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Federal Circuit Patent Bulletin: *Recognicorp, LLC v. Nintendo Co.*

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*"To save a patent at [*Alice*] step two, an inventive concept must be evident in the claims."*

On April 28, 2017, in *Recognicorp, LLC v. Nintendo Co.*, the U.S. Court of Appeals for the Federal Circuit (Lourie, Reyna,* Stoll) affirmed the district court's judgment on the pleadings that U.S. Patent No. 8,005,303, which related to a method and apparatus for building a composite facial image using constituent parts, was invalid under 35 U.S.C. § 101 for patent ineligibility. The Federal Circuit stated:

Under the first step of [*Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2354 (2014)], we decide whether the claims are directed to ineligible subject matter, such as an abstract idea. The inquiry often is whether the claims are directed to "a specific means or method" for improving technology or whether they are simply directed to an abstract end-result. If the claims are not directed to an abstract idea, the inquiry ends.

While "generalized steps to be performed on a computer using conventional computer activity" are abstract, not all claims in all software patents are necessarily directed to an abstract idea. For example, we have held that software patent claims satisfy Alice step one when they are "directed to a specific implementation of a solution to a problem in the software arts," such as an improvement in the functioning of a computer.

We find that claim 1 is directed to the abstract idea of encoding and decoding image data. It claims a method whereby a user displays images on a first display, assigns image codes to the images through an interface using a mathematical formula, and then reproduces the

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image based on the codes. This method reflects standard encoding and decoding, an abstract concept long utilized to transmit information. Morse code, ordering food at a fast food restaurant via a numbering system, and Paul Revere's "one if by land, two if by sea" signaling system all exemplify encoding at one end and decoding at the other end. [C]laim 1 does not claim a software method that improves the functioning of a computer. It claims a "process that qualifies as an 'abstract idea' for which computers are invoked merely as a tool." . . .

In step two of the Alice inquiry, we search for an "'inventive concept' sufficient to 'transform the nature of the claim into a patent-eligible application.'" To save a patent at step two, an inventive concept must be evident in the claims. . . . We find that these claim elements do not transform the nature of the '303 patent claims into a patent-eligible application. . . . Nothing "transforms" the abstract idea of encoding and decoding into patent-eligible subject matter. Nor does the presence of a mathematical formula dictate otherwise. Claims that are directed to a non-abstract idea are not rendered abstract simply because they use a mathematical formula. But the converse is also true: A claim directed to an abstract idea does not automatically become eligible merely by adding a mathematical formula. As we explained above, claim 1 is directed to the abstract idea of encoding and decoding. The addition of a mathematical equation that simply changes the data into other forms of data cannot save it. . . . In sum, the claims of the '303 patent lack an inventive concept that transforms the claimed subject matter from an abstract idea into a patent-eligible application.