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McRO v. Bandai: The Return of Preemption after Alice

Three recent Court of Appeals for the Federal Circuit (CAFC) decisions seemed to be resurrecting preemption.

RECENTLY, THE COURT OF APPEALS FOR the Federal Circuit (CAFC) issued its decision in *McRO, Inc. v. Bandai Namco Games America, Inc.*, an opinion that re-emphasized the use of “preemption” in considering whether a patent claim recites eligible subject matter under 35 USC § 101, specifically under “step one” of the two-prong eligibility test set forth in *Mayo Collaborative Services. v. Prometheus Laboratories* and *Alice v. CLS Bank*.



Historically, the concept of preemption was paramount to patent eligibility. In the seminal case of *O'Reilly v. Morse*, the focus was on whether a claim is confined “to the machinery or parts of machinery” (making it eligible) or if it represented “a monopoly in [an invention's] use, however developed” (making it ineligible).

This underlying rationale was later adopted in the well-known triumvirate of the *Benson*, *Flook*, and *Diehr* cases.

In *Mayo* and *Alice*, the Supreme Court seemingly confirmed the role of preemption in the abstract idea inquiry. In *Mayo*, the Court reiterated the warning “against upholding patents that claim processes that too broadly preempt the use of a natural law.”

In *Alice*, the Court began and ended its analysis by discussing preemption, identifying “the concern that drives this exclusionary principle as one of pre-emption.”

Nonetheless, since the *Alice* decision, in many court decisions and proceedings before the Patent Trial and Appeals Board, the issue of preemption as a consideration in the eligibility test has taken a back seat, likewise in the patent examination process itself at the USPTO.

Three recent CAFC decisions, however, seemed to be resurrecting preemption, such as *DDR Holdings, LLC v. Hotels.com; Enfish, LLC v. Microsoft Corporation*; and

Bascom Global Internet Services, INC. v. AT&T Mobility LLC.

On the heels of these cases comes *McRO*, where the CAFC considered claims reciting a method of automating the lip synchronization of animated characters—a process previously done by human animators—using specific rules. The *McRO* court explicitly confirmed that when addressing eligibility the “concern underlying the exceptions to §101 is *not tangibility, but preemption.*”

In analyzing the claims of the patents in suit, the CAFC found that the specific types of rules recited prevented preemption of “all processes for achieving automated lip-synchronization of 3-D characters.” The CAFC warned that courts must be careful not to “oversimplify” the claims by failing to acknowledge the specific limitations within the claims themselves, and specifically focused on the claimed “rules with *specific characteristics*” versus the district court’s interpretation which found the claims directed to “all such rules.”

The CAFC framed the issue as whether “the claims in these patents focus on a *specific* means or method that improves the relevant technology or are instead directed to a *result or effect* that itself is the abstract idea.”

The CAFC found that the claims were directed to a specific “improvement in computer animation” and not to simply automating “conventional” activity. It specifically noted a lack of evidence showing that the claimed rules mirror the process previously used by human animators, and contrasted the claimed process with those in *Flook, Bilski, and Alice*, where the claimed process and “prior

method[s]” were “carried out in the same way.”

As supporting evidence, the CAFC cited an *amicus* brief illustrating numerous other methods utilized to accomplish the goals of the claims at issue.

As has recently been seen in other recent cases finding eligibility, the CAFC also placed significant emphasis on discussions in the patents themselves regarding the advantages of the claimed invention over existing techniques. The court particularly focused on language in the patents’ specifications that criticized prior animation techniques and described how the claimed invention remedied these deficiencies.

This evidence clearly satisfied the court that the patents were limited to a “specific” set of rule types and did not preempt other methods utilizing other animation techniques in order to provide the same result, thereby obviating the risk of preemption.

The decision in *McRO* clearly reinforces several points made in previous decisions that practitioners should take note of. One principal takeaway is that practitioners drafting software patents today should include a robust discussion of specifically how the claimed invention remedies deficiencies in the prior art.

Practitioners should work with clients to craft a discussion of existing solutions that the invention is superior to, and also explain why the invention is superior.

A second takeaway, for those fighting off eligibility challenges for issued patents, is that patent owners should argue that it is insufficient to only ask if the claims involve an abstract idea, as such

overbroad and simplistic characterizations tend to ignore technical features of the claims.

Rather, patent owners should force challengers to address the claims as an “ordered combination” of elements, without ignoring the technical requirements recited in each individual claim element.

A third takeaway is that the fact that a claimed invention is directed to a process or function that was previously performed as human activity may no longer be enough to find a claim abstract if the patent owner can demonstrate that the asserted claims are directed to a specific process to solve a specific problem in a specific way.

While patent eligibility challenges remain a significant uphill battle for patent owners, the *McRO* decision’s focus on the underlying concern of preemption in the patent eligibility analysis provides a useful roadmap for practitioners trying to obtain and enforce software patents for their clients.

This article is presented for informational purposes only and it is not intended to be construed or used as general legal advice nor as a solicitation of any type.

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