

## SOFTWARE PATENTS: DEAD OR ALIVE?

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Software patents have been a thorny issue for patent laws across the world. Many countries either opt not to grant patents on software at all – such as India,<sup>1</sup> or institute a tougher regime as has been done in the EU.<sup>2</sup> The U.S. is, however, the most open and important jurisdiction where patents relating to software have thrived and driven a large section of economic growth. From global giants like Google and Facebook to patent trolls like Intellectual Ventures, software patents have driven a large chunk of their patent portfolio and consequently, their growth.

A spanner was thrown into the world of software patents by the U.S. Supreme Court in the form of *Alice v. CLS Bank*.<sup>3</sup> Much has been discussed about the impact of the case and it has comprehensively changed the approach of many companies globally. Since this case, the Federal Circuit Court and the district courts have had the distinct responsibility of operating within the bounds of the Supreme Court judgment, while trying to keep the possibility of granting patents on software alive. Since 2014, there have been several about-turns with courts either leaning towards validity of certain software patents and other courts simply shutting them down.

Two major cases in the past six months have impacted the murky area in this respect. The first is *Intellectual Ventures v. Symantec* (“*Intellectual Ventures*”),<sup>4</sup> of which the most important takeaway is Justice Haldane Mayer’s concurrence. While it was alluded to in *Alice*, the first amendment argument against software patents had not been used this forcefully by a judge before. Essentially, the argument states that granting patents for software restricts the right of free speech since software is undoubtedly also a form of literary work. In his ruling, Justice Mayer stated that *Alice* decision should be taken to mean that software itself is not patentable. He also held that software is inherently abstract because it is only an idea without physical embodiment.

Justice Mayer, in analyzing 35 U.S.C § 101, stated that courts have carved out certain subjects as being outside the scope of patentability so as to protect freedom of expression. In particular, abstract ideas and mental process have been found too threatening to the free exchange of ideas to permit them to be locked up in patents.<sup>5</sup> Justice Mayer states, “[m]ost of the First Amendment concerns associated with patent

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<sup>1</sup> The Patents Act 1970, No. 39 of 1970, § 3(k).

<sup>2</sup> Convention on the Grant of European Patents, October 5, 1973, 13 INT’L LEGAL MATS. 268 (1974), Article 52.

<sup>3</sup> 134 S. Ct. 2347.

<sup>4</sup> Case number 13-cv-00440-LPS, in U.S. District Court for the District of Delaware, 2016.

<sup>5</sup> *Id.*, at 10.

protection could be avoided if this court were willing to acknowledge that Alice sounded the death knell for software patents.”<sup>6</sup>

Justice Mayer explains – “software lies in the antechamber of patentable invention. Because generically-implemented software is an ‘idea’ insufficiently linked to any defining physical structure other than a standard computer, it is a precursor to technology rather than technology itself.”<sup>7</sup> And concludes with “...all software implemented on a standard computer should be deemed categorically outside the bounds of section 101.”

Justice Mayer faced a lot of backlash from a large chunk of the patent community because his views were considered as being against the very fabric of patent law. However, organizations such as the Electronic Frontier Foundation found validation in the judgment and fully endorsed his views.<sup>8</sup> It is important to note that this is only a concurrence and not a majority opinion, which at least left the door open in that it is not binding, settled law.

This brings us to the opposite end of the spectrum – just a month after the *Intellectual Ventures* case – in *Amdocs (Israel) Ltd. v. Openet Telecom Inc. (“Amdocs”)*.<sup>9</sup> The majority in *Amdocs* emphasized that the concept of an abstract idea has no set meaning. According to the majority, there cannot be “a single universal definition of ‘abstract idea’” because “it is difficult to fashion a workable definition to be applied to as-yet-unknown inventions.”<sup>10</sup> Instead, the court held that it must be determined whether a patent is directed to an abstract idea by comparing the claims at issue with prior cases involving similar claims.

The court stressed on the finding of an “enhanced” solution by the invention, which goes over and beyond the abstract idea concept. One unique aspect was the emphasis on claim construction, which uses a plethora of tools available during patent prosecution to interpret claims. This will most certainly be a useful crutch used by proponents of software patents and software patent applicants. Practitioners may be well advised to emphasise improvements and concurrently include complete description of the technical problem and solution in the specification. It goes without saying that *Amdocs* stresses on claiming a combination of structural elements that is beneficial over the prior solutions. As with *Intellectual Ventures*, there was a vocal dissent against the majority, based on the

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<sup>6</sup> *Id.*, at 6.

<sup>7</sup> *Id.*, at 7.

<sup>8</sup> Ryan Davis, *Fed. Circ. Judge's Proposed Software Patent Ban is a Reach*, LAW 360, (Oct 4th, 2016) available at: <https://www.law360.com/articles/847594/fed-circ-judge-s-proposed-software-patent-ban-is-a-reach>.

<sup>9</sup> 841 F.3d 1288, 1294 (Fed. Cir. 2016).

<sup>10</sup> *Id.*, at 9.

fact that the majority had glossed over the first step of the *Alice* test – determining whether the claims are directed to a patent-ineligible concept.<sup>11</sup>

With the number of high-stakes players involved, both within the U.S. and internationally, the growing dissent between the interpretations of *Alice* in different judgments is soon going to force the U.S. Supreme Court to take a stand in the matter. A case must be selected to finally set the record straight, and spell out whether software patents should be to be allowed in any form and if so, what needs to be done beyond a cursory inclusion of the pre-*Alice* recital of “a non-transitory computer-readable medium” to gain patentability or dangling off the high arbitrary threshold of evading an “abstract idea.”

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<sup>11</sup> *Id.*, at 1-2 (Reyna, J., dissenting).