Berkheimer v. HP Inc.

Not all inventions are patentable. Abstract ideas, laws of nature, and natural phenomena fall into judicially created exceptions to subject matter that can be patented under 35 U.S.C. § 101. A series of Supreme Court rulings, culminating in the 2014 Alice Corp. decision, reinvigorated this doctrine by requiring all claims to pass a two-step analysis: (1) whether the claim is directed to patent-ineligible subject matter and (2) if so, whether there is “something more” to the claim that transforms the idea into a patentable invention.3

Following Alice, § 101 patentability challenges have become a core defense for accused infringers. Computer-implemented method patents and life science patents are particularly vulnerable to § 101 motions because they often relate to abstract ideas (such as processing data or financial information) or natural phenomena (such as the operation of the human body). And—unlike highly fact-specific invalidity, noninfringement, or unenforceability defenses—challenges under § 101 typically have been asserted at the outset of patent litigation as motions on the pleadings and decided as a matter of law.

Since 2012, district courts have decided over 600 patent-eligibility motions, over 75 percent of which were styled as motions to dismiss or motions for judgment on the pleadings. Berkheimer, as an appeal from summary judgment, was a statistical outlier from these cases. Nonetheless, the Federal Circuit’s reasoning in Berkheimer raised questions of whether patent eligibility would remain an important early (or even pre-trial) defense.

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Berkheimer concerned a patent to a method for digitally processing and archiving files.4 Following claim construction, HP moved for summary judgment that the asserted claims 1 to 7 and 9 were patent-ineligible under the abstract-idea exception. The district court granted the motion and Berkheimer appealed.

The Federal Circuit agreed with the district court that the claims were directed to the abstract idea of parsing, comparing, storing, and editing data, and therefore did not satisfy step one of the Alice analysis. The Federal Circuit also agreed with the district court as to

BUSINESS AS USUAL AFTER BERKHEIMER?

ERIC M. ACKER, JOHN R. LANHAM, AND KARINA N. PUNDEFF
**Alices** step two for claims 1 to 3 and 9, holding that Berkheimer had admitted the claimed parsers were known and conventional.

As to claims 4 through 7, however, the Federal Circuit held that there was a genuine issue of fact as to whether the claims “perform well-understood, routine, and conventional activities to a skilled artisan.” In so holding, the court pointed to portions of the patent specification that could distinguish the claimed storage techniques from those in existing asset-management systems.

In deciding that one of the primary inquiries of Alices step two could be a fact question, Berkheimer drew significant attention from the patent litigation bar and raised concerns that the ruling would open the floodgate of “factual dispute” oppositions to early stage §101 motions. The Electronic Frontier Foundation, for example, submitted an amicus curiae brief for the Supreme Court’s certiorari decision, observing that Berkheimer “threatens to undo” the Court’s work in Alice and “has consequences that go far beyond the particular facts of this case.”

Following denial of rehearing en banc, HP sought a writ of certiorari. In January 2019, the Supreme Court called for the views of the solicitor general, a development that makes certiorari substantially more likely.

**Motion Outcomes Before and After Berkheimer**

To provide one metric on the impact of Berkheimer, we looked at §101 motion outcomes before and after the Federal Circuit’s decision, based on a search of orders ruling on patent-eligibility challenges.

If Berkheimer were the significant change that some believed, we would presumably see a marked difference in motion outcomes. If anything, however, the data demonstrates the opposite. In the 12 months preceding Berkheimer, there were 131 available district court decisions granting or denying motions challenging pleadings and dispositive motions based on §101. Of those orders, 61 were granted, 53 were denied, and 17 were granted in part and denied in part: a 53 percent loss rate.

Conversely, in the 10 months post-Berkheimer, there were 126 available district court decisions on dispositive motions turning on §101. Of the 126 orders, 48 were granted, 55 were denied, and 23 were granted in part and denied in part: a 62 percent loss rate. An increased loss rate of only 9 percent after Berkheimer strongly suggests that the decision has not materially impacted the ways in which district courts actually decide patent-eligibility challenges.

### Post-Berkheimer Federal Circuit Decisions

Of course, performing a nationwide survey of motion success rate does not provide insight into the basis for those outcomes. To provide more insight on the qualitative impact of Berkheimer, we examine the particular holdings from select Federal Circuit and district court decisions.

Post-Berkheimer decisions from the Federal Circuit stop short of treating Berkheimer as a sea change. For example, the Federal Circuit in BSG Tech LLC v. Buyseasons Inc. acknowledged Berkheimer’s holding regarding factual disputes. But the court quickly distinguished Berkheimer and treated the analysis as a question of pure law. Unlike Berkheimer, the court looked to whether the purportedly inventive concept (i.e., guiding users with summary or historical usage information) was itself abstract. Concluding that it was, the court found it unnecessary to consider whether there was a factual dispute as to inventiveness. **BSG Tech’s** holding seemingly sets the outer bounds for the application of Berkheimer.

The Federal Circuit recently went a step further in a nonprecedential decision in Glasswall Solutions Ltd. v. Clearswift Ltd. In that case, seeking to take advantage of the Finjan line of cases, the patent owner both pleaded and submitted a declaration asserting that its methods were “novel” and “improve the technology used in electronic communications.” The district court nonetheless granted a motion to dismiss on §101 grounds. The Federal Circuit affirmed, ruling that the patent owner’s assertions were “not factual in nature, but conclusory legal assertions which the district court was not bound to accept as true.” As with **BSG Tech**, the Federal Circuit has indicated a reluctance to postpone eligibility rulings based on potentially manufactured issues of fact.

