

No. 19-1345 / No. 19-1460

**United States Court of Appeals
For the Federal Circuit**

Solutran, Inc.,

Plaintiff–Cross-Appellant,

vs.

Elavon, Inc., U.S. Bancorp,

Defendants–Appellants.

Appeal from the United States District Court for the District of Minnesota,
Case No. 0:13-cv-02637
Judge Susan Richard Nelson

**PETITION FOR REHEARING EN BANC
OF PLAINTIFF–CROSS-APPELLANT SOLUTRAN, INC.**

Robert J. Gilbertson
David J. Wallace-Jackson
Sybil L. Dunlop
GREENE ESPEL PLLP
222 South Ninth Street, Suite 2200
Minneapolis, MN 55402
(612) 373-0830
BGilbertson@GreeneEspel.com
DWallace-Jackson@GreeneEspel.com
SDunlop@GreeneEspel.com

*Attorneys for Plaintiff–Cross-Appellant
Solutran, Inc.*

August 29, 2019

FORM 9. Certificate of Interest

Form 9
Rev. 10/17

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Solutran, Inc. v. Elavon, Inc., U.S. BancorpCase No. 19-1345, 19-1460

CERTIFICATE OF INTEREST

Counsel for the:

☐ (petitioner) ☐ (appellant) ☐ (respondent) ☒ (appellee) ☐ (amicus) ☒ (name of party)Solutran, Inc.

certifies the following (use "None" if applicable; use extra sheets if necessary):

1. Full Name of Party Represented by me	2. Name of Real Party in interest (Please only include any real party in interest NOT identified in Question 3) represented by me is:	3. Parent corporations and publicly held companies that own 10% or more of stock in the party
Solutran, Inc.	None	None

4. The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court **(and who have not or will not enter an appearance in this case)** are:

None

FORM 9. Certificate of Interest

Form 9
Rev. 10/17

5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. *See* Fed. Cir. R. 47. 4(a)(5) and 47.5(b). (The parties should attach continuation pages as necessary).

None

8/29/2019

Date

/s/ Robert J Gilbertson

Signature of counsel

Robert J. Gilbertson

Printed name of counsel

Please Note: All questions must be answered

cc: Counsel of Record

Reset Fields

TABLE OF CONTENTS

	<u>Page</u>
TABLE OF AUTHORITIES	iii
RULE 35(b) STATEMENT	1
I. THE PANEL’S DECISION CONFLICTS WITH THIS COURT’S DECISIONS REQUIRING <i>ALICE</i> STEP-ONE ANALYSIS TO BE BASED ON THE INVENTORS’ CLAIMED ADVANCE OVER THE PRIOR ART	2
A. <i>Alice</i> step one requires courts to identify the focus of the claimed advance over the prior art	2
B. The ’945 patent’s claimed advance over the prior art is directed to a physical process	4
C. The panel’s decision incorrectly identifies the claimed advance over the prior art	7
II. THE PANEL’S DECISION CONTRADICTS THIS COURT’S PRECEDENTS ESTABLISHING THAT CLAIMS DIRECTED TO AN IMPROVED PHYSICAL PROCESS ARE <u>NOT</u> ABSTRACT	11
A. When the claimed advance is an improvement to a physical process, the claim is not directed to an abstract idea	11
B. The panel’s analysis of the physical nature of the ’945 patent’s claimed advance conflicts with <i>SAP America</i> and <i>Ariosia</i>	13
III. THE PANEL’S DECISION CONFLICTS WITH PRECEDENT FROM THE SUPREME COURT AND THIS COURT BY EFFECTIVELY BANNING NON-TECHNICAL BUSINESS-METHOD PATENTS OR IMPOSING A TECHNOLOGICAL-ARTS TEST	15
A. Business methods are not <i>per se</i> unpatentable.....	15

B.	The Supreme Court has not adopted a technological-arts test.....	16
C.	The panel’s decision effectively bans non-technical business-method patents or imposes a technological-arts test	16
CONCLUSION		18

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Affinity Labs of Texas, LLC v. DirecTV, LLC</i> , 838 F.3d 1253 (Fed. Cir. 2016).....	1, 2
<i>Alice Corp. Pty. v. CLS Bank International</i> , 573 U.S. 208 (2014).....	1, 2, 3, 9, 15, 16
<i>Ancora Techs., Inc. v. HTC Am., Inc.</i> , 908 F.3d 1343 (Fed. Cir. 2018).....	2, 3
<i>Ariosa Diagnostics, Inc. v. Sequenom, Inc.</i> , 809 F.3d 1282 (Fed. Cir. 2015).....	1, 12, 13, 15
<i>Athena Diagnostics, Inc. v. Mayo Collaborative Servs., LLC</i> , 927 F.3d 1333 (Fed. Cir. 2019).....	3
<i>Athena Diagnostics, Inc. v. Mayo Collaborative Servs., LLC</i> , 915 F.3d 743 (Fed. Cir. 2019)	2
<i>Bilski v. Kappos</i> , 561 U.S. 593 (2010).....	1, 15, 16, 18
<i>ChargePoint, Inc. v. SemaConnect, Inc.</i> , 920 F.3d 759 (Fed. Cir. 2019)	3
<i>Content Extraction & Transmission v. Wells Fargo Bank</i> , 776 F.3d 1343 (Fed. Cir. 2014).....	13, 14, 16
<i>Diamond v. Diehr</i> , 450 U.S. 175 (1981).....	3
<i>Elec. Power Grp., LLC v. Alstom S.A.</i> , 830 F.3d 1350 (Fed. Cir. 2016).....	14

