

AATRIX SOFTWARE, INC. v. GREEN SHADES SOFTWARE, INC., Appeal No. 17-1452 (Fed. Cir. Feb. 14, 2018). Before Reyna, Taranto, and Moore. Appealed from M.D. Fla. (Judge Schlesinger). (Motion to File Amended Complaint)

Background:

Aatrix owns two patents with the same specification that are both directed to systems and methods for designing, creating, and importing data into a viewable form on a computer so that a user can manipulate the form data and create viewable forms.

Aatrix sued Green Shades for infringement of its patents. However, the district court ruled, prior to claim construction, that all of Aatrix's claims are invalid under §101. The district court held that the claims are directed to the abstract idea of "collecting, organizing, and performing calculations on data to fill out forms: a fundamental human activity that can be performed using a pen and paper." The district court did not perform the *Alice/Mayo* analysis on claim 1 of Aatrix's '615 patent, although it did perform the *Alice/Mayo* analysis on the remaining claims in both of Aatrix's patents.

After the district court's ruling, Aatrix requested leave to file a second amended complaint. Aatrix argued that the second amended complaint contained additional allegations and evidence that would have precluded a dismissal under §101. The district court denied Aatrix's motion.

Issue/Holding:

Did the district court err in denying Aatrix's motion to file the second amended complaint? Yes, reversed-in-part, vacated-in-part, and remanded.

Discussion:

When denying Aatrix's motion, the district court merely stated that "upon consideration of the filings and the relevant case law, the court sees no reason to reconsider its prior determination." Based upon this statement, the Federal Circuit ruled that the district court did not provide any reasons for its denial of Aatrix' motion. The Federal Circuit also ruled that the record does not contain "ample and obvious grounds" for denying the motion.

Furthermore, the Federal Circuit ruled that Aatrix's second amended complaint contains allegations that, taken as true, would directly affect the district court's §101 ruling. For example, the second amended complaint alleges that Aatrix's claimed software uses less memory, results in faster processing speed, and reduces the risk of thrashing, which suggest that the claimed invention is directed to an improvement in the computer technology itself. Therefore, the Federal Circuit ruled that it was an abuse of discretion for the district court to deny Aatrix's motion.

The Federal Circuit also noted that the district court erred by ruling that claim 1 of Aatrix's '615 patent is invalid under §101 as directed to intangible subject matter without performing an *Alice/Mayo* analysis on the claim. However, the Federal Circuit stated that it need not resolve claim 1's status due to the remand with regard to the second amended complaint.