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Federal Circuit goes Enfish-ing for Software Patent Eligibility

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In **Enfish, LLC v. Microsoft Corp**., decided on May 12, 2016, the Federal Circuit ("the *Enfish* court" or "the Court") has provided much-needed clarification to the *Alice* test for patent-eligible subject matter under 35 U.S.C. § 101. Under the framework set forth in *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, and applied in *Alice Corp. Pty Ltd. v. CLS Bank Int'l*, patent claims are ineligible for patentability if they are (1) directed to a patent-ineligible concept such as an abstract idea, and (2) do not include "significantly more" to transform the patent-ineligible concept into a patent-eligible application. In *Enfish*, the Federal Circuit has affirmed that software remains patent-eligible subject matter and, more importantly, that software claims lacking any physical components are not necessarily directed to an abstract idea. In doing so, the Court has provided critical guidance to patent applicants and patent holders on the contours of the first inquiry of the *Alice/Mayo* test for patent eligible subject matter: whether claims are directed to a patent-ineligible concept such as an abstract idea.

The patents at issue in *Enfish* are directed to a logical model for a computer database; the patents describe a "self-referential" technique in which all data entities are included in a single table and column definitions are provided by the rows of the table. The district court granted summary judgment of invalidity § 101 on all asserted claims, finding that the asserted claims were directed to an abstract idea. In applying the first step of the *Alice/Mayo* test for patent eligibility under § 101, the district court found that the asserted claims were directed to the abstract idea of "storing, organizing, and retrieving memory in a logical table" or, more generally, "the concept of organizing information using tabular formats."

Noting the concerns highlighted by the Supreme Court in *Alice* and *Diamond v. Diehr*, the *Enfish* court stated that the district court's description of the claims "at such a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to § 101 swallow the rule." In contrast to the district court's broad abstract idea characterization, the Court instead found that the claims "are not simply directed to any form of storing tabular data, but instead are specifically directed to a self-referential table for a computer database."

In its reapplication of the first step of the *Alice/Mayo* test, the *Enfish* court examined the claims and specification of the patents at issue and found significant differences between the claimed invention and the general abstract idea applied by the district court. In doing so, the Court found that the claims are directed to an improvement over existing and conventional database, as evidenced by benefits "such as increased flexibility, faster search times, and smaller memory requirements." In contrast, the district court's abstract idea was an oversimplification of "the

self-referential component of the claims" that "downplayed" the benefits of the invention described in the patents' specification.

Unlike the claims in *Alice*, the *Enfish* court also found that the claims at issue do not simply add a conventional computer to known business practices. Instead, the claims to the "self-referential" database are "directed to an improvement in the functioning of a computer." The Court also found that the lack of "physical" components in the claims was not fatal to the abstract idea determination, as doing so "risks resurrecting...the machine-or-transformation test" or "creating a categorical ban on software patents." The Court addressed the issue of software patentability head on and stated that neither *Bilski* nor *Alice* created "an exclusion to patenting this large field of technological progress." The Court suggested that claims directed to software are not inherently abstract, and stated that "software can make non-abstract improvements to computer technology just as hardware improvements can, and sometimes the improvements can be accomplished through either route." Based on this, the Court concluded that it is relevant to ask "whether the claims are directed to an improvement to computer functionality versus being directed to an abstract idea, even at the first step of the *Alice* analysis."

In concluding its analysis under the first step of the *Alice*/*Mayo* test, the *Enfish* court found that the claims at issue—directed to "a specific type of data structure designed to improve the way a computer stores and retrieves data in memory"—are "a specific implementation of a solution to a problem in the software arts" and are not an abstract idea. Because the claims at issue are not directed to an abstract idea and pass the first step of the *Alice*/*Mayo* test, the Court did not proceed to the second step of the *Alice*/*Mayo* test. The Court also reversed the district court's grant of summary judgment on invalidity under § 102 and affirmed the district court's grant of summary judgment of non-infringement for one of the claims at issue.

As *Enfish* makes clear, software is not generally excluded from patent protection under the *Alice* test, even in the absence of specific physical components in the claims of software patents and patent applications. In view of the guidance provided in *Enfish*, patent applicants have specific points to consider when seeking protection on software inventions and the threat of ineligibility under the *Alice* test. Software patent claims that provide improvements to the functioning of a computer and benefits over existing and conventional software should have better chances of overcoming issues of patent eligibility under § 101.