



THINK FORWARD

The Post-Alice Pendulum Swings Backs as the Federal Circuit Finds a Database Invention to be Patent Eligible

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On May 12, 2016, in *Enfish, LLC v. Microsoft Corp., et al.*, the Federal Circuit ruled that a patent claim relating to a means for configuring a computer memory for improved data storage and retrieval according to a specific logical model was not directed to an abstract idea. Patent practitioners dealing with software cases should carefully consider this important decision providing new practical guidance for determining whether a computer-implemented invention is patent eligible.

Enfish is only the second Federal Circuit decision to find software patent claims to be directed to patent eligible subject matter since the Supreme Court handed down its 2014 landmark decision in *Alice Corp v. CLS Bank*. The first such decision was *DDR Holdings v. Hotels.com*, which was decided by a panel of judges different from the *Enfish* panel.

Improvement to Computer Functionality

The *Enfish* decision more clearly articulated the limits of the *Alice* decision in determining whether a patent is directed to an abstract idea. Specifically, the Federal Circuit noted that claims "directed to an improvement to computer functionality" may not be abstract and do not always require an analysis under the second step of the two-step *Mayo* framework. Even "claims directed to software" may be directed to patent eligible subject matter. Similarly, an invention does not need to be "defined by reference to 'physical' components" to avoid being abstract. "To hold otherwise risks resurrecting a bright-line machine-or-transformation test," which was overruled in *Bilski*. Finally, an "invention's ability to run on a general-purpose computer" is also not necessarily fatal. In view of the above, the Court found the claims in *Enfish* to be directed to "a specific implementation of a solution to a problem in the software arts" and, therefore, not directed to an abstract idea.

The Court distinguished the invention in *Enfish* from other cases in which claims were found patent ineligible for adding conventional computer components to well-known business practices, for reciting the use of a mathematical formula on a general purpose computer, or for reciting a purely conventional computer implementation of a mathematical formula.

Overly Broad Characterization of Invention

In *Enfish*, the Federal Circuit reversed the district court's ruling on summary judgment that found the patent claims to be invalid as being directed to an abstract idea. The Federal Circuit criticized the district court for making an overly broad characterization of the claimed invention in the first step of the two-step *Mayo* framework.

Critical to its analysis, the Federal Circuit relied upon the interpretation of the exemplary claim as providing a means for configuring memory for storing and retrieving data in a "self-referential" logical data table. Although such "self-referential" language was not explicit in the claims, the parties did not dispute on appeal the claim interpretation of the district court in requiring a four-step algorithm for configuring the memory that provided precise steps for the construction of the self-referential table. Despite construing the claim to require this specific algorithm, the district court held that the claims were directed to the abstract idea of "storing, organizing, and retrieving memory in a logical table" or, more simply, "the concept of organizing information using tabular formats." The Federal Circuit found that this overly simplified the claimed invention and ignored the benefits and improvements that the invention provided over the conventional methods in which computers operated. Instead, the Federal Circuit ruled that in view of this claim interpretation, the claim was not directed to an abstract idea, but was directed to a specific improvement in computer technology. Therefore, there was no need to proceed to the second step of the eligibility analysis of whether something more than an abstract idea was claimed, because the claim was not directed to an abstract idea in the first instance.

This decision comes just days after the USPTO released its latest update on patent eligibility guidance, which may now require a further update. With *Enfish*, the Federal Circuit has reinvigorated the debate on how to determine the patent eligibility of software related inventions. Although the parties have the opportunity to seek a rehearing and/or petition the Supreme Court, should the *Enfish* decision stand, this could swing the pendulum back from the broad application of *Alice* against patent owners and may result in more computer-related inventions being found to be patent eligible subject matter.

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