IP Musings with Learned Paw & Percy the Lizard
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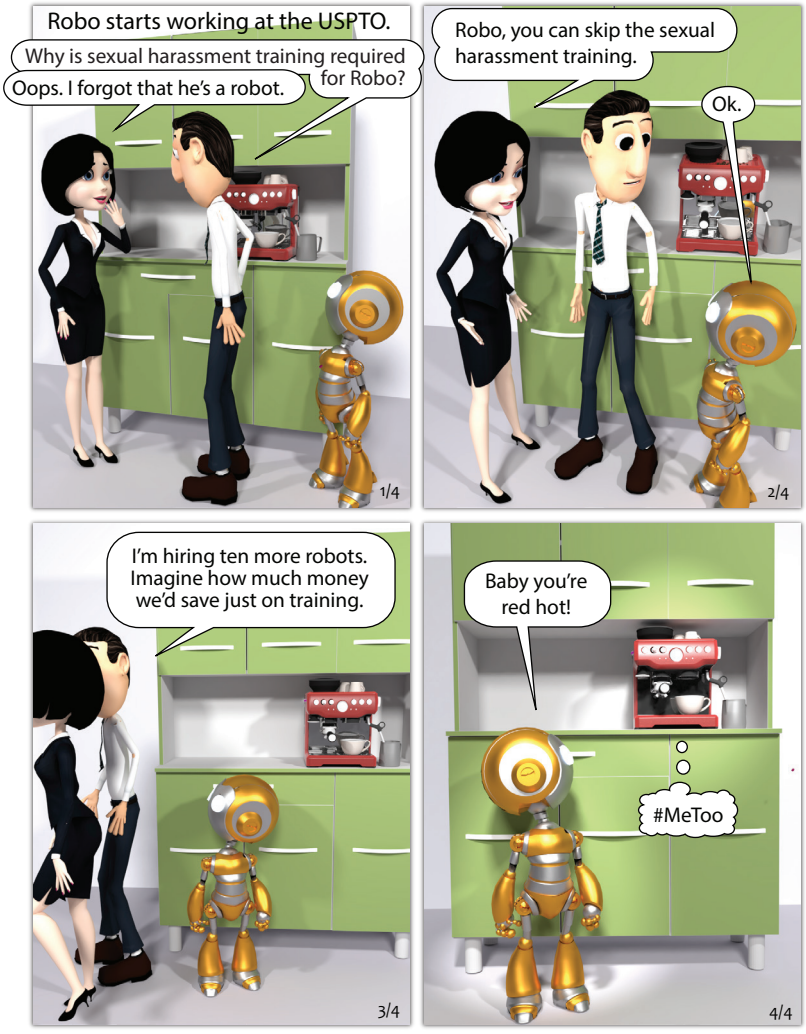
by Jiyong David Chung

SUMMARIES OF NOTABLE COURT CASES **Two-Way Media Ltd. v. Comcast Cable Communications, LLC (Fed. Cir. November 2017).** Faced with step two of the *Alice* test at the district court, *Two-Way Media* had argued that their claims were directed to inventive concepts and therefore to patent eligible subject matter. More specifically, *Two-Way Media* had asserted that the claims solved technical problems, such as excessive loads on a source server, network congestion, variations in packet delivery times, and lack of precise record-keeping.

The district court disagreed with *Two-Way Media*, however, and ruled that the claims were patent-ineligible. The district court explained that, although the specifications addressed the problems that *Two-Way Media* had identified, the claims did not do so, and thus failed step two of the *Alice* test. For example, claim 1 of one of the patents recited, in part, a method comprising "converting a plurality of streams of audio and/or visual information into a plurality of streams of addressed digital packets," "routing such streams to one or more users," "controlling the routing," and "monitoring the reception of packets." As the court noted, the claim did not appear to include features for solving the technical problems.



As part of its arguments, *Two-Way Media* had requested the court to consider evidence of the claims' novelty and non-obviousness in determining whether the claims were directed to inventive concepts. The district court refused, however, on the basis that such evidence was irrelevant to a 35 U.S.C. § 101 inquiry.

On appeal, the Federal Circuit affirmed the district court's judgment. With respect to the evidence of novelty and non-obviousness, the Federal Circuit held, "[The district court] correctly concluded that the material was relevant to a novelty and obviousness analysis, and not whether the claims were directed to eligible subject matter. Eligibility and novelty are separate inquiries."

The Federal Circuit's holding is puzzling. It is evident that if a claim is novel, logically, it must express something new, and therefore it must be directed to a new concept - an "inventive concept." Accordingly, any claim that satisfies the requirements under 35 U.S.C. §§ 102 and 103 must also be directed to an inventive concept and pass the second step of the *Alice* test. This would be consistent with the Federal Circuit's view, "Eligibility and novelty are separate inquiries," since the second step of the *Alice* test would still differ from the questions of novelty and non-obviousness - claims that are merely directed to an inventive concept may not necessarily be novel or unobvious.