

In This Issue

- Go Ask Alice... If You Can Patent Your Computer-Implemented Invention..... Page 1
- Intellectual Property Issues Relating to Mobile Application Development..... Page 2
- First Action Interview Pilot Program: A Helpful Tool for Advancing Patent Prosecution..... Page 3
- MVS Filewrapper® Blog..... Page 4
- We're There Page 4

GO ASK ALICE... IF YOU CAN PATENT YOUR COMPUTER-IMPLEMENTED INVENTION

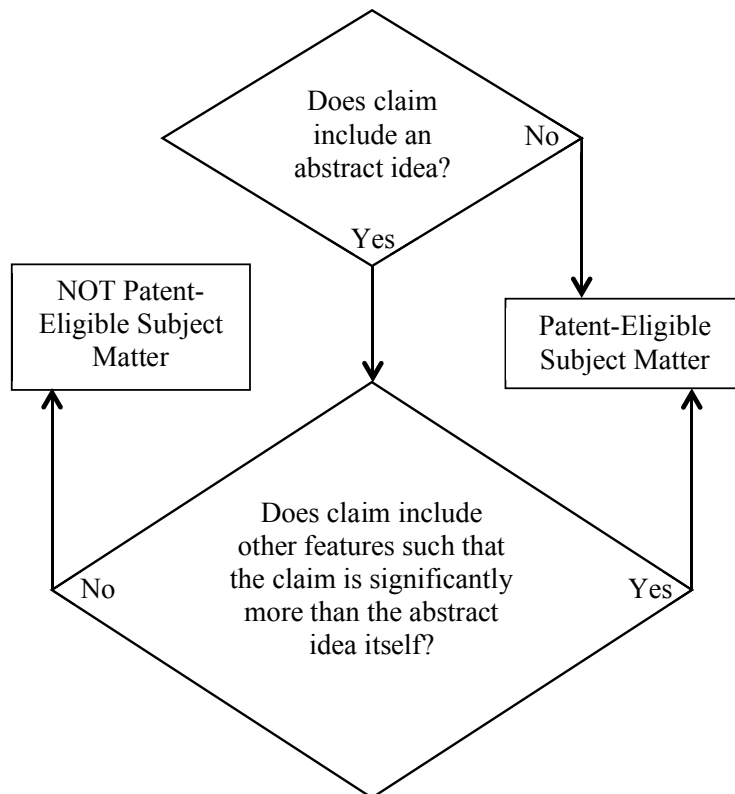
By Mike Gilchrist

In June, The United States Supreme Court confirmed the invalidity of four computer-implemented financial services patents directed to “a computerized scheme for mitigating ‘settlement risk’—i.e., the risk that only one party to an agreed-upon financial exchange will satisfy its obligations” in [Alice Corporation v. CLS Bank International](#). The unanimous opinion sets forth a framework for analyzing computer-implemented patents (and other patents), that are arguably directed to subject matter that is not eligible for patent protection.

The Court announced a two-step process. The first step is to determine whether the claims are directed to an abstract idea. The second step is to determine whether despite including a patent-ineligible concept, the claims as a whole include features that assure that the patent in practice amounts to “significantly more than a patent upon the ineligible concept itself.”

The Court determined that the patent claims in [Alice](#) were directed to “the abstract idea of intermediated settlement.” The Court then checked whether the claims added other features such that the claims as a whole were nevertheless directed to more than just the idea of intermediate settlement. The claims added nothing more than generic recitations of standard computer hardware and well-known computing processes. Therefore, the Court struck down all of the claims of the patents.

Graphically, the [Alice](#) analysis looks like this:



The Secret's Finally Out!

We can now tell you we have...

- 16 patent attorneys
- More Federal Circuit appearances than any other Iowa office
- Two former U.S. Patent Office Examiners
- One U.S. Supreme Court Victory
- Three former Federal law clerks
- Ten different types of science/engineering degrees, including four advanced degrees

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WHAT YOU SHOULD ASK ALICE

The Patent Office has issued Preliminary Examination Instructions to its Examiners in light of the Alice decision. With respect to determining whether the claims are directed to an abstract idea in the first step of the analysis, the Patent Office recognizes that Examiners should be careful not to apply this test too broadly because “at some level, all inventions embody, use, rest upon or apply abstract ideas.” Examples of concepts that trigger the abstract idea analysis include: fundamental economic practices, certain methods of organizing human activities, and mathematical relationships and formulas.

With respect to determining whether the claim amounts to something significantly more than the abstract idea itself in the second step, the Patent Office counsels its Examiners to consider the following factors:

“Significantly More” (Patent Eligible)	Not “Significantly More” (Not Patent Eligible)
Improvements in another technology or technical field	Adding the words “apply it” (or an equivalent) with an abstract idea
Improvements to the functioning of the computer itself	Mere instructions to implement an abstract idea on a computer
Meaningful limitations beyond linking the use of an abstract idea to a particular technological field	Requiring no more than a generic computer to perform generic computer functions that are well-understood, routine and conventional activities in the industry

On its face, the Alice case appears somewhat unfriendly to computer-implemented inventions. However, past cases in this area that initially appeared harmful to computer-implemented inventions have actually proven helpful to parties seeking patents by providing useful guidelines.

