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Federal Circuit Patent Bulletin: *buySAFE, Inc. v. Google, Inc.*

September 3, 2014

"Neither 'attempting to limit the use of [the idea] to a particular technological environment' nor a 'wholly generic computer implementation' is sufficient [to make an otherwise abstract] idea non-abstract for section 101 purposes."

On September 3, 2014, in *buySAFE, Inc. v. Google, Inc.*, the U.S. Court of Appeals for the Federal Circuit (Taranto,* Hughes) affirmed the district court's judgment on the pleadings that U.S. Patent No. 7,644,019, which related to methods and machine-readable media encoded to perform steps for guaranteeing a party's performance of its online transaction, was invalid for lack of patent eligible subject matter under 35 U.S.C. § 101. The Federal Circuit stated:

The Supreme Court has "interpreted § 101 and its predecessors . . . for more than 150 years" to "'contain[] an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.'" Under that interpretation, laws of nature, natural phenomena, and abstract ideas, no matter how"[g]roundbreaking, innovative, or even brilliant," are outside what the statute means by "new and useful process, machine, manufacture, or composition of matter," In identifying the three types of excluded matter, the Court has explained that the underlying "concern" is "'that patent law not inhibit further discovery by improperly tying up the future use' of these building blocks of human ingenuity." The Court has invoked the concern to justify and inform understanding of, but not to identify section 101 exclusions beyond, the three recognized categories.

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In defining the excluded categories, the Court has ruled that the exclusion applies if a claim involves a natural law or phenomenon or abstract idea, even if the particular natural law or phenomenon or abstract idea at issue is narrow. The Court . . . rejected the contention that the very narrow scope of the natural law at issue was a reason to find patent eligibility, explaining the point with reference to both natural laws and one kind of abstract idea, namely, mathematical concepts. . . . Based on the three implicit exclusions, the Court has created a framework for identifying claims that fall outside section 101. A claim that directly reads on matter in the three identified categories is outside section 101. But the provision also excludes the subject matter of certain claims that by their terms read on a human-made physical thing ("machine, manufacture, or composition of matter") or a human-controlled series of physical acts ("process") rather than laws of nature, natural phenomena, and abstract ideas. Such a claim falls outside section 101 if (a) it is "directed to" matter in one of the three excluded categories and (b) "the additional elements" do not supply an "inventive concept" in the physical realm of things and acts—a "new and useful application" of the ineligible matter in the physical realm—that ensures that the patent is on something "significantly more than" the ineligible matter itself. This two-stage inquiry requires examination of claim elements "both individually and 'as an ordered combination.'"

[T]he recognition that the formation or manipulation of economic relations may involve an abstract idea does not amount to creation of a business-method exception. The required section 101 inquiry has a second step beyond identification of an abstract idea. If enough extra is included in a claim, it passes muster under section 101 even if it amounts to a "business method." [A] claim directed to an abstract idea does not move into section 101 eligibility territory by "merely requir[ing] generic computer implementation." "'Simply appending conventional steps, specified at a high level of generality,' was not 'enough' to supply an '"inventive concept."' Neither "attempting to limit the use of [the idea] to a particular technological environment" nor a "wholly generic computer implementation" is sufficient. . . .

The claims are squarely about creating a contractual relationship—a "transaction performance guaranty"—that is beyond question of ancient lineage. The dependent claims' narrowing to particular types of such relationships, themselves familiar, does not change the analysis. This kind of narrowing of such long-familiar commercial transactions does not make the idea non-abstract for section 101 purposes. The claims thus are directed to an abstract idea.

The claims' invocation of computers adds no inventive concept. The computer functionality is generic—indeed, quite limited: a computer receives a request for a guarantee and transmits an offer of guarantee in return. There is no further detail. That a computer receives and sends the information over a network—with no further specification—is not even arguably inventive. [It] cannot be enough that the transactions being guaranteed are

themselves online transactions. At best, that narrowing is an "attempt[] to limit the use" of the abstract guarantee idea "to a particular technological environment," which has long been held insufficient to save a claim in this context.