

More Than Lip (Sync) Service: McRO's Guidance For USPTO

Law360, New York (October 26, 2016, 3:03 PM EDT) -- On Sept. 13, 2016, the Federal Circuit issued its decision in *McRO Inc. v. Bandai Namco Games America Inc., et al.*, Nos. 2015-1080-1090, 1092-1101, ___ F.3d ___, 2016 WL 4896481 (Fed. Cir. Sept. 13, 2016), reversing the Central District of California, and finding the patents-at-issue covered patentable subject matter under 35 U.S.C. § 101. In doing so, the Federal Circuit reiterated and reconfirmed certain rules on patent eligibility.



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In brief, the Federal Circuit (1) reiterated its caution against oversimplifying patent claims to the point that any invention becomes abstract,[1] (2) held that the claim elements must be read as an “ordered combination,”[2] (3) held that if claimed rules concern a “genus,” then there may be a greater risk of preemption but not necessarily to the extent of unpatentability,[3] and (4) reconfirmed the importance of analyzing the claimed results (in *McRO* this was the automation of accurate and realistic lip synchronization).[4] *McRO* should form the basis for the United States Patent and Trademark Office to update its 2014 interim eligibility guidance (IEG).[5]

Since the U.S. Supreme Court’s holding in *Alice Corp. v. CLS Bank International*, 573 U.S. ___ (2014), the USPTO has made efforts to articulate the parameters of patent eligibility. On June 19, 2014, six days after *Alice* was published, the USPTO issued preliminary examination instructions that delineated an approach to evaluating patent eligibility incorporating *Alice*’s guidelines.[6] Subsequently, the USPTO issued a 2014 IEG, various memoranda on particular judicial decisions, two further eligibility updates to be read together with the 2014 IEG, several attendant Federal Register comment periods, and worksheets covering the various Section 101 issues — each attempting to clarify to USPTO examiners the evolving issue of patent eligibility.[7]

More recently, the USPTO issued the May 2016 subject matter eligibility update.[8] And in the months since, the USPTO also issued memoranda on significant eligibility cases (*Enfish*, *TLI*, *Rapid Litigation Management* and *Sequenom*). Now, *McRO* provides further guidance relevant to examination procedures that would benefit USPTO examiners.

First, although not unique to *McRO*, the admonition not to “oversimplify the claims” often gets overlooked, if not ignored. Avoiding this error in *McRO*, the court looked at the expressed claims, emphasizing the need to account for the “specific requirements of the claims.” The court noted that the claims recite “meaningful requirements” for the claimed rules. Consequently, the USPTO should require its examiners to focus on the expressed claims rather than attempting to analogize them to another, unclaimed activity. By instructing examiners to look at what the claims are specifically directed to, the USPTO will focus its examiners on the key takeaway in *McRO* — which is to determine in the first instance if the expressed claim is directed to an abstract idea rather than to try to determine what abstract idea fits the claim. At the most general, all claims can be analogized to abstraction.

Continuing with its focus on the specificity of the express claim language, the Federal Circuit instructed that “in determining the patentability of a method, a court must look to the claims as an ordered combination, without ignoring the requirements of the individual steps[.]”[9] Again, it is “specific claimed features” that will produce an invention’s improvement. Such guidance is simple to relate to examiners and relatively straightforward to put into practice.

Third, McRO examined the claimed rules as a family, or genus, as part of its preemption analysis. While the concept of “genus” claims usually pertains to claim analysis under 35 U.S.C. §112, here the court found it relevant in the §101 context. The Federal Circuit noted that “[i]t is self-evident that genus claims create a greater risk of preemption” but “this does not mean they are unpatentable.”[10] The Federal Circuit reviewed the limitations of the claimed rules and concluded that the claimed rules did not preempt “all techniques for automating 3-D animation that rely on rules” because the claims expressed specific types of rules.[11] Following this reasoning, method claims that recite a limitation including the use of a particular genus of “rules” or techniques should be evaluated based on whether specific claim elements further limit the claim (e.g., if other (nonpatented) rules exist that could achieve similar results). Examining the specific nature of such “rules” limitations will direct the preemption analysis, further focusing the § 101 analysis. In its May 2016 subject matter eligibility update, the USPTO appeared to minimize the importance of preemption in the § 101 analysis (stating that “Questions of preemption are inherent in and resolved by the two-part framework from *Alice Corp. and Mayo*”). McRO cautions against such outright rejection and teaches that, in the context of a broader inquiry regarding claims directed to a “genus,” a lack of complete preemption of the “genus” would be relevant.

Finally, McRO informs that a method that “goes beyond merely ‘organizing [existing] information into a new form’” and involves specific rules to produce “desired results: a sequence of synchronized, animated characters[.]” meets the requirements for patentability.[12] Reviewing the claimed results in the context of a method claim provides a more dynamic approach to determining the eligibility of method claims that may not be tied to something tangible. Such an analytical framework should be required for examination of all software claims/patents.

McRO’s focus on step one of the *Alice* test, its view of the claims in their entirety and as an ordered combination, its analysis of preemption in the context of rules that form a genus, and its evaluation of the results produced by the method being claimed should enable the USPTO to provide substantive and meaningful guidance to its examiners for reviewing applications that implicate the issues raised by *Alice*.

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DISCLOSURE: Mark Raskin serves as current trial counsel for McRO.

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[1] McRO, 2016 WL 4896481 at *7.

[2] Id.

[3] Id. at *8.

[4] Id. at *9.

[5] See <https://www.uspto.gov/patent/laws-and-regulations/examination-policy/2014-interim-guidance-subject-matter-eligibility-0> (collected USPTO guidance post-Alice).

[6] See n.1, *supra*.

[7] Id.

[8] Id.

[9] McRO, 2016 WL 4896481 at *7.

[10] McRO, 2016 WL 4896481 at *8.

[11] McRO, 2016 WL 4896481 at *9.

[12] Id.

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