

BUYSAFE, INC. v. GOOGLE, INC., Appeal No. 2013-1575 (Fed. Cir. September 3, 2014).  
Before Taranto and Hughes. Appealed from D. Del. (Judge Stark).

Background:

buySAFE sued Google for infringing claims of its patent directed to a computer-implemented method of "guaranteeing a party's performances" of an online transaction. The claimed method (1) receives a request for a "performance guaranty," (2) underwrites the request, and (3) offers, by the computer, a transaction guaranty. Google alleged that the claims were invalid under 35 U.S.C. §101. The district court agreed with Google and held that the method claims were subject matter ineligible under 35 U.S.C. §101 because: (i) they describe a well-known, and widely-understood concept—a third party guarantee of a sales transaction—and were applied using conventional computer technology and the Internet, (ii) the computer is only used for processing—a basic function of any general purposed computer, and (iii) they do not require specific programming and are not tied to any particular machine. buySAFE appealed.

Issues/Holdings:

Did the district court err by finding the claims directed to a method of providing a "performance guaranty" subject matter ineligible? No, affirmed.

Discussion:

On appeal, buySAFE argued that the district court erred in finding that the claims were subject matter ineligible.

The Federal Circuit applied the Supreme Court's framework for identifying patent-ineligible claims. Relying on *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, the Federal Circuit noted that claims that directly read on matter in the three identified judicial exceptions to patent eligibility fall outside of §101 (*i.e.*, laws of nature, natural phenomena, and abstract ideas). Relying on *Alice v. CLS Bank*, the Federal Circuit further acknowledged that claims are patent-ineligible that by their terms read on a machine, manufacture, composition of matter, or process, if: (a) the claims are directed to matter in one of the three excluded categories, and (b) the additional elements of the claims do not supply an "inventive concept" (*i.e.* a new and useful application of the ineligible subject matter).

Regarding buySAFE's claims, the Federal Circuit held the claims ineligible under 35 U.S.C. §101 because they: (i) are directed to essentially a method of creating a contractual relationship—a "transaction performance guaranty," (*i.e.*, an abstract idea) and (ii) are directed to generic computer processing, as they do not improve the computer itself or a technological field.