We will continue to monitor Patent Office practice and court ruling related to patent eligible subject matter to keep abreast of the latest developments. While the Alice case may create some initial confusion in the courts and the Patent Office, it is likely that many computer-implemented innovations will still benefit from patent protection. The best practices for describing and claiming such inventions may need to shift to focus on the features that are “significantly more” than any abstract ideas embodied in the innovations. Additionally, computer-implemented innovations can still be protected by copyrights, trademarks and trade dress, and design patents, which are unaffected by the Alice analysis.

As always, if you have any questions about how to protect your computer-implemented innovations, contact your MVS attorney.

INTELLECTUAL PROPERTY ISSUES RELATING TO MOBILE APPLICATION DEVELOPMENT

By Bruce A. Johnson

Developing mobile applications or “apps” is not unlike other types of software development, although the relatively small financial and technical barriers to entry sometimes cause mobile app developers to overlook legal matters such as IP protection and IP risk management. This article discusses the most common IP issues relating to IP protection and third party IP rights. Note that there are numerous other legal issues to consider during mobile app development (e.g., business entity formation, liability, contractual obligations, terms of use and privacy agreements, etc.) that this article does not address.

As a business owner, it is essential to ensure that all IP that your business develops (patents, copyrights, trademarks, etc.) is owned by the business. Under US copyright laws, absent a proper written agreement, a non-employee software developer may retain copyright or patent rights for works created by the non-employee developer. The same applies to non-employee artists, graphic designers, etc. If any development of a mobile app is outsourced, it is essential to execute a written contract that unambiguously assigns all developed IP to the business. For employees, it is also best to include IP assignment clauses in employment contracts, in case the employee’s status as an “employee” versus “independent

contractor” ever arises.

The name of an app, as well as proprietary terms, logos, slogans, etc. used in an app should be protected. At a minimum, every proprietary trademark should be identified with a common law trademark designation (“™”). Ideally, every important trademark should be registered with the USPTO. Prior to releasing an app, it may also be beneficial to conduct a trademark clearance search, to minimize the risk of infringing the mark of a third party.

Depending on the nature of an app, patent protection may be available, assuming that the invention(s) contain patentable subject matter; are novel, and are nonobvious. It is best to file patent applications prior to the release of an app. This is even more important if patent protection is desired in foreign countries. One aspect that is somewhat unique to mobile app development relates to the relatively short life cycle of a typical mobile app. Since a software patent application may take several years to issue, it is common for the life cycle of an app to be over by the time the patent issues. However, under the current USPTO rules, prioritized examination is available, upon payment of a government fee, of course. A patent prosecuted under the

prioritized examination schedule can potentially issue in twelve months or less.

In addition to protecting your own IP, it is important to manage risks involved with third party IP. For example, it is important to scan your app for images, graphics, video, text, or other copyrightable or trademarked works owned by third parties. Some mobile apps are designed to enable user-added content. Although risks involved with user-added content are beyond the scope of this article, it is important to understand how to minimize your liability for user-added content which is defamatory, infringing or otherwise unlawful.

Although it is impossible to identify all potential patent infringement risks, any known patents in the relevant space should be studied to assess infringement risk. It may also be beneficial to conduct a freedom-to-operate patent search to identify patent infringement risks.

If a mobile app ties into a third party platform (e.g., Facebook®, Twitter®, Google Maps®, etc.), you expose the success of the app to the actions of the third party. If the mobile app does not comply with the third party's terms of use, or otherwise upsets them, the third party can block access to their APIs and/or modify their terms of use to your detriment.

If any open source software is used in mobile app development (whether by an employee or outside contractor), it is important to comply with the relevant license agreement. Typically, open source software is subject to one of several standard license agreements (e.g., GPL, LGPL, etc.). Violation of an open source software license (whether intentional or innocent) may result in copyright damages, statutory damages and attorneys' fees, injunctive relief, and the forfeiture of the license.

While mobile app development is often treated differently than other types of software development, the best practice is address legal issues in the same manner as one would with other types of software development.

FIRST ACTION INTERVIEW PILOT PROGRAM: A HELPFUL TOOL FOR ADVANCING PATENT PROSECUTION

By Jonathan Kennedy

The United States Patent & Trademark Office's (USPTO) pilot program entitled, the First Action Interview Pilot Program has proven helpful and popular for advancing the prosecution of patent applications. The First Action Interview Pilot Program allows Applicants to request an interview with the examiner prior to the first Office Action on the merits. The program was originally only scheduled to run until April 1, 2011 and has been extended multiple times. The last time it was extended, the extension was indefinite. The program has been widely popular and data collected indicates that in many applications it may have benefited the prosecution.

