Sterne Kessler
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PTAB Strategies and Insights

March 2020

In extraordinary times, sometimes the ordinary is comforting, so we want to bring you a short newsletter this month and provide some operating details for the major patent agencies in the US.

First, we hope all our readers are well. And if not well, we hope you quickly achieve a complete recovery from whatever ails you.

Second, our firm is fully operational – and operating almost completely remotely. We are available at your convenience for video and audio conferencing.

Third, the USPTO closed its doors to the public, but will continue video and audio interviews and oral hearings. Similarly, the Federal Circuit has closed its doors to the public and moved to audio oral hearings. The Supreme Court has postponed all arguments.

Finally, we present two case summaries today:

- Another patent ineligible technology – adding to the growing list
- Waiver of 315b challenge when not raised at the Board

As always, we welcome feedback and suggestions about this newsletter to ensure we are meeting the needs and expectations of our readers. So if you have topics you wish to see explored, please reach out to me.

To view our past issues, as well as other firm newsletters, please click here.

Best,
Jason Eisenberg

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ANOTHER PATENT INELIGIBLE TECHNOLOGY - ADDING TO THE GROWING LIST

By: Lestin L. Kenton, Jr.

We wanted to bring to your attention a recent case out of the Federal Circuit: *Customedia v. Dish*. This case focused on patent-eligibility and computer software claims.

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By: Jason D. Eisenberg

In *Acoustic Technology v. Itron Networked Solutions*, the Federal Circuit was faced with a situation in which the Petitioner's real party-in-interest/privy changed after institution, although the change was in the works before institution. After the change, the Petitioner was time barred from bringing an IPR.

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We wanted to bring to your attention a recent case out of the Federal Circuit: *Customedia v. Dish*. This case focused on patent-eligibility and computer software claims.

Upon review of this case, the decision appears to be consistent with what we've seen in other appeals--the Federal Circuit has been focusing on how Patent Owners allege their claims "improve the functioning of the computer itself."

Here, the claims were directed to the delivery of advertisements and how those advertisements were stored. Specifically, Customedia argued that their claims provided a reserved and dedicated section of storage for the advertising data—ensuring that memory is always available for some advertising data (i.e., preventing system inoperability due to insufficient storage) and improving the system's ability to transfer data at improved speeds and efficiencies.

The Federal Circuit said that was not sufficient to pass the eligibility test, nor did the claimed system "improve the functioning of the computer itself," as the Supreme Court put it. The Court reviewed a series of cases on both sides (patent eligible/ineligible)—highlighting examples of what is meant by improving the functioning of the computer and what is not.

Here is an excerpt from the Opinion that summarizes the takeaway from the cases that the Federal Circuit cited (for its Alice Step One analysis):

- In sum, "software can make non-abstract improvements to computer technology just as hardware improvements can." *Enfish*, 822 F.3d at 1335. But to be directed to a patent-eligible improvement to computer functionality, the claims must be directed to an improvement to the functionality of the computer or network platform itself. *See, e.g., id.* 1336–39; *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1257–59 (Fed. Cir. 2014). Thus, this inquiry "often turns on whether the claims focus on 'the specific asserted improvement in computer capabilities . . . or, instead, on a process that qualifies as an "abstract idea" for which computers are invoked merely as a tool.'" *Finjan*, 879 F.3d at 1303 (quoting *Enfish*, 822 F.3d at 1335–36). (p. 11)

The Court did not agree with the Patent Owner that the claims were directed to making more efficient use of storage to ensure software operation even in the event of resource failure (e.g., memory overload) qualified as an improvement in the functionality of the computer. Rather,

the claims were directed to merely reserving memory to ensure storage space is available for at least some advertising data. In other words, the Court's ruling appears to turn on its view that the claims here are essentially directed to where/how data is stored on the computer—which does not improve the functioning of the computer itself. And the specification revealed that there was nothing novel about the specific data storage components that were being used.

One positive for Patent Owners is that the cases cited by the Federal Circuit on the pro patent-eligible side are helpful and do provide, at a minimum, a set of examples to use for analogy purposes when drafting applications or arguing for patent-eligibility during prosecution or litigation.

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Although the change in Petitioner parties was known during the trial, the Patent Owner failed to raise the time bar until appeal, arguing that the challenge was jurisdictional and could be brought at any time.

The Federal Circuit disagreed. Ruling only on the procedural aspects, and not the merits, the Court found the challenge was waived. Agreeing that some jurisdictional issues cannot be waived, the Court found that the patent owner was required to raise this specific argument at the PTAB for consideration by the Board. The Court found it unfair to sandbag the Petitioner at the appeal stage, and that the Federal Circuit was the wrong forum to first consider and decide the issue.

The critical issues were that "application of waiver differs between challenges to an agency's 'jurisdiction' and challenges to a federal court's jurisdiction." Here, agency jurisdiction was at issue, so waiver applied.

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