<u>FREE STREAM MEDIA CORP. v. ALPHONSO INC.</u>, Appeal Nos. 2019-1506, 2019-2133 (Fed. Cir. May 11, 2021). Before Dyk, <u>Reyna</u>, and Hughes. Appealed from N.D. Cal. (Judge Seeborg).

Background:

Free Stream Media (d.b.a. Samba) sued Alphonso for infringing its patent claims related to a system providing a mobile phone user with targeted information (i.e., advertisements) that is determined to be relevant to the user based on data gathered from the user's television. Alphonso filed a motion to dismiss on grounds that the asserted claims are directed to patent-ineligible subject matter under § 101.

The California district court denied the motion to dismiss and concluded that the asserted claims are not directed to an abstract idea of tailored advertising as argued by Alphonso. The claims of Samba's patent generally utilize three main components: (1) a networked device (e.g., a smart TV); (2) a client device (e.g., a mobile device); and (3) a relevancy matching server. The claims recite that the client device is "sandboxed," and Samba's patent explains that (i) sandboxing is a security measure for preventing applications from accessing data of other applications and (ii) communication between the networked device and the client device is established by bypassing the sandbox without intervention from the user. Based on this description, the district court determined that the claims of Samba's patent are directed to "systems and methods for addressing barriers to certain types of information exchanged between various technological devices." In other words, the district court found that the claims were directed to patent-eligible subject matter under Step 1 of the *Alice* analysis. Alphonso appealed.

Issue/Holding:

Did the district court err in finding that the claims of Samba's patent are directed to patent-eligible subject matter? Yes, reversed.

Discussion:

On appeal, Alphonso asserted that the claims of Samba's patent are not directed to patent-eligible subject matter because the claims are directed to the abstract idea of targeted advertising. In response, Samba argued that the claims are directed to a computer-specific improvement in delivering targeted data to a sandboxed mobile device based on content known to have been displayed on the television, despite the barriers to communication imposed by the sandbox. However, the Federal Circuit determined that the claims do not recite any specific manner in which a device's security sandbox is bypassed, and moreover the bypassing does not appear to be an actual improvement to a computer's functionality. Thus, the Federal Circuit agreed with Alphonso, and found that the claims were ineligible under Step 1 of the *Alice* analysis.

Samba then argued that the claims are eligible under Step 2 of the *Alice* analysis because they recite a specific, ordered combination of elements operating in unconventional ways that override those elements' routine and conventional inability to share information with each other due to a security sandbox. The Federal Circuit disagreed, and stated that such a work around or bypassing of a client device's sandbox security is not an improvement to computer functionality, and "does nothing more than describe the abstract idea of providing targeted content to a client device." Thus, the Federal Circuit concluded that Samba failed to demonstrate that the claims are directed to patent-eligible subject matter.