<i>Enfish, LLC v. Microsoft Corp.</i> , 822 F.3d 1327 (Fed. Cir. 2016).....	2, 3
<i>Finjan, Inc. v. Blue Coat Sys., Inc.</i> , 879 F.3d 1299 (Fed. Cir. 2018).....	2
<i>In re Bilski</i> , 545 F.3d 943 (Fed. Cir. 2008)	16
<i>In re Marco Guldenaar Holding B.V.</i> , 911 F.3d 1157 (Fed. Cir. 2018).....	14
<i>McRO, Inc. v. Bandai Namco Games Am. Inc.</i> , 837 F.3d 1299 (Fed. Cir. 2016).....	11, 12
<i>Parker v. Flook</i> , 437 U.S. 584 (1978).....	3
<i>SAP America, Inc. v. InvestPic, LLC</i> , 898 F.3d 1161 (Fed. Cir. 2018).....	1, 11, 12, 13, 15, 17, 18
<i>Smart Systems Innovations v. Chicago Transit Authority</i> , 873 F.3d 1364 (Fed. Cir. 2017).....	14
<i>Solutran, Inc. v. Elavon, Inc.</i> , 931 F.3d 1161 (Fed. Cir. 2019).....	7, 9, 10
<i>Thales Visionix Inc. v. United States</i> , 850 F.3d 1343 (Fed. Cir. 2017).....	12
<i>Ultramercial, Inc. v. Hulu, LLC</i> , 772 F.3d 709 (Fed. Cir. 2014)	2, 14
<i>U.S. Bancorp v. Solutran, Inc.</i> , No. CBM2014-00076, 2014 WL 3943913 (PTAB Aug. 7, 2014)	11
<i>Voter Verified, Inc. v. Election Sys. & Software LLC</i> , 887 F.3d 1376 (Fed. Cir. 2018).....	14

Statutes

35 U.S.C. § 101	1, 2, 3, 15, 16, 17
35 U.S.C. § 273	15
Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011)	15

RULE 35(b) STATEMENT

Based on my professional judgment, I believe that the panel's decision is contrary to at least the following decisions of the United States Supreme Court and/or the precedents of this Court: *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208 (2014); *Bilski v. Kappos*, 561 U.S. 593 (2010); *SAP America, Inc. v. InvestPic, LLC*, 898 F.3d 1161 (Fed. Cir. 2018); *Affinity Labs of Texas, LLC v. DirecTV, LLC*, 838 F.3d 1253 (Fed. Cir. 2016); and *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 809 F.3d 1282 (Fed. Cir. 2015). Consideration by the full Court is necessary to secure and maintain uniformity of the Court's decisions.

Based on my professional judgment, I believe that this appeal requires answers to three questions of exceptional importance: (1) Must section 101 analysis start with identifying the inventors' claimed advance over the prior art?; (2) Are patent claims that improve physical processes by definition non-abstract?; and (3) Are non-technical business-method inventions that improve a physical process patentable?

Date: August 29, 2019

/s/ Robert J Gilbertson
Robert J. Gilbertson

*Attorney for Plaintiff–Cross-Appellant
Solutran, Inc.*

I. THE PANEL’S DECISION CONFLICTS WITH THIS COURT’S DECISIONS REQUIRING *ALICE* STEP-ONE ANALYSIS TO BE BASED ON THE INVENTORS’ CLAIMED ADVANCE OVER THE PRIOR ART.

A. *Alice* step one requires courts to identify the focus of the claimed advance over the prior art.

Determining whether a claim is patent-eligible under section 101 is to be addressed under the two-part test set forth in *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208, 217-18 (2014). Step one asks whether the character of the claims as a whole, considered in light of the specification, is directed to excluded subject matter. *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016). Courts must consider the character of the claim as a whole by examining the “focus of the ***claimed advance*** over the prior art.” *Affinity Labs of Tex., LLC v. DirecTV, LLC*, 838 F.3d 1253, 1257-58 (Fed. Cir. 2016) (emphasis added) (quotation omitted); *see also Athena Diagnostics, Inc. v. Mayo Collaborative Servs., LLC*, 915 F.3d 743, 750 (Fed. Cir. 2019); *Ancora Techs., Inc. v. HTC Am., Inc.*, 908 F.3d 1343, 1347 (Fed. Cir. 2018); *Finjan, Inc. v. Blue Coat Sys., Inc.*, 879 F.3d 1299, 1303 (Fed. Cir. 2018). While the process of identifying the claimed advance starts with the claims themselves, *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 714 (Fed. Cir. 2014), it also looks to the specification “to understand the problem facing the inventor and, ultimately, what the patent describes as the invention.”

