

SUMMARY TREATMENT OF PRIOR DECISIONS
LEADS TO CONTINUED UNCERTAINTY IN
PATENT ELIGIBILITY ANALYSIS

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In *Trading Technologies International v. IBG LLC*,¹ the Federal Circuit held claims directed to graphical user interfaces for assisting traders making trades on electronic trading systems eligible for Covered Business Method review (“CBM review”) and ineligible for patent protection.² Given the relative calm (so far) in the patent blogosphere, the court’s substantive holdings on both issues do not appear to be too controversial. But the court’s opinion is less than satisfactory because it resolves some issues surrounding patent eligibility summarily with little explanation, and ultimately gives practitioners little guidance going forward. This is particularly troubling given the precedential disposition of this case in light of a prior non-precedential opinion dealing with similar facts.

Trading Technologies International, Inc. (“TT”) owns U.S. Patent Nos. 7,533,056, 7,212,999, and 7,904,374, each relating to graphical user interfaces (“GUIs”) for use in electronic trading.³ IBG LLC and Interactive Brokers LLC (“Petitioners”) petitioned the Patent Trial and Appeals Board (“PTAB”) for CBM review of all claims of all three patents.⁴ In final written decisions, the PTAB held that all three patents are CBM review-eligible and patent-ineligible.⁵ TT appealed, and the Federal Circuit affirmed.⁶

The court agreed with the PTAB that none of the three patents were “for technological inventions,” and thus that CBM review was appropriate.⁷ The court looked to statements in the specifications about

¹ No. 2017-2257 (Fed. Cir. Apr. 18, 2019).

² *Id.*, slip op. at 3-4.

³ *Id.* at 3.

⁴ *Id.* at 4.

⁵ *Id.*

⁶ *Id.* For CBM eligibility, the court “review[s] the [PTAB’s] reasoning ‘under the arbitrary and capricious standard and its factual determinations under the substantial evidence standard.’” *Id.* at 5 (quoting *SightSound Techs., LLC v. Apple Inc.*, 809 F.3d 1307, 1315 (Fed. Cir. 2015)). For patent eligibility, the court “review[s] the [PTAB’s] legal conclusions de novo and its factual findings for substantial evidence.” *Id.* at 13 (citing *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1236 (Fed. Cir. 2016)).

⁷ *See id.* at 8, 11. The Patent and Trademark Office promulgated a rule for determining whether a patent is “for a technological invention” for purposes of CBM review. *Id.* at 4-5. The rule requires considering whether the claimed subject matter “recites a technological feature that is novel and unobvious over the prior art” and “solves a technical problem using a technical solution.” *Id.* The court did not decide the question of whether the first prong survived the court’s prior decisions because it agreed with the PTAB that the claims at issue “do not solve a technical problem using a technical solution” under the second prong. *Id.* at 8.

the benefits of the inventions, and found that the claimed inventions are focused on improving the speed and efficiency of the human trader, not the computer.⁸ Thus, the claimed inventions were not technical solutions to technical problems.⁹ TT further argued that the invention claimed in the '374 patent solves a technical problem in conventional GUIs that “might cause the trader to submit an order at a price he did not intend.”¹⁰ The court disagreed, noting that the PTAB understood the claim to not require any pricing or order information to be provided to the user at all, and that “[e]ven if the specification recites an embodiment that solves this problem, as TT alleges, claim 1 does not.”¹¹

Turning to patent eligibility, the court found that the representative claim of the '999 patent essentially describes receiving and displaying information, and thus is directed to the abstract idea of “graphing bids and offers to assist a trader to make an order.”¹² The additional limitations reciting a particular way of placing an order were not enough to change the court’s conclusion.¹³ TT argued that the claimed invention was an improvement to the way a computer operates, but the court again looked to the specification and concluded that the claims improve the efficiency of human traders, not computers, in processing information.¹⁴ The court further agreed with the PTAB that the claims do not contain an inventive concept.¹⁵ The court found no meaningful difference between the representative claims of the '056 and '999 patents, and held the representative claim of the '056 patent ineligible for similar reasons.¹⁶ TT separately argued for the eligibility of certain dependent claims further specifying how icons and indicators are displayed on the GUI, but this was not enough.¹⁷

The court held that the representative claim of the '374 patent is directed to the abstract idea of “receiving user input to send a trade

⁸ *Id.* at 9-10, 12-13.

⁹ *Id.*

¹⁰ *Id.* at 11.

¹¹ *Id.* at 12.

¹² *See id.* at 14-15 (citing *Electric Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016)).

¹³ *Id.* (citing *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014)).

¹⁴ *Id.* at 15.

¹⁵ *Id.* at 16.

¹⁶ *Id.* at 17.