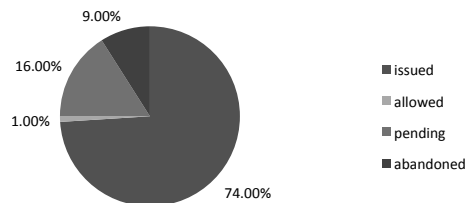
An application is eligible for the First Action Interview Pilot Program when: (1) the application has no more than three independent claims and twenty claims in total with no multiple dependent claims; (2) is directed to a single invention; and (3) a first

Office Action on the merits has not yet been mailed. Furthermore, the request must be submitted at least one day before a first Office Action on the merits. There are additional requirements relating to formalities with the USPTO filing system and later abandonment of the application. If eligible and timely submitted, the request will provide an interview between the Applicant's attorney and the examiner. Prior to the interview the examiner is supposed to conduct a prior art search and provide Applicant with "a condensed pre-interview communication citing relevant prior art and identifying proposed rejections or objections." During the interview, Applicant's attorney and the examiner are able to discuss the proposed rejections and objections, prior art, and any proposed amendments or arguments relating to the claims or cited references. There are three possible outcomes: (1) an agreement is reached and all claims are in condition for allowance; (2) an agreement is not reached and the examiner will mail a first Office Action, including an interview summary; or (3) an agreement is not reached as to allowability, but applicant wishes to submit an amendment addressing the examiner's proposed rejections and objections provided prior to the interview.

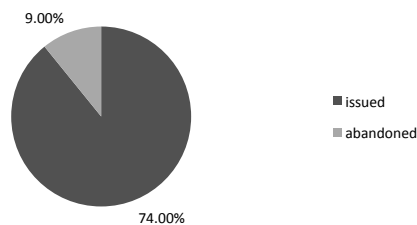
Participating in the interview program provides a number of potential benefits. First, it allows the applicant to clarify and discuss the invention and claim scope with the examiner at the outset of examination. This can help prevent misunderstandings relating to the technology, which can focus the prosecution. Second, it allows the applicant a chance to advance the prosecution at the outset by providing amendments prior to a first Office Action. Third, it provides an opportunity for possible early allowance. Various studies have been performed summarizing data regarding the number of Office Actions, percent of applications that issue, and average pendency at the USPTO for examination of applications where the First Action Interview Pilot Program was used in contrast with those where it was not. Overall, the data as of December 3, 2013 shows applications that utilized the First Action Interview Pilot Program had:

1.) Higher issuance percentages on average (compare 84% of First Action Interview Pilot Program Applications with 74% of total applications). The figures below demonstrate this graphically.

Status of First Action Interview Pilot Program Applications



Examiner Average: Issued vs. Abandoned



- 2.) Shorter average pendency at the USPTO (50% of all applications utilizing the First Action Interview Pilot Program issued within 3.3 years, while 50% of total applications issued within 4.1 years).
- 3.) Additionally 83% of applications participating in the First Action Interview Pilot Program received one or fewer Office Actions.

It cannot be said that use of the First Action Interview Pilot Program will guarantee an earlier allowance, less Office Actions, or less pendency. However, the data does demonstrate that on average, use of the Pilot does advance prosecution. If it is something that you are interested in, please speak with your MVS attorney about the program to see if your application is eligible.

MVS FILEWRAPPER® BLOG

McKee, Voorhees & Sease maintains the Filewrapper® blog at www.filewrapper.com. The blog is regularly updated to report on topics such as recent intellectual property case law, legislation, proposed legislation, administrative policies, and other intellectual property developments. We consciously refrain from expressing opinions on this blog and instead, offer it as a form of information and education.

We have always been proud of the fact that the content is original content authored by MVS attorneys. Although there are many contributors, Daniel Lorentzen, Ph.D coordinates efforts and is also the firm's most prolific contributor.

We encourage clients interested in intellectual property developments to visit or subscribe to the blog.

WE'RE THERE

July 14-16

Heidi Nebel, Kyle Coleman and Dan Lorentzen presented while Cory McAnelly attended the Central Regional Meeting of the Association of University Technology Managers (AUTM) in St. Louis, Missouri.

July 24

Kyle Coleman attended the TEDxFargo Conference in Fargo, North Dakota.

August 4

Jeff Harty, Kyle Coleman and Luke Mohrhauser played in the fundraising golf tournament benefiting the Boys and Girls Club and the First Tee program in Benton Harbor, Michigan.

August 10-14

Jonathan Kennedy and Dan Lorentzen attended the American Chemical Society's Fall National Meeting in San Francisco, California.

August 26-28

John Goodhue, Mike Gilchrist and Luke Mohrhauser attended the Farm Progress Show in Boone, Iowa.

September 16-18

Heidi Nebel and Jill Link will attend the Livestock Biotech Summit conference on *Developing Global Solutions Through Animal Biotechnology* in Sioux Falls, South Dakota.

September - November

Cory McAnelly will be coaching Middle School Mock Trial at Woodside Elementary in Des Moines, IA.

October 3

Several attorneys will attend the Iowa Intellectual Property Law Association (IIPLA) meeting at the World Food Prize Foundation in Des Moines, Iowa. Kyle Coleman is President of IIPLA for 2014.

November 13-15

Kirk Hartung will attend the LEGUS Fall meeting in Austin, Texas.

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