FEDERAL CIRCUIT CONTINUES TO CLARIFY SUBJECT MATTER ELIGIBILITY FOR SOFTWARE PATENTS

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Many software-related and business method-related patents have been invalidated for being directed to "abstract ideas." On January 10, 2018, in *Finjan, Inc., v. Blue Coat Systems, Inc.*, the Federal Circuit affirmed the district court's holding that Finjan's U.S. Patent No. 6,154,844 ("the '844 patent") [1] was not directed to an abstract idea and was therefore patent eligible subject matter under 35 U.S.C. § 101. The court's threshold test for patent eligibility under § 101 is "whether the claims focus on the specific asserted improvement in computer capabilities . . . or, instead on a process that qualifies as an 'abstract idea' for which computers are invoked merely as a tool." [2] The court's recent decision provides additional guidance regarding the types of claims that constitute specific improvements in computer capabilities rather than being abstract ideas. The court additionally ruled on issues of infringement and damages.

BACKGROUND

Finjan brought suit against Blue Coat in the Northern District of California on August 28, 2013, for infringement of multiple patents by Blue Coat's software products for malware protection. The technology at issue in the '844 patent scans files for potential security threats (e.g., viruses), creates respective security profiles linked to the scanned files, and then makes the scanned files available to users. [3] The judge found that the '844 patent was not invalid as a patent-ineligible abstract idea under 35 U.S.C. § 101, and a jury found in favor of Finjan for infringement and damages. Blue Coat appealed, among other rulings, the district court's ruling regarding 35 U.S.C. § 101 as applied to the '844 patent. Blue Coat argued, in part, that the asserted claims of the '844 patent should be invalidated because the claims were analogous to those in *Apple, Inc. v. Ameranth, Inc.;* [4] *Affinity Labs of Tex., LLC v. DIRECTV, LLC*; [5] and *Intellectual Ventures I LLC v. Symantec Corp*, [6] which were found to be directed to abstract ideas.

FEDERAL CIRCUIT DECISION

Here, the Federal Circuit distinguished its previous decisions invalidating claims, in part, by citing back to a core concept of patent eligibility that the court found to be unchanged over the past two centuries. The court summarized its previous decisions in *Apple* and *Affinity Labs* as standing for the "foundational patent law principle: that a result, even an innovative result, is not itself patentable." [7] Rather, patents "are granted 'for the discovery or invention of some practicable method or means of producing a beneficial result or effect . . . and not for the result or effect itself.'" [8] A key distinguishing feature that the court found was that the claims in the '844 patent "recite specific steps . . . that accomplish the desired result." [9]

Notably, the '844 patent does not claim either the result of performing the claimed method steps or the improvements of the claimed method over the prior art. [10] However, the court still distinguished the claims in the '844 patent from the invalidated claims in *Apple, Affinity Labs,* and *Intellectual Ventures* [11] because those claims generally recited desirable results that were implemented by generic computer components performing known computing tasks rather than specific steps that accomplish the result.

In the case of the '844 patent, the Federal Circuit found that the patent "enables a computer security system to do things it could not do before . . . allow[ing] access to be tailored for different users and ensur[ing] that threats are identified before a file reaches a user's computer." [12] This new functionality was found to be sufficiently enabled based on the specification of the '844 patent, which distinguished the advantages of "behavior-based" virus scanning to prior art "code-matching" virus scanning. The court therefore held that the claims of the '844 patent recite specific steps to accomplish an advantageous result based on the enabling description in the specification. [13] Thus, the patent eligibility inquiry under § 101 ended with determining that the claims were directed to a specific improvement in computer technology and not to an abstract idea.

TAKEAWAYS

In *Finjan*, the Federal Circuit provides new guidance for patent eligibility under § 101. Specifically, the court based its analysis on a novel approach in one embodiment found in the specification of the '844 patent, even though the claims are not limited to that specific embodiment. [14] Thus, the court found that the claims are not required to explicitly recite a result or improvement where the specification adequately describes how the steps recited in the claims accomplish an advantageous result. Support for patent eligibility under § 101 may therefore be based on a combination of the steps recited in a claim for accomplishing a result and the specification's description of the improvement to computer functionality enabled by the recited steps. Accordingly, when assessing the patent eligibility of computer-related patent claims, emphasis should be placed on the specification's description of the state of the art as compared to how an improvement in computer functionality is enabled by the specific steps recited in the claims.

LOOKING FORWARD

K&L Gates will continue to monitor this case and other related cases and provide updates regarding any developments.

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[1] *Finjan, Inc., v. Blue Coat Systems, Inc.*, No. 2016-2520 at *3 (Fed. Cir. Jan. 10, 2018) ("system and method for providing computer security by attaching a security profile to a downloadable").

[2] *Finjan*, No. 2016-2520 at *5 (internal citations omitted).

[3] See, *Finjan* at 5–7. Claim 1 of the '844 patent recites:

1. A method comprising:
   receiving by an inspector a Downloadable;
   generating by the inspector a first Downloadable security profile that identifies suspicious code in the received Downloadable; and

> linking by the inspector the first Downloadable security profile to the Downloadable before a web server makes the Downloadable available to web clients.

'844 patent, col. 11 ll. 11–21.

[4] *Apple, Inc. v. Ameranth*, Inc., 842 F.3d 1229 (Fed. Cir. 2016).

[5] Affinity Labs of Tex., LLC v. DIRECTV, LLC, 838 F.3d 1253 (Fed. Cir. 2016).

[6] Intellectual Ventures I LLC v. Symantec Corp., 838 F.3d 1307 (Fed. Cir. 2016).

[7] *Finjan*, at 9.

[8] *Id., citing Corning v. Burden*, 56 U.S. 252, 268 (U.S. 1853).

[9] *Id.*

[10] *See supra* note 4.

[11] *See Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229 (Fed. Cir. 2016), Affinity Labs of Tex., LLC v. DIRECTV, LLC, 838 F.3d 1253 (Fed. Cir. 2016), Intellectual Ventures I LLC v. Symantec Corp., 838 F.3d 1307 (Fed. Cir. 2016).

[12] *Id*. at 8.

[13] *Id*. at 9 ("the claims recite more than a mere result . . . Moreover, there is no contention that the only thing disclosed is the result and not an inventive arrangement for accomplishing the result.").

[14] *Finjan*, at 6–9, finding "behavior-based" virus scanning to be an improvement in computer functionality rendering the '844 patent patent-eligible even though only "identif[ying] suspicious code" is claimed.

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