

Berkheimer v. HP Inc.

881 F.3d 1360 (Fed. Cir. 2018)

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BACKGROUND

This case arose from an infringement claim of the U.S. Patent 7,447,713 (“Patent 713”) which is a patent that relates to processing and archiving files in a digital asset management system. The system organizes the files into objects and tags the objects to create relationships between them. The system then compares those objects to pre-coded rules to find any variations. The system can reduce redundant texts and graphics, which decreases storage costs and increases overall operating efficiency. It also allows mass editing of the objects with a find-and-edit process.

PROCEDURAL HISTORY

Steven E. Berkheimer, the holder of Patent 713, filed a suit against HP Inc., asserting that HP was infringing Patent 713’s claims 1-7 and 9-19. Based on a *Markman* hearing, the District Court of the Northern District of Illinois found that Patent 713’s claim 10 had an indefinite term thereby rendering claim 10 and its dependents, claims 11-19, invalid. Specifically, after reviewing the evidence, the district court held that the “minimal redundancy” requirement in claim 10 is not objectively clear for an ordinarily skilled person in the art.

HP subsequently moved for summary judgment asserting that claims 1-7 and 9 of Patent 713 were ineligible under § 101 of the Patent Act. Claims directed to laws of nature, natural phenomena and abstract ideas are not patent eligible because patent protection does not extend to claims that monopolize the building blocks of human ingenuity.¹ The district court granted HP’s motion for summary judgment. It held that claim 1 of Patent 713 was directed to a patent ineligible concept, the abstract idea of using a generic computer to collect, organize, compare, and present data for reconciliation prior to archiving. Because the district court treated claim 1 as a representative claim, its dependent claims, 2-7 and 9, were also invalidated.

Berkheimer appealed both the district court’s *Markman* hearing determination and its decision on HP’s § 101 motion for summary judgment.

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1. Berkheimer v. HP Inc., 881 F.3d 1360, 1366 (Fed. Cir. 2018).

ISSUE

The United States Federal Circuit Court of Appeals first addressed whether the district court based its determination of indefiniteness on sufficient evidence. Second, the Federal Circuit addressed whether the district court erred in concluding that there were no underlying factual questions regarding the patentability of Patent 713 under § 101.

DECISION

The Federal Circuit held that there was sufficient evidence to support a holding that the language in claim 10 was indefinite; specifically because HP provided expert testimony supporting a finding of indefiniteness and Berkheimer failed to provide any evidence to refute. The Federal Circuit then applied the two-step *Alicetest* and concluded that albeit the fact that eligibility of patent is an issue of law, the fact that the district court held there was no issue of fact to be addressed was incorrect. Specifically, the Federal Circuit determined that summary judgment was improper as to claims 4-7 being ineligible given the fact that the specification's disclosure creates questions of 'unconventional invention.' However, the district court was correct in its grant of summary judgment that claims 1-3 and 9 of Patent 713 were ineligible under § 101.

REASONING

First, the Federal Circuit analyzed the district court's indefiniteness determinations de novo. Under 35 U.S.C. § 112, patent claims must be particular, or not indefinite. The district court held that "archive exhibits minimal redundancy" language in claim 10 of Patent 713 was indefinite because the intrinsic evidence leaves a person skilled in the art with a highly subjective meaning of "minimal redundancy."² The Federal Circuit found no clear error because HP provided sufficient evidence supporting the notion that the plain language in claim 10 was not clear enough to explain the acceptable level of redundancy in the archive. Specifically, the district court based its finding on HP's expert's testimony while Berkheimer failed to provide rebutting evidence and was unable to explain how much redundancy was permitted. In light of the lack of an objective boundary or specific examples of what constitutes "minimal" in the patent's claims, specifications, and prosecution history, the Federal Circuit affirmed the district court's indefiniteness determination for claim 10 and its dependents.

Next, the Federal Circuit addressed whether Berkheimer waived his right to separately argue the eligibility of the dependent claims after the district court treated claim 1 as a representative claim. The district court treated claim 1 as a representative claim because Berkheimer asserted claim 1 as an independent claim, and he focused all of his primary arguments on claim 1.

2. *Id.* at 1363.

