Fed. Cir. Ends Approach Employed To Make Challenging Patents As Abstract Ideas More Difficult

***Optis Cellular Tech., LLC v. Apple Inc.*, No. 22-1925 (Fed. Cir. June 16, 2025)**

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Over a decade ago, the U.S. Supreme Court arguably made it easier to invalidate a patent for claiming nonpatentable abstract ideas when it established a two-step test for evaluating whether patent claims are drawn to patentable subject matter, referred to as the *Alice/Mayo* framework. In short, the test requires determining whether the claim is directed to an abstract idea (an issue of law for the court) and, if so, whether the claims add "significantly more" to the abstract idea such that the claims are drawn to a specific embodiment of the idea. Initially, the use of this test led to a significant increase in early-stage efforts to invalidate patents, on either a motion to dismiss or motion for summary judgment. But, in what seemed like a deliberate effort to counter this increase, several courts, particularly those from the Eastern and Western Districts of Texas, adopted procedures that made it more difficult for patent challengers. For example, these courts were tabling the Step 1 issue pending resolution of the Step 2 issue by the jury on the grounds that Step 2 as an issue of fact (the "Step 1 Deferral Approach"). On June 16, 2025, the Federal Circuit, in *Optis Cellular v. Apple,* reined in this practice by clarifying the proper procedure for handling a Section 101 challenge.

In *Optis*, a judge in the Eastern District of Texas analyzed Step One and determined that the patent-at-issue did not recite an abstract idea. On appeal, the Federal Circuit reversed that finding and determined that the patents-in-suit recited an abstract idea and remanded the case back to the district court to evaluate Step 2. The Federal Court also took the opportunity to address the Step 1 Deferral Approach. Specifically, the Federal Circuit stated that if the district court permits the jury to resolve any factual issues related to Step 2, the jury **must first** be told (1) what the abstract idea is and (2) that the abstract idea cannot be considered when evaluating whether the claims recite an inventive concept.

Notably, several practitioners had questioned the Step 1 Deferral Approach. For example, a Federal Circuit amicus brief filed by former USPTO Director Kathi Vidal in *Ollnova Technologies Ltd. v. Ecobee Technologies ULC*, which is still pending, sharply criticized this practice as it misapplies the *Alice/Mayo* framework and improperly shifts legal determinations to the jury. A jury cannot properly evaluate fact issues related to Step 2 if they do not know what concepts they are supposed to exclude from its evaluation, tainting any verdict finding that the claims are patent eligible. Although the Federal Circuit did not refer to *Ollnova* in its decision, *Optis* appears to have settled this issue by clarifying how the jury should be instructed when tasked with resolving fact issues related to Step 2.

Given this guidance, we expect district courts to modify their practice to not only decide Step 1 before asking the jury to resolve Step 2, but also to inform the jury of the Step 1 determination so they can properly exclude the ineligible concept from their Step 2 analysis. To the extent the district courts do not adopt this practice, parties challenging patents based on Section 101 will have a strong argument on appeal to vacate any Section 101 decisions that did not find the patent invalid.