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Fed. Circ. Urged To Keep Lip-Synch IP Ruling Under Alice

By **Kevin Penton**

Law360, New York (December 14, 2016, 4:33 PM EST) -- The holder of software patents for lip-sync animation technology urged the Federal Circuit on Wednesday to not rehear its September decision that found the asserted claims patent-eligible under Alice, arguing that Electronic Arts and other gaming companies are trying to gin up a fact-specific decision into a legal controversy that doesn't exist.

The game makers are wrong to argue that the Federal Circuit should rehear the case because the appellate court panel allegedly created a "safe harbor" for technological ideas, as the court simply followed precedent for abstract claims as set by Alice Corp. v. CLS Bank International, a 2014 U.S. Supreme Court decision that held that abstract ideas implemented using a computer are not eligible for a patent, asserted McRO Inc. in its brief.

Rather than rehear the case and follow the defendants' quest for "sweeping, categorical declarations," the Federal Circuit should recognize that the panel's decision was solidly based on legal precedent and on the specific facts of the dispute, McRO argued.

"Case by case, this court has faithfully applied the Supreme Court's two-step Alice framework," the brief reads. "Defendants provide no reason to pretermit that process now in favor of broad en banc pronouncements."

The appellate court panel **reversed** a California federal court's **invalidation** of the claims, determining that because the patents describe an ordered set of claimed steps that use "unconventional" rules in a specific way, the claims are not abstract under Alice.

McRO's patents combine rules for sounds, facial expressions and conversational timing to automate the process of animating the face of a character who is speaking, according to the September opinion. The patents create a new automated process that replaces what the company described as a "tedious and time consuming" and "inaccurate" manual process previously used by animators, according to the opinion.

Software companies such as Electronic Arts Inc. and Capcom USA Inc. have argued that the asserted claims were invalid because they were simply an automated version of what animators previously did, according to the opinion. The companies also argued during **oral arguments** in December 2015 that McRO's claims did not actually disclose its methods, as any process for automated lip-sync animation would have to use the same general rules McRO did.

The Federal Circuit disagreed, holding that the "description of one set of rules does not mean that there exists only one set of rules, and does not support the view that other possible types of rules with different characteristics do not exist."

Given that combining sounds and facial expressions is a very complex process, it is possible that other entities could develop a series of steps and rules distinct from the process that McRO sought to patent, the Federal Circuit held.

“By incorporating the specific features of the rules as claim limitations, claim 1 is limited to a specific process for automatically animating characters using particular information and techniques and does not preempt approaches that use rules of a different structure or different techniques,” the panel wrote.

In their **en banc bid** in October, the gaming companies pointed to the court's holding that a McRO patent was patent-eligible, in part, because it was a technological improvement over existing animation techniques. The companies asked whether a safe harbor exists for otherwise patent-ineligible ideas if they are considered to be technological improvements.

“The question is fundamental to this court’s application of Supreme Court precedent and has floated below the surface of recent decisions,” the group wrote, arguing it needed to be “squarely resolved.”

The companies said the panel’s decision also called into question the standard the Federal Circuit will apply in assessing preemption, or whether a patent prohibits other uses of the idea. And they urged the court to clarify whether it can engage in original claim construction or fact-finding as to the preemptive effects of claims for the first time on appeal, without briefing by the parties.

“These are fundamental questions in this court’s review of patent eligibility going forward and should be resolved en banc,” they wrote. “In an area of law this important and this in flux, each of these questions is too important to gloss over.”

Counsel for the parties could not be reached for comment on Wednesday.

The patents-in-suit are U.S. Patent Numbers 6,307,576 and 6,611,278.

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The case is McRO Inc. v. Bandai Namco Games America Inc. et al., case number 15-1080, in the U.S. Court of Appeals for the Federal Circuit.

—Additional reporting by Matthew Bultman. Editing by Joe Phalon.

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