

CONTENT EXTRACTION & TRANSMISSION LLC v. WELLS FARGO BANK, NAT'L ASS'N, Appeal Nos. 2013-1588, 2013-1589, 2014-1112, and 2014-1687 (Fed. Cir. December 23, 2014). Before Dyk, Taranto, and Chen. Appealed from D.N.J. (Judge Shipp).

Background:

Content Extraction & Transmission (CET) sued PNC and Wells Fargo for infringement of four patents that related to a method of (1) extracting data from hard-copy documents using a scanner, (2) recognizing specific information in the extracted data, and (3) storing that information into memory. PNC moved to dismiss the complaint under Rule 12(b)(6) on the grounds that each claim of the asserted patents was invalid under 35 U.S.C. §101. The district court granted the motion and dismissed the complaint. CET appealed.

Issue/Holding:

Did the district court err in holding the claims patent ineligible and granting PNC's motion to dismiss? No, affirmed.

Discussion:

The Federal Circuit analyzed the representative claims under the two-step framework of *Mayo* and *Alice*. Under this test, the Federal Circuit first determined that the claims were "directed to" a patent-ineligible abstract idea. In particular, the court noted that data collection, recognition, and storage are well-known tasks. For example, banks perform these tasks when tellers review checks and manually record information such as the account information and deposit amount. The court therefore held that the claims were directed to an abstract idea: the basic concept of data recognition and storage.

The Federal Circuit next considered whether the elements of the claims (individually and in combination) transform the claims into "significantly more" than the abstract idea. The court found that the recitation of a computer and a scanner was not sufficient to establish an "inventive concept." The court determined that the claims merely recited existing scanning and processing technologies that perform well-understood and conventional activities (extracting data from documents). In fact, CET conceded that at the time of filing, the use of scanners to extract information and computers to translate printed shapes into typeface was well known. Accordingly, the Federal Circuit held that the representative claims were patent ineligible.

The Federal Circuit additionally concluded that the district court was correct to only analyze the representative claims rather than each claim of the asserted patents. CET never challenged the selection of the representative claims or identified any other claims purportedly containing an inventive concept. The court also found that the claims were substantially similar in that they recited "little more than the same abstract idea." Accordingly, the court held that there was no need to analyze every dependent claim.

The court also confirmed that claim construction is not a prerequisite to conducting a validity determination under §101. Instead, the determination of patent ineligibility only requires an understanding of the "basic character" of the claimed subject matter, which can be determined without conducting extensive fact discovery or submitting expert testimony. Because the "basic character" of the claims was determined to be patent ineligible even when the claims were interpreted in a manner most favorable to CET, the Federal Circuit affirmed the district court's decision.