



***ACCENTURE GLOBAL SERVICES:* THE CONTINUED STRUGGLE TO DIVINE PATENT-ELIGIBLE SUBJECT MATTER**

The U.S. Supreme Court in *Bilski v. Kappos*¹ and its predecessor decisions has made clear that claims directed to abstract ideas are unpatentable under 35 U.S.C. § 101. Unfortunately, the clarity in § 101 appears to end there. In *Bilski*, the Supreme Court declined to articulate a practical test for determining whether a claim was directed to an unpatentable abstract idea. The Supreme Court noted that certain existing tests (e.g., the machine-or-transformation test) supply only “useful clues” as to whether a claim was too abstract to be patentable. While providing high-level guidance, the Supreme Court left the task of developing details of a workable framework for examining subject matter eligibility to the lower courts.

Since the June 2010 *Bilski* decision, the Federal Circuit has struggled to develop such a rigorous test for § 101 patentability. This struggle was put on display in the May 2013 *CLS Bank en banc* decision, where a fractured court issued five opinions attempting to describe the appropriate mechanism for analyzing subject matter eligibility, with none of

those opinions garnering the support of a majority of the 10 participating judges.² The saga continues with the Federal Circuit’s September 5, 2013 decision in *Accenture Global Services, GmbH v. Guidewire Software, Inc.*,³ where two § 101 approaches articulated in *CLS Bank* again battled head-to-head. In this round, Judge Lourie’s approach from the plurality opinion of *CLS Bank* prevailed, with the abstract idea at the core of the claims not being saved by reciting computer or industry-specific limitations, while Chief Judge Rader dissented in favor of his approach in *CLS Bank*.

PROCEDURAL POSTURE

In December 2007, Accenture sued Guidewire alleging infringement of U.S. Patent No. 7,013,284 (the ‘284 patent). The ‘284 patent describes a computer program for handling insurance-related tasks including the identification and delegation of tasks that are to be performed based on an event. Upon the occurrence

of an event, the system determines what tasks need to be accomplished for that transaction and assigns those tasks to various authorized individuals to complete them. The system claims at issue included the following limitations:

- An “insurance transaction database” that contains a claim folder storing insurance transaction information;
- A “task library” containing rules for handling occurrences of events;
- A “client component” for communicating with a claim handler; and
- A server that includes an “event processor,” a “task engine,” and a “task assistant” for determining tasks to be completed and delegating those tasks to a claim handler.

As discussed below, the Court examined these computer/software components as part of its analysis of whether the components imparted sufficient concreteness to overcome the claims being only an abstract idea.

After the Supreme Court issued its decision in *Bilski*, Guidewire renewed its motion for summary judgment, arguing that the ’284 patent is drawn to abstract ideas. The district court granted Guidewire’s motion, finding the system and method claims ineligible. The district court held that the ’284 patent was “directed to concepts for organizing data rather than to specific devices or systems, and limiting the claims to the insurance industry does not specify the claims sufficiently to allow for their survival.”⁴

Accenture appealed with respect to the system claims but declined to further argue the patentability of the method claims, which were largely similar to the system claims.

JUDGE LOURIE’S LEAD OPINION

Judge Lourie, joined by Judge Reyna, analyzed the system claims following his approach described in the plurality opinion of *CLS Bank*. Generally, patent eligibility under § 101 includes two steps: (i) whether the claimed invention fits within one of the four statutory classes set out in § 101; and (ii) whether any of the judicially recognized exceptions to the subject-matter eligibility apply (e.g., the exclusion of

abstract ideas). The court did not explicitly address the first question but presumably found the claimed invention to be a “machine,” given that the court acknowledged that the claims recite “certain computer components.”

However, in assessing whether the claimed invention fits within the exclusion of abstract ideas, Judge Lourie provided that a court must determine whether the claim poses any risk of preempting an abstract idea. “To do so the court must first identify and define whatever fundamental concept appears wrapped up in the claim. Then, proceeding with the preemption analysis, the balance of the claim is evaluated to determine whether additional substantive limitations narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself.”⁵ Judge Lourie used these two preemption-related inquiries to assess whether the claimed invention was reciting merely an abstract idea. He first did so by comparing the appealed system claims to the method claims that were not appealed.

