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# Federal Circuit Patent Bulletin: *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*

December 23, 2014

*"Although the determination of patent eligibility requires a full understanding of the basic character of the claimed subject matter, claim construction is not an inviolable prerequisite to a validity determination under § 101."*

On December 23, 2014, in *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat'l Ass'n*, the U.S. Court of Appeals for the Federal Circuit (Dyk, Taranto, Chen*) affirmed the district court's dismissal of Content Extraction & Transmission's (CET) complaint that the defendants infringed U.S. Patents No. 5,258,855, No. 5,369,508, No. 5,625,465, and No. 5,768,416, which related to methods of extracting and recognizing data from hard copy documents such as from checks deposited in an automated teller machine, because the patents are invalid as patent ineligible under 35 U.S.C. § 101. The Federal Circuit stated:

An invention is patent-eligible if it claims a "new and useful process, machine, manufacture, or composition of matter." The Supreme Court, however, has long interpreted § 101 and its statutory predecessors to contain an implicit exception: "laws of nature, natural phenomena, and abstract ideas" are not patentable. We focus here on whether the claims of the asserted patents fall within the excluded category of abstract ideas. . . . We first determine whether a claim is "directed to" a patent-ineligible abstract idea. If so, we then consider the elements of the claim—both individually and as an ordered combination—to assess whether the additional elements transform the nature of the claim into a patent-eligible application of the abstract idea. This is the search for an "inventive concept"—something sufficient to ensure that the claim amounts to "significantly more" than the abstract idea itself.

The Supreme Court has not "delimit[ed] the precise contours of the 'abstract ideas' category." We know, however, that although there is no categorical business-method exception, claims directed to the mere formation and manipulation of economic relations may involve an abstract idea. We have also applied the

Supreme Court's guidance to identify claims directed to the performance of certain financial transactions as involving abstract ideas.

[W]e agree with the district court that the claims of the asserted patents are drawn to the abstract idea of 1) collecting data, 2) recognizing certain data within the collected data set, and 3)storing that recognized data in a memory. The concept of data collection, recognition, and storage is undisputedly well-known. Indeed, humans have always performed these functions. And banks have, for some time, reviewed checks, recognized relevant data such as the amount, account number, and identity of account holder, and stored that information in their records.

CET attempts to distinguish its claims from those found to be abstract . . . by showing that its claims require not only a computer but also an additional machine—a scanner. CET argues that its claims are not drawn to an abstract idea because human minds are unable to process and recognize the stream of bits output by a scanner. [But] CET's claims are drawn to the basic concept of data recognition and storage.

For the second step of our analysis, we determine whether the limitations present in the claims represent a patent-eligible application of the abstract idea. For the role of a computer in a computer-implemented invention to be deemed meaningful in the context of this analysis, it must involve more than performance of "well-understood, routine, [and] conventional activities previously known to the industry." Further, "the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention."

[W]e agree with the district court that the asserted patents contain no limitations—either individually or as an ordered combination—that transform the claims into a patent-eligible application. CET conceded at oral argument that the use of a scanner or other digitizing device to extract data from a document was well-known at the time of filing, as was the ability of computers to translate the shapes on a physical page into typeface characters. CET's claims merely recite the use of this existing scanning and processing technology to recognize and store data from specific data fields such as amounts, addresses, and dates. There is no "inventive concept" in CET's use of a generic scanner and computer to perform well-understood, routine, and conventional activities commonly used in industry. At most, CET's claims attempt to limit the abstract idea of recognizing and storing information from hard copy documents using a scanner and a computer to a particular technological environment. Such a limitation has been held insufficient to save a claim in this context. . . .

Finally, CET contends that the district court erred by declaring its claims patent-ineligible under § 101 at the pleading stage without first construing the claims or allowing the parties to conduct fact discovery and submit opinions from experts supporting their claim construction positions. Although the determination of patent eligibility requires a full understanding of the basic character of the claimed subject matter, claim construction is not an inviolable prerequisite to a validity determination under§ 101. The district court construed the terms identified by CET "in the manner most favorable to [CET]," necessarily assuming that all of CET's claims required a machine, even though several claims do not expressly recite any hardware structures. Nonetheless, the district court determined the claims of the asserted patents were patent-ineligible. Likewise, we conclude that even when construed in a manner most favorable to CET, none of CET's claims amount to "significantly more" than the abstract idea of extracting and storing data from hard copy documents using generic scanning and processing technology. The district court's resolution of PNC's motion to dismiss at the pleading stage was therefore proper.