in California, says this case highlights how often courts disagree over Section 101.

There needs to be better guidance, either from the US Supreme Court or from Congress to provide better certainty, he says.

His hopes may come true.

Senator Thom Tillis presented legislation to reform Section 101 in August, and senator Chris Coons announced this week that he would co-sponsor the bill.

But in the meantime, counsel should rely on the first three takeaways to make their clients' lives a little easier.

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