

Fed. Circ. Says Database Patents Wrongly Axed Under Alice

By Ryan Davis

Law360, New York (May 12, 2016, 3:10 PM ET) -- The Federal Circuit on Thursday reversed a lower court's decision that two database patents asserted against Microsoft Corp. are invalid under Alice, finding that they are not directed to abstract ideas, but to patent-eligible improvements in computer operations.

The appeals court found that Judge Mariana R. Pfalzer of the Central District of California was wrong when she concluded in 2014 that Enfish LLC's patents on a "self-referential" database were invalid under the U.S. Supreme Court's Alice ruling for claiming only the abstract idea of "organizing information using tabular formats."

The Federal Circuit said that unlike the claims at issue in Alice, which the high court held covered only an age-old financial concept applied using a computer, Enfish's claims are patent-eligible because they are focused on improving the functioning of a computer, "not on economic or other tasks for which a computer is used in its ordinary capacity."

"We find that the claims at issue in this appeal are not directed to an abstract idea within the meaning of Alice," the appeals court wrote. "Rather, they are directed to a specific improvement to the way computers operate," something the justices said in Alice can be patented.

The Alice ruling held that abstract ideas implemented using a computer are not patent-eligible under Section 101 of the Patent Act. In finding that Enfish's claims are directed to an abstract idea, Judge Pfalzer read Enfish's claims too broadly, the Federal Circuit said, because they are not directed to any form of data, but instead to a specific type of database.

"Describing the claims at such a high level of abstraction and untethered from the language of the claims all but ensures that the exceptions to Section 101 swallow the rule," the court wrote.

The claimed invention was an improvement over existing databases because it increased flexibility, led to faster search times, and required less memory, the court said.

The court also stressed that "we do not read Alice to broadly hold that all improvements in computer-related technology are inherently abstract."

Enfish's claims are directed to a "logical model" for a computer database that includes all the data on a single table, a format the patents describe as "self-referential," as opposed to a standard database

model where each entry is in a separate table.

Enfish sold database products in the late 1990s and early 2000s and its patents claim a priority date of 1995. The company sued Microsoft in 2012, alleging that its ADO.NET product infringes. Fiserv Inc., Intuit Inc., Sage Software Inc. and Jack Henry & Associates Inc., were also named as defendants because they use Microsoft's framework.

The Federal Circuit also vacated the judge's decision that some of the claims of Enfish's patents are invalid as anticipated, but affirmed her finding that Microsoft did not infringe one of the many claims at issue. The case was remanded for further proceedings.

A representative of Microsoft declined to comment on the decision. An attorney for Enfish could not immediately be reached for comment Thursday.

The patents-in-suit are U.S. Patent Numbers 6,151,604 and 6,163,775.

Judge Richard G. Taranto, Kimberly A. Moore and Todd M. Hughes sat on the panel for the Federal Circuit.

Enfish is represented by Orion Armon, James P. Brogan and Janna Fischer of Cooley LLP.

Microsoft and the co-defendants are represented by Chad S. Campbell, Dan L. Bagatell, Elizabeth M. Banzhoff, Amanda D.W. Tessar and Theodore H. Wimsatt of Perkins Coie LLP and William J. Brown, Jr., Yuanjun Lily Li and Matthew K. Wegner of Brown Wegner & Berliner LLP.

The case is Enfish LLC v. Microsoft Corp., case number 15-1244, in the U.S. Court of Appeals for the Federal Circuit.

--Editing by Jeremy Barker.