ChargePoint, Inc. v. SemaConnect, Inc., 920 F.3d 759, 767 (Fed. Cir. 2019)

(quotation omitted). Courts have examined the type of problem faced by the inventor since *Parker v. Flook*, 437 U.S. 584 (1978), in which the Supreme Court held that a section 101 determination includes an “obligation” to determine “what type of discovery is sought to be patented.”¹ *Id.* at 593.

According to the *Flook* decision’s author, proper analysis “must start with an understanding of what the inventor claims to have discovered—or phrased somewhat differently—what he considers his inventive concept to be.”

Diamond v. Diehr, 450 U.S. 175, 212 (1981) (Stevens, J., dissenting).

Courts then compare the patent’s claimed advance against prior cases to determine whether the claim is “directed to” an abstract idea. *Enfish*, 822 F.3d at 1334. In other words, even though courts examine the character of the patent claims “as a whole,” the point of the examination is to determine the patent’s claimed advance and then decide whether that claimed advance is directed to an abstract idea. *Ancora*, 908 F.3d at 1347.

¹ *Flook*’s section 101 analysis has taken on greater importance since the Supreme Court’s *Mayo* and *Alice* decisions. *Athena Diagnostics, Inc. v. Mayo Collaborative Servs., LLC*, 927 F.3d 1333, 1346-49 (Fed. Cir. 2019) (Chen, J., concurring with denial of petition for rehearing *en banc*).

B. The '945 patent's claimed advance over the prior art is directed to a physical process.

The '945 patent describes two prior-art techniques for processing paper checks: Point of Purchase (or "POP") check conversion and Back Office Conversion ("BOC").² POP conversion captures check data at the point of sale and uses that data to credit the merchant's account.³ With POP, it is also possible to acquire an image of the check.⁴ Because the check must be handed back to the customer at the point of purchase, the check's image is captured at the point of purchase at the same time as the data capture.⁵ With the second method, Back Office Conversion (or "BOC"), employees bring paper checks to their own back office and scan the checks to obtain both the check data and the check's digital image.⁶

With the '945 patent's process, data are extracted from a check and used for crediting a merchant's account (as with POP and BOC). As with POP, data are extracted from the check at the point of purchase. And as with both POP and BOC, an image of the check is also created. None of these elements can be considered the claimed advance over the prior art, nor do they form part of

² Appx00169-00171.

³ Appx00170.

⁴ Appx00169-00170.

⁵ Appx00170.

⁶ Appx00169-00171.

the problem facing the '945 inventors. The '945 patent's presentation of this prior art acknowledges that these items existed at the time of invention.

But the '945 patent's advance is that its process does not extract the check data and create the digital image at the same time and location. Instead, it splits this check processing into two separate steps that are performed at different times and in different locations. This means that rather than handling the paper check a single time, the paper check must be handled a first time for data extraction, be transported to a different location, and then be handled a second time for image capture. This splitting up of the check-handling process into two separate steps—thereby increasing the physical handling of paper checks—ran contrary to the conventional wisdom at the time of the '945 invention, which aimed to reduce the physical handling of paper checks.⁷

The splitting of this physical process into two separate steps created additional complications. When check data and check images are created at one time, in one location, by one machine, they can immediately be linked together (such as with a common identifier in the data and images). But this is not possible under the '945 patent's split process. Steps must be taken to

⁷ Appx04565, Appx04974-04975.

compare the data and digital images in order to match these items back together (step (d)). Nonetheless, despite this increased physical handling and complications, the claimed process resulted in surprising benefits to clients—including unlocking the benefits of ACH processing without buying expensive equipment, modifying point-of-sale operations, or training employees.⁸

This change to the physical check-handling process—separating (in time and location) the data-capture and image-creation—constitutes the claimed advance over the prior art. The claims clearly set forth this requirement. Claim 1, steps (a) and (b) require receiving data captured from paper checks at a merchant’s point of purchase and crediting the merchant’s account, which is also done in POP processing.⁹ Step (c), however, requires that the receipt and image-processing of the paper check happen at a later time and a different location than the data captured described in step (a).¹⁰ The fact that the receiving and scanning must occur after step (b) requires that a significant time pass between step (a) and (c)—a long enough time that the merchant’s account will be credited based on the captured data before the

⁸ Appx04565, Appx04613.

⁹ Appx00170.