Courts may treat a claim as a representative claim, for example, when the parties consent to consider a claim as representative. Other times, they may treat a claim as a representative claim when the patentee does not present any meaningful argument for the distinctive significance of any claim limitation not found in the representative claim.³

In the opposition brief to the motion for summary judgment, Berkheimer asserted that claim 1 was not representative of the limitations listed in the dependent claims. He also argued that the subject matter in the dependent claims were patent eligible concepts, and claim 1 did not recite the same concepts as those dependent claims. Therefore, the Federal Circuit pointed out that first, a claim is not representative by the mere fact that it is an independent claim. Second, that Berkheimer raised separate arguments regarding the dependent claims. Hence, it held that Berkheimer never agreed to make claim 1 representative and he never waived his ability to argue that those dependent claims were separately patent eligible.

The Federal Circuit next turned to the § 101 patentability inquiry. Under § 101 of the Patent Act, anyone who invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof may obtain a patent, but claims directed to laws of nature, natural phenomena, and abstract ideas are not patent eligible.⁴ The Supreme Court, in *Alice*,⁵ provided a two-step test for distinguishing between claims that demand patent ineligible subject matter and those that integrate the building blocks into something more.⁵ The first step involves determining whether the claims at issue are directed to a patent ineligible concept.

In analyzing the first *Alice* prong, the district court held that claim 1 is directed to the abstract idea of reconciling data for archiving by collecting, organizing, comparing and presenting data on a generic computer. Berkheimer argued that because the district court overlooked the basic features of the claims, it categorized the invention too broadly and simplistically. He argued Patent 713's claims were not abstract because the "parsing" limitation roots the claims in technology and transforms the data structure from source code to object code.⁶ However, according to the Federal Circuit, Berkheimer failed to demonstrate non-abstractness. While the mere limitation of inventions to technical environments will not render them non-abstract, no evidence is presented to prove that Berkheimer's system improved the functionality of computers. Ultimately, the Federal Circuit held that claims 1-3 and 9 were directed to the abstract idea of parsing and comparing data; claim 4 was directed to the abstract idea of parsing, comparing, and storing data; and claims 5-7 were directed to the abstract idea of parsing, comparing, storing, and editing data.⁷

3. *Id.* at 1365.

4. *Id.* at 1366.

5. *See Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014).

6. *Berkheimer*, 881 F.3d at 1367.

7. *Id.*

The second part of the § 101 analysis checks the elements of each claim both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent eligible application.⁸ This second *Alia* prong is satisfied when the claim limitations involve more than performance of well understood, routine, and conventional activities previously known to the industry.⁹ In that regard, the Federal Circuit determined that the district court's summary judgment was incorrect because whether "reducing redundancy" and "find-and-edit" are well-understood or routine is a genuine issue of material fact. Not every § 101 determination contains genuine disputes over the underlying facts material to the § 101 inquiry. While whether a claim provides patentable subject matter or not is an issue of law, it nonetheless may also involve questions over the underlying facts. Only when there is no genuine issue of material fact regarding whether the claim element or claimed combination is well-understood, routine, conventional to a skilled artisan in the relevant field, can this issue be decided on summary judgment as a matter of law.

Here, however, HP offered no evidence with regards to whether the claimed invention is well-understood, routine, and conventional and the mere fact that something is disclosed in a piece of prior art does not mean it was well-understood, routine, and conventional. Berkheimer argues that these claims increase computer functionality in a way that prior art does not, which would count as "inventive features" and grant patentability. The Federal Circuit concluded that claim 1 does not speak to these improvements, only to abstract parsers and comparing data and thus it held that those claims are ineligible for patent protection, along with claims 2, 3, and 9.

The specifications pointed out under claims 4-7, on the other hand, pause limitations to the 'unconventional inventive concept.' These claims recite a specific method of archiving that, according to the specification, provides benefits that improve computer functionality. Ultimately, the Federal Circuit determined that at this stage of the case there was at least a genuine issue of material fact in light of the specification regarding whether claims 4-7 archive documents in an inventive manner that improves these aspects of the disclosed archival system.¹⁰ As a result, summary judgment was inappropriate with respect to these claims.

Finally, the federal Circuit declined to decide whether claims 4-7 are patentable under § 101 and remanded the case for further proceedings.

8. *Id*

9. *Id*

10. *Id* at 1370.