

Amdocs: An 'I Know It When I See It' Test For Abstract Ideas

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Law360, New York (November 18, 2016, 8:25 AM EST) -- On Nov. 1, 2016, the Federal Circuit issued its decision in *Amdocs (Israel) Ltd. v. Openet Telecom Inc.*, 2015-1180 (“*Amdocs II*”), reversing the district court’s finding of invalidity under 35 U.S.C. § 101 of the claims in four patents at issue. *Amdocs II* adds to a modest but growing set of Federal Circuit decisions that have found statutory subject matter in software claims.

While *Amdocs II* does not disrupt the current order, patent practitioners should be aware of some key takeaways that can facilitate dialogue with examiners during prosecution, and that may impact how claims are assessed if the patent is litigated.

In particular, patent practitioners should familiarize themselves with post-Alice decisions from the Federal Circuit on 35 U.S.C. § 101 in order to competently show similarities or distinctions between claims at issue and the claims in those decisions. Practitioners should also be aware of how claim construction can impact how claims are read under 35 U.S.C. § 101. And practitioners should consider claim scope issues beyond the 35 U.S.C. § 101 analysis.

Know the Common Law of 35 U.S.C. § 101

The U.S. Supreme Court’s Alice decision articulates a two-part test for determining subject matter eligibility under 35 U.S.C. § 101. The first step is to determine whether the claims at issue are directed to a patent-ineligible concept, such as an abstract idea.[1] The second step is the search for an inventive concept — elements sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept (the abstract idea) itself.[2]

Practitioners hoping to find broad clarity for 101 subject matter eligibility under either step of the Alice test in the *Amdocs II* decision will be disappointed. The Federal Circuit calls out the lack of clear guidance, and explicitly makes clear its continued reluctance to provide a bright line test for what constitutes an abstract idea, particularly in view of the Supreme Court’s admonishment of the machine-or-transformation test in *Bilski*.[3]



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Properly identifying whether a claim is or is not directed to an abstract idea has been a moving target since the Alice decision, something akin to an "I know it when I see it" test. The majority notes that various tests, such as the dissent's analysis of whether the claim simply recites a desired goal without the supporting means, are only appropriate as a check on the application of the Alice framework, similar to the machine-or-transformation test. Instead, practitioners must specifically look to past cases for an appreciation of eligible and ineligible claims, echoing the U.S. Patent and Trademark Office's guidance to examiners analyzing claims.[4] In *Amdocs II*, the Federal Circuit embraced this reality, and explicitly stated that a clear definition would not be forthcoming:

Instead of a definition, then, the decisional mechanism courts now apply is to examine earlier cases in which a similar or parallel descriptive nature can be seen — what prior cases were about, and which way they were decided. See, e.g., *Elec. Power Grp.*, 830 F.3d at 1353-54. That is the classic common law methodology for creating law when a single governing definitional context is not available. See generally Karl N. Llewellyn, *The Common Law Tradition: Deciding Appeals* (1960). This more flexible approach is also the approach employed by the Supreme Court. See *Alice*, 134 S. Ct. at 2355-57. We shall follow that approach here.[5]

The Federal Circuit expects that patent applicants and litigants will familiarize themselves with prior cases discussing subject matter eligibility, and compare the claims at issue to the claims in those prior cases. Accordingly, familiarity with the post-Alice Federal Circuit decisions regarding subject matter eligibility that are most pertinent to the technology of an invention — both negative and positive — is critical to securing patentable claim scope or arguing against it. And of course, classic standbys such as the *Diehr*, *Benson* and *Flook* cases continue to inform the statutory subject matter inquiry for similar cases.

Since *Alice*, the USPTO has found itself engaging in a similar analysis out of necessity, and the court in *Amdocs II* specifically notes that recent guidance to examiners notes that “examiners are to continue to determine if the claim recites (i.e., sets forth or describes) a concept that is similar to concepts previously found abstract by the courts.”[6] The Federal Circuit notes that this can be accomplished by “discussing in an opinion only the most relevant prior opinions, rather than every prior opinion in an actively-litigated field.”[7]

Ultimately, the court in *Amdocs II* applies its logic by turning to the claimed subject matter in prior decisions, such as *Bascom* and *DDR Holdings*, to conclude that the claims here were patentable. And the court similarly draws a distinction between these claims and the claimed subject matter in *Digitech*, *Content Extraction* and *TLI* in reaching its conclusion.

