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IP CASE OF THE WEEK

Section 101 Survives Attack

In re Killian, No. 2021-2113, 2022 WL 3589496 (Fed. Cir. Aug. 23, 2022)

By: Michael Bregenzer & Nick Wheeler | September 2, 2022

On August 23, 2022, the Federal Circuit ("CAFC") rejected an attack on the *Alice*/*Mayo* patent eligibility framework ("*Alice*/*Mayo*"), finding it was sufficiently defined based on judicial precedent to be usable in practice, was not arbitrary and capricious under the Administrative Procedure Act ("APA") as the APA does not apply to courts, and did not violate the Due Process Clause of the Fifth Amendment.

Jeffrey A. Killian ("Killian") filed U.S. Patent Application No. 14/450,042 which was rejected by a patent examiner pursuant to § 101 as the claims were found to be directed to an abstract mental process and recited generic computer functionalities. The application related to a system and method "for determining eligibility for Social Security Disability Insurance [SSDI] benefits through a computer network." The Patent Trial and Appeal Board ("the PTAB") affirmed and Killian appealed.

On appeal, the CAFC explained that under the Supreme Court's decisions in *Alice* and *Mayo* there is a two-step test for determining whether a claimed subject matter is patent eligible. First, the court determines whether the "claims at issue are directed to a patent patent-ineligible concept," such as an abstract idea. If the first step is satisfied, courts then "examine the elements of the claim to determine whether it contains an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application." The CAFC affirmed the PTAB's decision, finding there was substantial evidence that Killian's claims were abstract mental processes and used generic computer functionalities without any inventive concept. The CAFC then addressed Killian's arguments regarding § 101 jurisprudence.

Killian first argued that the *Alice/Mayo* framework ("*Alice*/*Mayo*") is indefinite and any PTAB decision finding a claim ineligible under *Alice*/*Mayo* is arbitrary and capricious under both the APA and the Due Process Clause of the Fifth Amendment. Killian sought a "single non-capricious definition or limiting principle" to replace the allegedly vague terms of "abstract idea" and "inventive concept." The CAFC rejected Killian's due process argument because he did not argue how *Alice*/*Mayo* was void-for-vagueness. Next, the CAFC held that the APA's standards of review only apply to administrative agencies and that courts are not agencies. Additionally, while noting there was no "hard-and-fast" rule for the abstract idea exception to § 101, the CAFC found judicial precedent provided practical guidance as to what is considered an "abstract idea" and an "inventive concept." The CAFC explained the courts are bound by the *Alice*/*Mayo* framework.

The CAFC also rejected Killian's other § 101 arguments. Killian argued his due process rights were violated as he could not appear in previous CAFC and Supreme Court § 101 cases, however, the CAFC held there was no violation as Killian was free to distinguish his invention from the claims in previous § 101 cases. Next, Killian argued the "inventive concept" step is improper as Congress removed the "invention" requirement in the Patent Act of 1952. The CAFC found that Killian did not provide an argument that "invention" is the same as "inventive concept" and rejected the argument. Killian further argued the phrase "mental steps" had no foundation in modern patent law, but the CAFC rejected this argument by pointing to the Supreme Court's decision in *Mayo* which explicitly uses that phrase.

This decision will likely dampen efforts to dramatically change the *Alice*/*Mayo* framework at the CAFC and district court levels as the CAFC seems intent on sticking with *Alice*/*Mayo* until the Supreme Court reverses itself or until Congress revises the patent statute.