¹⁰ The district court’s claim construction specifically found that claim 1, step (c) requires that “the paper checks are received from a location **different** from where the checks are scanned.” (Appx00015 (emphasis added).) US Bank did not challenge this claim interpretation on appeal.

paper checks are even received for image processing. The specification repeatedly emphasizes this physical and temporal separation of the data-processing and image-capturing steps:

A method of ***processing paper checks*** that ***divides into two independent paths*** the processing of a data file representing a check and the digital image of the check. The data files and image files are ***separated both in time and in space***, with the data files being used to promptly initiate the transfer of funds to and from appropriate accounts, while the paper checks, at a remote location and typically lagging in time, are scanned to create digital image files. . . .¹¹

C. The panel's decision incorrectly identifies the claimed advance over the prior art.

The panel identified the focus of the '945 patent's claims to be "crediting a merchant's account as early as possible while electronically processing a check." *Solutran, Inc. v. Elavon, Inc.*, 931 F.3d 1161, 1166 (Fed. Cir. 2019).

This petition is the first opportunity for Solutran to address this articulation of the claimed advance over the prior art, as US Bank never proposed it. In fact, US Bank agreed with the district court that the '945 patent's claimed advance was the "processing of paper checks, via two-paths, at different times and locations, and ***the physical movement of paper checks.***"¹²

¹¹ Appx00160 (Abstract) (emphasis added); *see also* Appx00170-00171.

¹² US Bank brief (Dkt. 37) at 37 (emphasis added).

While the '945 patent relates to the business process of electronically processing checks and crediting merchants accounts, the inventors never identified "crediting a merchant's account as early as possible while electronically processing a check" as their advance over the prior art. As explained above, POP captures check data at the point of sale and uses that data to credit the merchant's account in the manner set forth in the '945 patent's claim 1, steps (a) and (b). The '945 patent does not improve on the speed with which a merchant's account is credited when compared to POP processing, nor did the inventors claim that it did. Consequently, the problem of "crediting a merchant's account as early as possible" cannot possibly be the problem facing the inventors or their claimed advance over the prior art. Calling this the claim's focus assumes that the '945 inventors faced and solved a problem that they had just told the Patent Office was effectively solved by the POP prior art that they disclosed in the patent's Figure 1.

The panel may have adopted this articulation of the '945 patent's claimed advance over the prior art after noticing the temporal references on the "crediting" step (step (b)). Claim 1 does require the crediting of a merchant's account after receiving the data file (step (a)) and before receiving and scanning the paper checks (step (c)). But this step ordering does nothing to ensure that the account is credited "as early as possible." In fact, there is no

need for the crediting step to happen quickly at all—it need only happen before step (c). Days or weeks could pass after the receipt of data captured at the point of purchase and claim 1 will still be infringed if step (c) occurs after that. Consequently, “crediting a merchant’s account as early as possible” cannot constitute the claimed advance under *Alice* step one.

The panel also misanalyzed the ’945 patent’s benefits. The panel says that the ’945 patent identifies two benefits: “(1) ‘improved funds availability’ because the merchant’s account is credited before the check is scanned or verified; and (2) relieving merchants of the task, cost, and risk of scanning and destroying paper checks by outsourcing those tasks.” *Solutran*, 931 F.3d at 1167. The panel, however, misstates the first benefit and improperly disregards the second.

The ’945 patent describes the first benefit as “the third party payment processor can provide the merchant with improved funds availability, while still providing for the storage of the image of the check, and destruction.”¹³ This means that this advantage was not merely “improved funds availability” (which is equally available with POP processing), but was also having such funds available when a third-party payment processor is also relieving the

¹³ Appx00170.

merchant of the need to handle image and destruction tasks associated with the paper checks. This is the identified advantage. It is not found in either POP or BOC, and it can be achieved only with splitting up the physical processing of paper checks as set forth in the '945 patent.

The panel disregarded the second claimed advantage solely because the claims are not limited to outsourcing embodiments. *Solutran*, 931 F.3d at 1167. The fact that a claim could be performed in a manner that negates an identified advantage does not disqualify the advantage from being relevant to step-one analysis. An engine that claims as its benefit improved fuel economy when operating under certain conditions still provides that benefit over the prior art even if the same infringing engine can also be operated under conditions that provide no fuel-economy efficiency. Similarly, an improved process for handling paper checks that provides an advantage when used with a third-party payment processor still provides that advantage even if the same process can also be used without a third-party payment processor.

II. THE PANEL’S DECISION CONTRADICTS THIS COURT’S PRECEDENTS ESTABLISHING THAT CLAIMS DIRECTED TO AN IMPROVED PHYSICAL PROCESS ARE NOT ABSTRACT.