¹⁷ *Id.*

order.”¹⁸ The PTAB read the claim as not even requiring any information to be displayed to the user, and TT did not dispute this reading.¹⁹ Based on this interpretation of the claim language, the court rejected TT’s arguments that the claim recited a technical solution to a technical problem in prior art GUIs.²⁰ The court implicitly agreed with the PTAB that that the claims do not contain an inventive concept.²¹

The court quickly dispensed with TT’s argument that this panel should hold that the claims at issue are patent-eligible because prior non-precedential decisions of the court held that other claims in patents owned by TT were patent-eligible.²² Not only are non-precedential decisions not binding, the prior decision dealt with different claims in different patents.²³ Finally, the court declined to address TT’s various arguments that CBM review is unconstitutional, because they amounted to conclusory assertions not adequately developed.²⁴

The Federal Circuit’s Internal Operating Procedures (“IOPs”) cover the designations of opinions as precedential or nonprecedential.²⁵ “Disposition by nonprecedential opinion or order does not mean the case is considered unimportant.”²⁶ But a panel may elect to issue a precedential opinion if it determines that the decision would “add significantly to the body of law.”²⁷ The panel here is obviously correct in noting that it is “not bound by non-precedential decisions at all.”²⁸ But it is not helpful for a precedential opinion to summarily reject all arguments predicated on its prior, non-precedential decisions, based solely on this logic. Precisely because precedential opinions add significantly to the body of law, they should fully address any perceived departures from the court’s prior

¹⁸ *Id.* at 17-18.

¹⁹ *Id.* at 18.

²⁰ *Id.*

²¹ *Id.*

²² *Id.* at 19.

²³ *Id.*

²⁴ *Id.*

²⁵ See IOP #10, United States Court of Appeals for the Federal Circuit Internal Operating Procedures 23-26, available at <http://www.cafc.uscourts.gov/sites/default/files/rules-of-practice/IOPs/IOPsMaster2.pdf>.

²⁶ *Id.* at 23.

²⁷ *Id.*

²⁸ *Trading Techs.*, No. 2017-2257, slip op. at 19.

decisions. This is particularly needed in cases where the court has before it facts strongly analogous to those it has considered previously.

This is such a case. The non-precedential decision alluded to in the court's opinion is *Trading Technologies International, Inc. v. CQG, Inc.*²⁹ There, the court held certain claims for displaying market information and sending trade orders in response to user input patent-eligible.³⁰ The claimed subject matter in *CQG* is analogous to the invention claimed in the '374 patent. In fact, the '374 patent and the patent-in-suit in *CQG* share the same specification, and are part of the same patent family.³¹ What's more, while the '056 and '999 patents do not share a common specification with the '374 (or *CQG*) patent, the court stated in its opinion that the claims of the '374 patent are CBM review-eligible and patent-ineligible for at least some of the same reasons as in the '056 and '999 patents.³²

True, the claims are substantively distinguishable, and the court's admonishment that eligibility "depends on what is claimed, not all that is disclosed in the specification," is well-taken.³³ But the patent eligibility analysis now requires a consideration of whether the claimed invention recites a technical solution to a technical problem.³⁴ The articulation of the prior art problem requires peering into the specification, and courts routinely look to the specification to confirm whether the solution is technical. To the extent that statements in the same or similar specification are used to support eligibility in one case and ineligibility in another, more explanation is demanded.

Judge Moore, writing for this panel, also did not fully distinguish a prior *precedential* opinion that she authored in *Core Wireless Licensing*

²⁹ 675 Fed. Appx. 1001 (Fed. Cir. 2017).

³⁰ *Id.* at 1003-05.

³¹ See U.S. Patent Nos. 7,904,374, 6,766,304. The '374 patent is a continuation, and the '304 patent is a divisional, of U.S. Patent App. No. 09/590,692.

³² *Trading Techs.*, No. 2017-2257, slip op. at 11 ("For purposes of our technological invention analysis, we see no meaningful difference between the '374 claims and the '999 and '056 claims."); *id.* at 18 ("Much of TT's argument at step one is the same as its argument that the patent is for a technological invention These arguments are unavailing.").

³³ *Id.* at 19.

³⁴ See, e.g., *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016); *Thales Visionix, Inc. v. United States*, 850 F.3d 1343, 1348-49 (Fed. Cir. 2017); *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1259-60 (Fed. Cir. 2017); *Finjan, Inc. v. Blue Coat Sys.*, 879 F.3d 1299, 1304-05 (Fed. Cir. 2018).

*S.A.R.L. v. LG Electronics, Inc.*³⁵ That panel held that certain claims “recit[ing] a specific improvement over prior systems, resulting in an improved user interface for electronic devices” are patent-eligible.³⁶ Judge Moore wrote there that the claimed invention improves the speed and efficiency of *users* in navigating electronic device functions, in support of eligibility.³⁷ But Judge Moore wrote here that the claimed invention improves the information-processing efficiency of *traders* in making orders, in support of ineligibility.³⁸ This difference merits more detailed treatment in the opinion.

The court’s ultimate holdings with respect to the ’374 patent are likely correct, because as the PTAB noted and the court agreed, the representative claim of the ’374 patent did not actually require displaying any information to the user and thus could not have been the asserted technical solution.³⁹ But the court could have done better to clarify what it believed to be the independently sufficient rationales for its holdings, and to distinguish more fully its prior precedents. ■

³⁵ 880 F.3d 1356 (Fed. Cir. 2018).

³⁶ *Id.* at 1363.

³⁷ *Id.*

³⁸ *Trading Techs.*, No. 2017-2257, slip op. at 15, 17.

³⁹ *Id.* at 12, 18.