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Happy St. Patrick's Day

"Tip of the Month"

Business Method Patents Revisited

It has been about 3 years since the US Supreme Court decision in *Alice Corp. v. CLS Bank* changed the landscape relating to Covered Business Method (CBM) patents. Not all business method patents meet the requirements for CBM review. Only those covering non-technological inventions related to a financial product or service qualify for CBM review. The America Invents Act created this temporary mechanism for challenging CBM patents, which is set to expire on September 16, 2020. This mechanism allows CMB patents to be challenged on any grounds of patentability.

Under this mechanism, the term "covered business method patent" means a patent that claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration or management of a financial product or service, but does not include patents for technological inventions.

More recently, the Court of Appeals for the Federal Circuit reviewed a case on appeal from the Patent Trial and Appeal Board (PTAB) of the U.S. Patent and Trademark Office arising under the CBM review mechanism. This important decision limits the scope of CBM review. The case is *Secure Access v. PNC* (and other banks) (Fed. Cir. 2017). The challenged patent covers a computer security method that uses an authenticity key to create formatted data that is then sent to another computer to be used to locate an authenticity stamp for a preference file. The patent is not limited to financial services, however, the owner of the patent has sued dozens of banks and financial service providers for patent infringement.

The PTAB determined that the patent fits the CBM definition based on its use. The Federal Circuit reversed the holding stating that the patent is outside the definition of a CBM patent. The Court clarified that the focus is on the claimed invention. Thus, it isn't how the invention is used but whether the claims are directed to a financial service.

An interesting aspect of the decision is the standard of review. Typically, under Supreme Court precedents, Appeals Courts are required to give deference to certain agency interpretations of law. The Federal Circuit in this case, however, held that statutory interpretation is a question of law, reviewed *de novo* on appeal.

This ruling on standard of review leaves the decision on the limiting scope of CBM review open to further challenge. This is just another example of the changing patent landscape that has seen significant legal transformation over the last 10 years.

If you have any questions about defensive publications or any other IP-related matter, the intellectual property attorneys at Mesmer & Deleault, PLLC are available to help you. Please give us a call at (603) 668-1971 or contact us by e-mail at *mailbox @ biz-patlaw.com* to schedule an appointment.

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