A. When the claimed advance is an improvement to a physical process, the claim is not directed to an abstract idea.

As explained above, the ’945 patent’s claims are directed to an improvement of a physical process involving tangible, physical items.¹⁴ Such claims are not abstract. *SAP America, Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1168 (Fed. Cir. 2018). In *SAP America*, this Court found the claims to be directed to “selecting certain information, analyzing it using mathematical techniques, and reporting or displaying the results of the analysis.” *Id.* at 1167. The claims were held to be abstract because “[i]nformation as such is an intangible,’ hence abstract.” *Id.* (quotation omitted). The court distinguished these abstract “information” claims from other claims (in other cases) where the claimed advance was a physical process:

The claims in *McRO* were directed to the creation of ***something physical***—namely the display of ‘lip synchronization and facial expressions’ of animated characters on screens The claimed improvement was to ***how the physical display operated*** (to produce better quality images), unlike (what is present here) a claimed improvement in a mathematical technique with no

¹⁴ A unanimous PTAB panel held that the ’945 patent’s method of processing paper checks “is more akin to a physical process than an abstract idea.” *U.S. Bancorp v. Solutran, Inc.*, No. CBM2014-00076, 2014 WL 3943913, at *8 (PTAB Aug. 7, 2014).

improved display mechanism. The claims in *McRO* thus were not abstract in the sense that is dispositive here.

Id. (emphasis added) (quoting *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1313 (Fed. Cir. 2016)). *SAP America* also distinguished *Thales Visionix* based on the physical nature of the claimed improvement:

Similarly, in *Thales Visionix Inc. v. United States*, 850 F.3d 1343, 1348-49 (Fed. Cir. 2017), the improvement was in a physical tracking system. . . . ***Here, in contrast, the focus of the claims is not a physical-realm improvement*** but an improvement in wholly abstract ideas—the selection and mathematical analysis of information, followed by reporting or display of the results.

Id. at 1168 (emphasis added). *SAP America* thus distinguished non-patent-eligible claims whose claimed advance is in the processing of intangible information from patent-eligible claims whose claimed advance relates to “physical-realm improvements” like those found in *McRO* and *Thales Visionix*.

This is not the first time this Court has made this distinction:

Abstract steps are, axiomatically, the opposite of tangible steps; that which is not tangible is abstract. But steps that involve machines, which are tangible, steps that involve transformation of tangible subject matter, or tangible implementations of ideas or abstractions should not be considered to be abstract ideas.

Ariosa Diagnostics, Inc. v. Sequenom, Inc., 809 F.3d 1282, 1285 (Fed. Cir. 2015) (emphasis added). Thus, when the claimed advance is directed to a physical-realm improvement, it is not abstract.

B. The panel's analysis of the physical nature of the '945 patent's claimed advance conflicts with *SAP America* and *Ariosa*.

It is true that the mere inclusion of physical items or physical steps will not save a claim whose focus is directed to an abstract idea. But when a patent's claimed advance is directed to a "physical-realm improvement," *SAP America* and *Ariosa* compel the conclusion that the claim is non-abstract.

The panel's decision repeatedly cites *Content Extraction & Transmission v. Wells Fargo Bank*, 776 F.3d 1343 (Fed. Cir. 2014), but that case does not contradict *SAP America*'s logic. In *Content Extraction*, this Court examined a claim with three steps: (1) extracting data from paper documents using a scanner, (2) recognizing specific information from the extracted data, and (3) storing that information in a memory. 776 F.3d at 1345. Only one of these steps can be considered physical, namely extracting the data. Had the *Content Extraction* patent's inventors analyzed the prior art, determined that there were fundamental flaws in the way that data was extracted from paper documents, and then developed a new physical process for extracting that data from the paper documents, then the court's holding would be relevant to the '945 patent. But the *Content Extraction* patent was not directed toward that physical step. Rather, its claimed advance was in "data recognition and storage," namely the way a computer recognized specific information that was

found in the extracted data. *Id.* at 1347. Patents for which the claimed advance was in the handling of intangible information have consistently been found to be directed toward abstract ideas. *See, e.g., Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016). It is therefore not surprising that including the step of scanning paper documents, which was not the claimed advance over the prior art, did not save the *Content Extraction* claim.

This is also true of the other cases the panel cites. In *Ultramercial*, the claim related to manipulating data over the Internet, and the claimed advance related to a method of using advertising as an exchange or currency. 772 F.3d at 712, 714-16. In *In re Marco Guldenaar Holding B.V.*, the claims were directed to the “abstract idea of ‘rules for playing a dice game.’” 911 F.3d 1157, 1160-61 (Fed. Cir. 2018). In *Voter Verified, Inc. v. Election Systems & Software LLC*, 887 F.3d 1376, 1385 (Fed. Cir. 2018), the claims were directed to the concept of voting, verifying the vote, and submitting the vote for tabulation. And in *Smart Systems Innovations v. Chicago Transit Authority*, 873 F.3d 1364, 1372 (Fed. Cir. 2017), the claims were directed to the “formation of financial transactions in a particular field (i.e., mass transit) and data collection related to such transactions.” In none of these cases did the inventors claim an advance over the prior art that related directly to a

physical process of handling physical items. Rather, the claimed advance was in the manipulation of data over the Internet, or the application of gambling rules, or mental steps undertaken while examining and tabulating votes. Consequently, these cases are not applicable to situations—such as that of the '945 patent—where the claimed advance over the prior art was improvement of an existing physical process. The panel's analysis of the '945 patent's physical-realm improvement is directly contrary to *SAP America* and *Ariosa*.