Preemption Analysis by Comparing the System Claims to the Method Claims. Judge Lourie analyzed the system claims in the context of the *method* claims, which the district court had ruled unpatentable and Accenture did not appeal. In order for the system claims to recite patent eligible subject matter, the majority opinion stated that the system claims must include a “meaningful limitation to the abstract method claim, which has already been adjudicated to be patent-ineligible as abstract ideas.”⁶ Focusing on the second preemption-related question, Judge Lourie compared the largely similar system and method claims of the ’284 patent to determine whether any such meaningful limitation could be found in the system claim. Accenture had pointed to system claim 1’s inclusion of an “insurance claim folder,” a “task library database,” a “server component,” and a “task engine” as showing that the system claim is meaningfully different from the method claims. However, the majority opinion found that “these software components are all present in the method claims, albeit without a specific reference to those components by name.”⁷

For example, Judge Lourie found that the recitation of a particularly implemented “claim folder” in system claim 1 was present in method claim 8 that described use of a

similarly structured transaction database, without specifically referring to a claim folder. The comparison concluded by stating that “other than the preamble to claim 1 stating that it is a system claim, the limitations of system claim 1 recite no specific hardware that differentiates it from method claim 8.”⁸ This comparative analysis concluded with the passage from the *CLS Bank* plurality opinion that “[i]ndeed, in this case [t]he system claims are [akin] to stating the abstract idea [of the method claim] ... and adding the words: ‘apply it’ on a computer.”⁹

Preemption Analysis Focused Solely on System Claims.

The majority opinion also analyzed the preemption issue by examining the first preemption-related inquiry of first identifying and defining “whatever fundamental concept appears wrapped up in the claim.”¹⁰ Judge Lourie identified the abstract idea at the heart of the system claim as “generating tasks based on rules to be completed upon the occurrence of an event.”¹¹

Having identified the fundamental concept of the claim, the decision then proceeded with the second part of the preemption analysis by determining whether additional substantive limitations narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself. Stripping away the abstract idea of the claims, the majority found that claim 1 only attempted to limit the abstract idea by applying it in a computer environment and within the insurance industry. They found that “those types of limitations do not narrow, confine, or otherwise tie down the claim.” “[S]imply implementing an abstract concept on a computer, without meaningful limitations to that concept, does not transform a patent-ineligible claim into a patent-eligible one. Further, as the Supreme Court stated in *Bilski*, limiting the application of an abstract idea to one field of use does not necessarily guard against preempting all uses of the abstract idea.”¹²

The majority decision concluded with a comparison of the claims at issue with those considered in recent Federal Circuit decisions. Accenture had argued that the ’284 patent’s detailed specification, including significant detail regarding the implementation of the claimed software modules, should influence the subject matter eligibility

decision, as it did in *Ultramercial, Inc. v. Hulu, LLC*.¹³ Judge Lourie dismissed these arguments, stating that “the important inquiry for a § 101 analysis is to look to the claim” and that “the complexity of the implementing software or the level of detail in the specification does not transform a claim reciting only an abstract concept into a patent-eligible system or method.”¹⁴

The court then found that the ’284 patent claims at issue were more similar to the patent-ineligible system from *CLS Bank* (which contained limitations such as a data storage and a general-purpose computer that received transactions, adjusted variables in the data storage unit, and generated instructions) and *Bancorp Servs., LLC v. Sun Life Assurance Co. of Can.*¹⁵ (including digital storage, a policy generator, a debtor, and calculators) than the advertising-as-a-currency claims of *Ultramercial* that limited transactions to an internet website, offering free access conditioned on viewing a sponsor message, and applying only to a media product.

In sum, the majority opinion found that the system claims are “patent-ineligible both because Accenture was unable to point to any substantial limitations that separate them from the similar, patent-ineligible method claim and because, under *CLS Bank*, the system claim does not, on its own, provide substantial limitations to the claim’s patent-ineligible abstract idea.”¹⁶

JUDGE RADER’S DISSENT

Chief Judge Rader dissented. Judge Rader prefaced his comments by quoting his statement in *Ultramercial* that “[a]ny claim can be stripped down, simplified, generalized, or paraphrased to remove all of its concrete limitations, until at its core, something that could be characterized as an abstract idea is revealed. A court cannot go hunting for abstractions by ignoring the concrete, palpable, tangible limitations of the invention the patentee actually claims.” Judge Rader stated that “[i]n [his] judgment, the court has done precisely that.”¹⁷

