Amici Ask Federal Circuit to Curb Misapplication of Alice to Specific, Novel, and Concrete Inventions

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Author(s): Charles R. Macedo,

On December 18, 2015, several amici filed a brief in support of appellants in *Netflix, Inc. v. Rovi Corp. et al.*, No. 15-1917 at the Federal Circuit. The amici Broadband iTV, Inc., Double Rock Corporation, Island Intellectual Property, LLC, Access Control Advantage, Inc., and Fairway Financial U.S., Inc. are all former practicing entities and patent holders that built, developed, and commercialized computer-implemented technology and maintain an interest in the patented results of their research and development that solved real world problems faced by their respective businesses. Charles R. Macedo and Sandra A. Hudak of Amster, Rothstein & Ebenstein LLP were authors on the brief.

The district court found the five patents-at-issue in this case, generally relating to video-on-demand technology, patent-ineligible as allegedly directed to the abstract ideas of, *e.g.*, "using a user's viewing history to visually distinguish watched programs from unwatched programs and to make recommendations"; "categorizing shows using combination categories"; and "bookmarking across devices."

In the brief, the Amici ask the Court to reverse the district court's decision in Netflix, and help clarify how computer-implemented claims can be found patent-eligible.

The following is an excerpt taken from the Amici's brief.

Amici submit this brief to address a growing and alarming trend in the misapplication of the law on patent-eligibility since *Alice Corp. v. CLS Bank, Int'l*, 134 S. Ct. 2347 (2014). The present appeal concerns one of many district court decisions overextending the Supreme Court's precedent to find clearly tangible and non-abstract inventions invalid under 35 U.S.C. § 101. Even when just looking at decisions issued in the field of video-on-demand, district courts have been invalidating countless patents directed to specific, novel, and concrete improvements in the delivery of video-on-demand content, which use specific types of equipment and include inventive concepts not otherwise present in the prior art.

The decision below ("*Netflix*") has misapplied *Alice* in several key ways.

In the context of step one of an *Alice* framework, *Netflix* erred in determining the alleged "abstract ideas." Contrary to the Supreme Court's warning in *Alice* that the judicial exclusion for "abstract ideas" should be carefully applied "lest it swallow all of patent law," *Netflix* failed to adequately heed this warning in its identifications of the alleged

"abstract ideas." Like many lower court decisions, *Netflix* misidentified alleged "abstract ideas" that were neither the equivalent of traditional "preexisting, fundamental truths," such as Einstein's E=mc2 or Newton's law of gravity, nor "fundamental economic practice[s] ***long prevalent*** in our system of commerce," such as *Bilski*'s hedging risk or *Alice* 's intermediated settlement. Thus, *Netflix* erred in defining the alleged abstract ideas by: (1) improperly including "novel" business practices or methods of organizing human activities; and (2) including detail well beyond the level of detail used in *Alice* or *Bilski*.

Netflix also erred in its application of step two of the *Alice* framework. *Netflix* erred by: (1) ignoring computer-implemented steps merely because a computer was involved; (2) ignoring other concrete technological implementations in the claim; and (3) finding the claim could be performed in the human mind or by hand by improperly ignoring significant aspects of the claim.

Collectively, these errors were not only made in *Netflix*, but are being made in other decisions relying upon this flawed analysis, including *Broadband iTV, Inc. v. Hawaiian Telcom, Inc.*, No. 1:14-cv-00169, 2015 U.S. Dist. LEXIS 131729 (D. Haw. Sept. 29, 2015), *appeal docketed*, No. 16-1082 (Fed. Cir. Oct. 16, 2015) ("*BBiTV-HT*"); *Broadband iTV, Inc. v. Oceanic Time Warner Cable, LLC*, No. 1:15-cv-00131, 2015 U.S. Dist. LEXIS 131726 (D. Haw. Sept. 29, 2015), *appeal docketed*, No. 16-1082 (Fed. Cir. Oct. 16, 2015) ("*BBiTV-TWC* ," collectively with *BBiTV-HT*, "*BBiTV*"); *Versata Software, Inc. v. NetBrain Techs., Inc.*, Nos. 1:13-cv-00676, -00678, 2015 U.S. Dist. LEXIS 132000 (D. Del. Sept. 30, 2015) (report and recommendation), *stipulation of dismissal with prejudice* (Oct. 28, 2015).

Amici urge this Court to reverse *Netflix*, and provide some much needed clarity regarding what is, in fact, patent-eligible after *Alice*.

Charles R. Macedo is a partner and Sandra A. Hudak is an associates at Amster, Rothstein & Ebenstein LLP. Their practice specializes in intellectual property issues including litigating patent, trademark and other intellectual property disputes. The authors may be reached at cmacedo@arelaw.com and shudak@arelaw.com.