III. THE PANEL'S DECISION CONFLICTS WITH PRECEDENT FROM THE SUPREME COURT AND THIS COURT BY EFFECTIVELY BANNING NON-TECHNICAL BUSINESS-METHOD PATENTS OR IMPOSING A TECHNOLOGICAL-ARTS TEST.

A. Business methods are not *per se* unpatentable.

The law of the land is that section 101 “precludes the broad contention that the term ‘process’ categorically excludes business methods.” *Bilski v. Kappos*, 561 U.S. 593, 606 (2010). The *Bilski* majority noted that the defense to infringing a business-method patent formerly found in 35 U.S.C. § 273 indicated that federal law contemplates the existence of business-method patents. *Id.* at 607. Similarly, the America Invents Act created a covered-business-method review process that is relevant only to business-method patents. Pub. L. No. 112-29, § 18, 125 Stat. 284, 329-31 (2011).

Nothing in *Alice* overruled *Bilski*'s holding. *Alice* relied on the abstract-idea exception to patent eligibility. This approach was identical to that of the *Bilski* majority—that there is no reason to categorically exclude business-method patents because the abstract-idea exception will adequately determine which inventions are patent-eligible. A one-paragraph concurrence argued that any claim “that merely describes a method of doing business does not qualify as a ‘process’ under § 101,” *Alice*, 573 U.S. at 227 (Sotomayor, J., concurring) (quotation omitted), but this opinion was joined by only two other justices. As this Court has observed, “there is no categorical business-method exception.” *Content Extraction*, 776 F.3d at 1347.

B. The Supreme Court has not adopted a technological-arts test.

In 2008, this Court considered and rejected a technological-arts test for patent eligibility. *In re Bilski*, 545 F.3d 943, 960 (Fed. Cir. 2008). The majority noted that “no such test has ever been explicitly adopted by the Supreme Court, this court, or our predecessor court.” *Id.* The Supreme Court acknowledged that scholars had suggested adopting the test, *Bilski*, 561 U.S. at 634, but the Court did not do so. *Alice* did not comment on a technological-arts test.

C. The panel's decision effectively bans non-technical business-method patents or imposes a technological-arts test.

As discussed above in section II, patents with a claimed advance over the prior art in the physical realm are not directed to ineligible abstract ideas under *SAP America*. Because there is no categorical exception for business-method patents, business-method patents that are directed to a physical-realm improvement are eligible for patent protection. And because there is no technological-arts test for patent eligibility, non-technical, physical business-method patents remain eligible for patent protection. The '945 patent is therefore patent-eligible as a non-technical, physical business-method patent.

Few patents analyzed by this Court under section 101 feature a claimed advance over the prior art involving a physical process for handling tangible items. Unfortunately, by ignoring the physical nature of the '945 patent's claimed advance over the prior art, the panel's decision effectively eliminates any possible protection for physical, non-technical business-method patents. Instead of examining the inventors' claimed advance over the prior art, the panel wrongly adopted a broad statement of the underlying business method (crediting a merchant's account as early as possible while electronically processing a check) as the claims' focus.

But a blanket adoption of the underlying business method as the focus of the claims will always invalidate a business-method patent. All high-level business methods (such as “crediting an account,” “processing inventory,” “advertising,” or “delivering goods”) could be associated with some “fundamental economic practice” and disposed of with a simple citation to *Bilski*. By ignoring the tangible, physical nature of the claimed improvement, and instead citing the underlying business method as the claim’s focus, the panel’s approach effectively means that non-technical business methods will never be patent-eligible, no matter how physical their process improvements. Such a categorical rejection of physical-method inventions flatly contradicts the Supreme Court’s instruction that there is no categorical exclusion for business-method inventions or for non-technical inventions, and likewise contradicts *SAP America*’s instruction that claims directed to a physical-realm improvement are not directed to abstract ideas.

CONCLUSION

For the above reasons, Solutran respectfully requests that the *en banc* Court rehear and reverse the panel’s decision.

August 29, 2019.

/s/ Robert J Gilbertson

Robert J. Gilbertson

David J. Wallace-Jackson

Sybil L. Dunlop

GREENE ESPEL PLLP

222 South Ninth Street, Suite 2200

Minneapolis, MN 55402

(612) 373-0830

BGilbertson@GreeneEspel.com

DWallace-Jackson@GreeneEspel.com

SDunlop@GreeneEspel.com

*Attorneys for Plaintiff–Cross-Appellant
Solutran, Inc.*

ADDENDUM

United States Court of Appeals for the Federal Circuit

SOLUTRAN, INC.,
Plaintiff-Cross-Appellant

v.