Judge Rader first took the majority to task for its reliance on Accenture’s failure to appeal the method claims. He stated

that “the court creates a very unsound policy by requiring litigants to appeal the invalidity of every claim or else risk the potential for estoppel or waiver of other claims.... Accenture’s willingness to narrow issues should not create an admission that defeats its appealed claims.”¹⁸ Judge Rader also noted that no part of *CLS Bank* carries the weight of precedent, and that the majority opinion’s first approach, where similar system and method claims rise and fall together, was rejected by more than half of the *en banc* court.

Judge Rader noted his preference for analyzing patent-eligible subject matter according to his approach in *CLS Bank*, viz., looking at the subject matter of the claim as a whole. The dissent stated that the claims describe a specific combination of computer components that interact in a specific manner that is explicitly recited in the claims. Despite the majority’s attempt to strip away and trivialize these limitations, Judge Rader found that the “claims offer significantly more than the purported abstract idea and meaningfully limit the claims’ scope.”¹⁹ To illustrate, the dissent identified certain examples of a person performing the abstract idea identified by the majority, that is “generat[ing] tasks based on rules to be completed upon the occurrence of an event,” in a number of ways without infringing the claim.²⁰

In conclusion, Chief Judge Rader lamented that “no one understands what makes an idea abstract,” and that after *CLS Bank*, “nothing has changed.” He commented that the Federal Circuit opinions “spend page after page revisiting our cases and those of the Supreme Court, and still [] continue to disagree vigorously over what is or is not patentable subject matter.” He comments that “[i]ndeed, deciding what makes an idea abstract is reminiscent of the oenologists trying to describe a new wine.” The dissent concluded by urging reviewing courts to “consult the statute” and the broad categories of patent-eligible subject matter therein and argued that the “‘ineligible’ subject matter in these claims [at issue in *Accenture*] is a further testament to the perversity of a standard without rules—the result of abandoning the statute.”²¹

CONCLUSION

Accenture reiterates the varying approaches used by the Federal Circuit in current 35 U.S.C. § 101 jurisprudence. Until the varying approaches are reconciled, § 101 jurisprudence for software and business method patents will remain murky, with results being sometimes determined based on the panel that is drawn to decide a particular case. While such a lack of clarity may be discouraging to some, *Accenture* provides additional insight into what areas of focus a particular panel of judges may have when evaluating § 101 issues. Additionally, it provides an opportunity for patent prosecutors to hone their patent applications to have specifications and claims that address the issues raised in *Accenture*, especially if their applications relate to computer technology in the financial or insurance areas.

To read related *Jones Day Commentaries*, please see “[CLS Bank: Is This the ‘Death of Hundreds of Thousands of Patents’?](#)” and “[The Machine-or-Transformation Test Is “a Useful and Important Clue” for Determining Patent Eligibility Under Section 101, But Not the Sole Test.](#)”

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ENDNOTES

- 1 130 S. Ct. 3218 (2010).
- 2 *CLS Bank Int'l v. Alice Corp.*, 717 F.3d 1269 (Fed. Cir. 2013) (*en banc*).
- 3 *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, No. 2011-1486 (Fed. Cir. Sept. 5, 2013).
- 4 *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 691 F. Supp. 2d 577, 621 (D. Del. 2010).
- 5 *Accenture Global Servs.*, No. 2011-1486, slip op. at 8 (majority opinion).
- 6 *Id.* at 10.
- 7 *Id.* at 11.
- 8 *Id.* at 13.
- 9 *Id.*
- 10 *Id.* at 8.
- 11 *Id.* at 15.
- 12 *Id.*
- 13 2013 WL 3111303 (Fed. Cir. June 21, 2013).
- 14 *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, No. 2011-1486, slip op. at 16 (Fed. Cir. Sept. 5, 2013) (majority opinion).
- 15 687 F.3d 1266 (Fed. Cir. 2012).
- 16 *Accenture Global Servs.*, No. 2011-1486, slip op. at 18 (majority opinion).
- 17 *Id.* at 1 (Rader, J., dissenting).
- 18 *Id.* at 2.
- 19 *Id.* at 4.
- 20 *Id.*
- 21 *Id.* at 5.