Similarly, the Federal Circuit in SAP America Inc. v. InvestPic LLC explicitly reaffirmed that eligibility under §101 “may be, and frequently has been, resolved on a Rule12(b)(6) or (c) motion where the undisputed facts, considered under the standards required by that Rule, require a holding of ineligibility.” The Glasswall and SAP cases may be contrasted with Aatrix Software Inc. v. Green Shades Software Inc., which issued just a week after Berkheimer. The majority opinion in that case, by Judge Kimberly A. Moore (also the author of Berkheimer), reversed the district court’s §101 dismissal on the basis of factual allegations made in the plaintiff’s proposed amended complaint.

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**District Court Decisions on Dispositive Motions Based on §101 in 12 Months Before Berkheimer**

- **Granted (61)**
- **Denied (53)**
- **Granted in part/denied in part (17)**

**District Court Decisions on Dispositive Motions Based on §101 in 12 Months After Berkheimer**

- **Granted (48)**
- **Denied (55)**
- **Granted in part/denied in part (23)**
In deciding petitions for rehearing, some Federal Circuit judges have also discussed their individual views of the issues raised by Berkheimer. In the petition for rehearing en banc of Berkheimer, five concurring judges (Judges Moore, Timothy K. Dyk, Kathleen M. O’Malley, Richard G. Taranto, and Kara F. Stoll) sought to confine the scope of the Berkheimer decision, stating that “in a situation where the specification admits the additional claim elements [beyond a law of nature or abstract idea] are well-understood, routine, and conventional, it will be difficult, if not impossible, for a patentee to show a genuine [facial] dispute.”14 The same group of judges also issued an opinion accompanying the denial of rehearing on the per se rule against threshold disputes of fact. Other denials of § 101 motions have been presented in a Berkheimer framework but were fundamentally about the movant’s failure to meet its burden. For example, in TMI Solutions v. Bath & Body Works Direct Inc., the court denied a motion to dismiss where the defendant did not establish that the asserted claims employed routine technology and where the patent specification supported the presence of an inventive concept.15 Likewise, in Guada Tech. LLC v. Vice Media LLC the district court denied a request for summary judgment where the defendant did not present authority demonstrating that the limitations were conventional.16 This, the court explained, was a “factual issue” that remained “an open question,” obligating it to deny the motion to dismiss.

Many district courts, however, have not been persuaded by patent owners’ Berkheimer arguments. Some such decisions focus on the plaintiff’s attempt to manufacture factual disputes to avoid dismissal. In Uniloc USA v. Apple Inc., the district court distinguished Berkheimer and held that “the instant motion tees up no factual dispute” over whether the claim is well understood and the that plaintiff “attempt[ed] to manufacture a factual question.”17 Similarly, the district court in Search and Social Media Partners LLC v. Facebook Inc. rejected the patent owner’s claim that factual issues prevented judgment, finding “no factual allegations here that, taken as true, prevented resolving the eligibility question as a matter of law.”18

Other decisions rejecting Berkheimer arguments have focused on the patent owner’s own admissions, either in the specification or in litigation. In DiStefano Patent Trust III LLC v. LinkedIn Corp., the court granted a motion to dismiss based on claims of the plaintiff’s admissions during oral argument and failure to allege any facts supporting an inventive concept beyond “boilerplate legal conclusion[s].”19 And in TriPlay Inc. v. WhatsApp Inc., the court found no basis in the specification for asserting an inventive concept and no concrete allegations in the complaint to fill the gap.20 The district court in Symantec Corp. v. Zscaler Inc. found a similar problem with the patent owner’s Berkheimer argument: The patents themselves did not establish that their methods were unconventional, therefore establishing that an amended complaint with further inventiveness allegations would be futile.21

Post-Berkheimer District Court Decisions

Like decisions from the Federal Circuit, district court decisions post-Berkheimer are mixed, but reflect no per se rule against threshold § 101 determinations, even where the patentee contends there are disputes of fact.

In Pure Data Systems LLC v. Ubisoft Inc.,22 the district court denied a motion to dismiss based on the presence of the plaintiff’s concrete allegations pertaining to an inventive concept under Alice step two. Other denials of § 101 motions have been presented in a Berkheimer framework but were fundamentally about the movant’s failure to meet its burden. For example, in TMI Solutions v. Bath & Body Works Direct Inc., the court denied a motion to dismiss where the defendant did not establish that the asserted claims employed routine technology and where the patent specification supported the presence of an inventive concept.23 Likewise, in Guada Tech. LLC v. Vice Media LLC the district court denied a request for summary judgment where the defendant did not present authority demonstrating that the limitations were conventional.24 This, the court explained, was a “factual issue” that remained “an open question,” obligating it to deny the motion to dismiss.

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appeals. 28 U.S.C. § 158; 1st Cir. BAP L.R. 8005-1.

In re Tempnology LLC, 559 B.R. 809, 822-23 (B.A.P. 1st Cir. 2016).


Tempnology, 879 F.3d at 402-03.

Id. The author is not suggesting the Court’s approach to statutory construction has changed in the past two years, only that analyzing more recent decisions may be more instructive.


Id. at 1759.


Appling, 138 S. Ct. at 1759.


11 U.S.C. § 546 (e) provides: “Notwithstanding sections

Key Tools in Patent Disputes continued from page 49


Id.


Click-to-Call Techs. LP v. Ingenio Inc., 899 F.3d 1321, 1336 (Fed. Cir. 2018).


Applications in Internet Time LLC v. RPX Corp., 897 F.3d 1336, 1351 (Fed. Cir. 2018).


Id. § 316(e).