ELAVON, INC., U.S. BANCORP,
Defendants-Appellants

2019-1345, 2019-1460

Appeals from the United States District Court for the
District of Minnesota in No. 0:13-cv-02637-SRN-BRT,
Judge Susan Richard Nelson.

Decided: July 30, 2019

ROBERT JAMES GILBERTSON, Greene Espel, PLLP, Minneapolis, MN, argued for plaintiff-cross-appellant. Also represented by SYBIL LOUISE DUNLOP, DAVID WALLACE-JACKSON.

JOHN THOMAS VITT, Jones Day, Minneapolis, MN, argued for defendants-appellants. Also represented by GREGORY A. CASTANIAS, Washington, DC; PETER MCCREERY LANCASTER, TIMOTHY J. DROSKE, BEN DESMOND KAPPELMAN, Dorsey & Whitney LLP, Minneapolis, MN.

Before CHEN, HUGHES, and STOLL, *Circuit Judges*.

CHEN, *Circuit Judge*.

U.S. Bancorp and its affiliate Elavon, Inc. (collectively, U.S. Bank) appeal orders in the United States District Court for the District of Minnesota (1) denying U.S. Bank's motion for summary judgment that claims 1–5 of U.S. Patent No. 8,311,945 ('945 patent), assigned to Solutran, Inc. (Solutran), are invalid under 35 U.S.C. § 101 for failing to recite patent-eligible subject matter and (2) granting Solutran's motion for summary judgment that Solutran's products infringe claims 1–5 of the '945 patent. Solutran cross-appeals, arguing that the district court abused its discretion when it denied Solutran the ability to amend its complaint to include a claim for willful infringement after the deadline set out in the scheduling order.

Because we agree with U.S. Bank that claims 1–5 of Solutran's patent are invalid under § 101, we reverse.

BACKGROUND

A. The '945 Patent

The '945 patent, issued in 2012, describes a system and method for processing paper checks. '945 patent. The patent explains that in the past, the payee would transport the check to his or her own bank to be read and processed, then the payee's bank would transport the check to the payor's bank, where it also would be read and processed. *Id.* at col. 1, ll. 30–39. At this point, the payor's bank would debit the payor's account and transfer the money to the payee's bank, which would credit the payee's account. *Id.* at col. 1, ll. 39–45.

The Background section of the '945 patent explains that the digital age ushered in a faster approach to processing checks, where the transaction information—e.g., amount of the transaction, routing and account number—on the check is turned into a digital file at the merchant's

point of sale (POS) terminal. *Id.* at col. 1, l. 51 – col. 2, l. 8, col. 4, ll. 51–58 (at the point of purchase, “the merchant keys, or applies amount captured at POS, into the terminal the amount of the purchase” and “passes the check through a MICR (magnetic ink character recognition) reader to capture the consumer’s account number, routing number of the financial institution holding the account, and the check number”). The digital check information is sent electronically over the Internet or other network, *id.* at col. 1, ll. 54–61, and the funds are then transferred electronically from one account to another. *Id.* at col. 2, ll. 5–8. By converting the check information into digital form, it no longer was always necessary to physically move the paper check from one entity to another to debit or credit the accounts. *Id.* at col. 2, ll. 1–5. But retaining the checks was still useful for, among other things, verifying accuracy of the transaction data entered into the digital file. *Id.* at col. 2, ll. 11–15. It was well-known that merchants could optionally capture a digital image of the check at the point of purchase. *Id.* at col. 2, ll. 61–63, col. 4, ll. 58–59, FIG. 1; *see also id.* at col. 2, ll. 30–31 (“The original check can be scanned and its digital image stored for later use . . .”).

The patent also discloses a method proposed by the National Automated Clearing House Association (NACHA) for “back office conversion” where merchants scan their checks in a back office, typically at the end of the day, *id.* at col. 2, l. 65 – col. 3, l. 1, “instead of at the purchase terminal,” *id.* at col. 5, ll. 2–4, FIG. 2. A scanner captures an image of the check, and MICR data from the check is stored with the image. *Id.* at col. 3, ll. 1–2. An image file containing this information can be transferred to a bank or third-party payment processor. *Id.* at col. 3, ll. 2–4.

The patent describes its invention as a system and method of electronically processing checks in which (1) “data from the checks is captured at the point of purchase,” (2) “this data is used to promptly process a deposit to the merchant’s account,” (3) the paper checks are moved

elsewhere “for scanning and image capture,” and (4) “the image of the check is matched up to the data file.” *Id.* at col. 3, ll. 16–46. The proffered benefits include “improved funds availability” for merchants and allegedly “reliev[ing merchants] of the task, cost, and risk of scanning and destroying the paper checks themselves, relying instead on a secure, high-volume scanning operation to obtain digital images of the checks.” *Id.* at col. 3, ll. 46–62. Solutran explains that its method allows merchants to get their accounts credited sooner, without having to wait for the check scanning step.

