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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Muddled Software Patent Law Gives No Guidance, Experts Say

By **Ryan Davis**

Law360, New York (November 19, 2013, 7:55 PM ET) -- The unsettled state of the law over when software is eligible for a patent has left attorneys scratching their heads, and there won't be clear guidance until the U.S. Supreme Court weighs in, experts said at a conference Tuesday.

With the high court **weighing a petition** seeking review of the Federal Circuit's notoriously fractured CLS Bank v. Alice Corp. decision, a panel of attorneys at Fordham Law School's IP Summit illustrated the uncertainty by debating the eligibility of a hypothetical patent covering a smartphone app.

The fictitious patent described by Michael Messinger of Sterne Kessler Goldstein & Fox PLLC covered a way of transferring data between smartphones by allowing them to recognize a nearby device and send a personalized gift.

The panelists chose sides, some of them saying they were playing devil's advocate, with half saying they believed the patent covers an abstract idea that cannot be patented and the other half saying it should be patent eligible.

The most important issue in determining whether a patent is ineligible is whether it prohibits other uses of the idea, and by that standard, the app is not patent eligible, said Laura Sheridan, patent counsel for Google Inc.

"The reason why you don't want patents on abstract ideas is preemption," she said. "You're foreclosing innovation around that idea. This patent is

preempting any ability to send gifts to a cell phone."

The claims of the hypothetical patent don't have enough detail about how the gift is transferred between the phones to make it patent eligible, said Jay Guiliano of Novak Druce Connolly Bove & Quigg LLP.

"There's no 'how' explained. It's just defining it as communicating a message," he said, likely leaving the patent open to being challenged or rejected by the examiner.

In contrast, Parker Bagley of Boies Schiller & Flexner LLP said that the debate about software patent eligibility has focused "unduly" on preemption and the gift app patent should be patent eligible.

"Here, the abstract idea is really giving a gift. That can be implemented any number of ways and this is one way," he said, saying that the patent is limited to a specific way of giving a gift using a smartphone that covers more than an abstract idea.

Likewise, Peter Snell of Mintz Levin Cohn Ferris Glovsky & Popeo PC said that if it is clear that the claims of a patent are limited to a computer environment, rather than an abstract idea, that should be enough to save them from an eligibility challenge.

The divide on the panel reflected the divide on the Federal Circuit in the CLS Bank case, where the judges wrote numerous different opinions but were **unable to agree** on a single standard for determining the patent eligibility of software. Attorneys said they are hoping the high court appeal can make more sense of the issue.

"This is a question that needs to be squarely addressed by the Supreme Court," Bagley said.

Since the en banc CLS Bank decision failed to reach consensus on the issue, the best guidance right now may be a June Federal Circuit **panel decision** involving Ultramercial Inc.'s patent on a method of viewing ads in order to access online content, Snell said.

The court ruled that the patent does not cover the abstract idea of using ads to generate revenue because it involved an "extensive computer interface." That case is **also on appeal** to the Supreme Court.

"Ultramercial is instructive," Snell said. "It said that when you look at this claim, it captures an intricate computer process, and just because it's

written in readable language doesn't mean that it's patent ineligible."

However, Sheridan argued that "Ultramercial got it wrong," and that software claims covering abstract ides such as gift-giving apps or online ads are not patent eligible.

"It really is a consumer interest issue, since good products can't get to the market if patents foreclose all possible options," she said.

Since the conflicting rulings mean that state of the law surrounding software patents is clearly in flux, attorneys need clear guidance from the courts, Sheridan said.

"Whatever it is, we need an answer on the status of these claims," she said.

--Editing by Stephen Berg.