Understand the Impact of Claim Construction

As a contribution to the body of common law for subject matter eligibility, *Amdocs II* is a diamond in the rough in defense of subject matter eligibility for software patents. But the dissent suggests that some of the specific conclusions reached by the court in *Amdocs II* are likely panel-dependent.

In finding the claims statutory, the majority relies on approved claim constructions, and examines the claims in light of the written description of the patents.[8] The majority then goes through a comparison with the claimed subject matter of several prior decisions, weighing the context of the claims in view of the specification in reaching its conclusions. Because of the claim construction analysis, the court attributed detailed — and game-changing — specificity to the construed terms, which pushed the claims over the statutory goal line.

But the dissent cautions that “the inquiry is not whether the specifications disclose a patent-eligible system, but whether the claims are directed to a patent ineligible concept.”[9] Building the supporting details directly into the claims is essential in order to improve the chances of survival at the Federal Circuit regardless of the assigned panel. Here, the patentee was fortunate that the panel looked to the specification to construe claim terms that might have been more generic under a “plain meaning” analysis. Such panel-dependency could be mitigated by explicitly reciting aspects of a preferred claim construction in the claim. While patentees traditionally have wanted to leave some ambiguity to allow for infringement-driven malleability down the road, such a strategy is proving risky, as the courts are looking for specificity of implementation. Undefined breadth in claim terms may be equated by some arbiters with abstraction.

Accordingly, when drafting new claims for an application, or when drafting amendments during prosecution, practitioners are likely best served by incorporating any supporting features directly into the claims in order to address 101 at the outset. And if a 101 rejection is not raised by an examiner during prosecution, practitioners should nevertheless consider including dependent claims specifically tailored to survive 101 challenges, much like one would include dependent claims to survive 102 and 103 challenges.

Be Wary of the Written-Description Sucker Punch

In recognizing the impact that the written description has on whether a claim recites statutory subject matter, the Federal Circuit reiterates a warning about the scope of the written description. In *Amdocs II*, the court makes it clear that a positive decision on 35 U.S.C. § 101 says nothing of the validity of the claims under §§ 102, 103, and 112.

Regarding the written description specifically, *McRO* made the issue on the horizon far more explicit. Judge Reyna (who penned the dissent in *Amdocs II*) writes for the court in *McRO*:

Patent law has evolved to place additional requirements on patentees seeking to claim a genus; however, these limits have not been in relation to the abstract idea exception to § 101. Rather they have principally been in terms of whether the patentee has satisfied the tradeoff of broad disclosure for broad claim scope implicit in 35 U.S.C. § 112.[10]

Applying the lessons of both *Amdocs II* and *McRO* requires an understanding of where to draw the line on the breadth of a claim. The word of warning here is that, while similar claimed subject matter in a prior case may lead to a conclusion that 101 has been satisfied, the claim interpretation leading to that result may open the floodgates to effective challenges under 112.

As a result, now is the time to take the lessons learned from the 101 cases since *Alice*, and apply them to find the right claim scope that will withstand written description challenges. As the case law continues to evolve, the 112 challenges may look suspiciously like, and overlap with, current abstract idea challenges.

Conclusion

While the *Amdocs II* decision did not provide a bright-line test for subject matter eligibility, it does clarify that the current state of the law requires comparing claims in question to claims in previous decisions. And *Amdocs II* provides some additional ammunition for practitioners in the software space. But practitioners should not get too comfortable with the scope of allowable subject matter under 35 U.S.C. § 101, as tough challenges may be forthcoming under the guise of 35 U.S.C. § 112.

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[1] Alice Corporation Pty. Ltd. v. CLS Bank International, et al., 134 S.Ct. 2347, 2355-57 (2014).

[2] Id.

[3] Amdocs (Israel) Ltd. v. Openet Telecom, Inc., et al., No. 2015-1180, slip op. at 9, fn. 1 (Fed. Cir. Nov. 1, 2016).

[4] U.S. Patent and Trademark Office, USPTO Memorandum Docket No. PTO-P-2016-0003, May 2016 Subject Matter Eligibility Update (May 2, 2016).

[5] Amdocs (Israel) Ltd., slip op. at 9-10.

[6] Id. at 10.

[7] Id.

[8] Id. at 19-20.

[9] Id.

[10] McRo, Inc., d/b/a Planet Blue v. Bandai Namco Games Am. Inc., et al., No. 2015-1080, slip op. at 23 (Fed. Cir. Sept. 13, 2016).