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Is Subject-Matter Eligibility Really a Threshold Issue?

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The U.S. Court of Appeals for the Federal Circuit affirmed a district court's decision granting **summary judgment of invalidity on method patents covering database search technology. *MySpace v. Graphon Corp*.,** Case No. 2011-1149 (Fed. Cir. March 2, 2012) (Plager, J.) (Mayer, J., dissenting). The Court, however, spends more than 20 pages discussing the issue of subject matter-eligibility (35 U.S.C. § 101), an issue raised neither by the district court nor the parties. While the majority opinion decided the case on validity grounds under anticipation and obviousness (35 U.S.C. §§ 102 and 103), the dissent argued that the issue of subject-matter eligibility was an "antecedent question" that needed to be decided before reaching the issue of patent validity.

GraphOn's patents disclosed a method and apparatus to create, modify and search for a database record over a distributed computer network. Although the majority agreed that the patented invention falls outside of § 101 because it claims an abstract idea, it concluded that the "problem with addressing § 101 initially every time it is presented as a defense is that the answer in each case requires the search for a universal truth: in the broad sweep of modern innovative technologies does this invention fall outside the breadth of human endeavor that possibly can be patented under § 101?" The majority recognized that the Court has spent numerous pages revisiting its own cases and those of the Supreme Court and still "disagree vigorously over what is or is not patentable subject matter." Instead, the majority urges district courts to avoid the "swamp of verbiage that is § 101 by exercising their inherent power to control the processes of litigation" and insist litigants address issues of patent validity as provided by specific statutes, specifically §§ 102, 103 and 112.

Citing to the Supreme Court's decision in *Bilski*, the dissent urged that the Court must first resolve the "threshold test" of whether GraphOn's invention was a patentable "abstract idea" before turning to "subordinate issues related to obviousness and anticipation." Analogizing to Bilski's method of hedging risk in the commodities markets, the dissent reasoned that GraphOn's concept of allowing users to control the content of their online databases is "abstract" because it "simply took the concept of allowing a user to control the content and categorization of his own communications and implemented it using conventional computer technology."

Addressing head-on the Court's past view that § 101 was a "course eligibility filter" and that other patent validity requirements such as §§ 102 and 103 should also be applied to provide a more fine-grained assessment of a patent claim, the dissent argued that there is no evidence that relying on §§ 102, 103 and 112 will solve the problem of weeding out poor-quality patents.

Practice Note: The decision of the Supreme Court in the *Prometheus* case (this issue of *IP Update*), appears to support Judge Mayer to the extent the Supreme Court declined the position of the U.S. government in that case to only consider § 101 issues where a case could not be resolved by resort to other sections of the Patent Laws; i.e., §§ 102, 103 and 112.

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