The court treated claim 1 as representative, which the parties do not dispute. *See* J.A. 47. Claim 1 recites:

1. A method for processing paper checks, comprising:
 - a) electronically receiving a data file containing data captured at a merchant’s point of purchase, said data including an amount of a transaction associated with MICR information for each paper check, and said data file not including images of said checks;
 - b) after step a), crediting an account for the merchant;
 - c) after step b), receiving said paper checks and scanning said checks with a digital image scanner thereby creating digital images of said checks and, for each said check, associating said digital image with said check’s MICR information; and
 - d) comparing by a computer said digital images, with said data in the data file to find matches.

Id. at claim 1.

B. District Court and CBM Proceedings

Solutran sued U.S. Bank in the United States District Court for the District of Minnesota, alleging infringement of claims 1–5 of the '945 patent. U.S. Bank filed an answer and counterclaims alleging, *inter alia*, that it did not infringe and that the asserted claims were invalid under § 101. U.S. Bank later filed a motion for summary judgment that the '945 patent was invalid because it did not recite patent-eligible subject matter under § 101, specifically because the claims were directed to the “abstract idea of delaying and outsourcing the scanning of paper checks.” *See* J.A. 50. The district court disagreed, concluding that the claims were not directed to an abstract idea and the '945 patent was therefore patent-eligible.

The district court found a previous covered business method (CBM) review of the '945 patent by the Patent Trial and Appeal Board (Board) persuasive in reaching its determination. J.A. 52 n.5. In August 2014—two months after the Supreme Court issued its *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208 (2014), decision—the Board issued an institution decision denying the petition as to the § 101 challenge, concluding that claim 1 of the '945 patent was not directed to an abstract idea. *U.S. Bancorp v. Solutran, Inc.*, No. CBM2014-00076, 2014 WL 3943913 (P.T.A.B. Aug. 7, 2014). The Board reasoned that “the basic, core concept of independent claim 1 is a method of processing paper checks, which is more akin to a physical process than an abstract idea.” *Id.* at *8. “Indeed, there is nothing immediately apparent about this basic, core concept that would indicate that it is directed to an abstract idea at all.” *Id.*

The district court’s reasoning aligned with the Board’s. The district court focused on the physical nature of checks’ processing and movement and accused U.S. Bank of improperly construing the claim to “a high level of abstraction.” J.A. 51–57. The district court distinguished U.S.

Bank's cited Federal Circuit and Board decisions involving check-related patents on the basis that the '945 patent, in its view, is directed to an improved technique for processing and transporting physical checks, rather than just handling data that had been scanned from the checks. J.A. 55.

The district court concluded, in the alternative, that the asserted claims also recited an inventive concept under step two of *Alice*. The district court accepted Solutran's assertion that "Claim 1's elements describe a new combination of steps, in an ordered sequence, that was never found before in the prior art and has been found to be a non-obvious improvement over the prior art by both the USPTO examiner and the PTAB's three-judge panel (affirmed by the Federal Circuit)."¹ J.A. 58. The district court also concluded that the claim passes the machine-or-transformation test because "the physical paper check is transformed into a different state or thing, namely into a digital image." J.A. 59.

U.S. Bank appeals, *inter alia*, the § 101 ruling. Solutran cross-appeals on the issue of willful infringement. We have jurisdiction pursuant to 28 U.S.C. § 1295(a)(1).

DISCUSSION

Patent eligibility under § 101 is a question of law that may contain underlying issues of fact. *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1342 (Fed. Cir. 2018) (citing *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1365 (Fed. Cir.

¹ CBM2014-00076, which this court affirmed, only included an obviousness challenge to the '945 patent, as the § 101 challenge had already been denied at institution. See *U.S. Bancorp v. Solutran, Inc.*, No. CBM2014-00076, 2015 WL 4698463, at *17 (P.T.A.B. Aug. 5, 2015); *U.S. Bancorp v. Solutran, Inc.*, 668 F. App'x 363, 364 (Fed. Cir. 2016).

2018)). We review an ultimate conclusion on patent eligibility *de novo*. *See id.*

The Supreme Court has held that certain categories of subject matter, including abstract ideas, are not eligible for patent protection under § 101. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012). “The ‘abstract ideas’ category embodies the longstanding rule that an idea of itself is not patentable.” *Alice*, 573 U.S. at 218 (internal brackets and quotation marks omitted). To determine whether claimed subject matter is patent-eligible, we apply the two-step framework explained in *Alice*. *Id.* First, we “determine whether the claims at issue are directed to a patent-ineligible concept” such as an abstract idea. *Id.* Second, if so, we “examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Id.* at 221 (internal quotation marks omitted) (quoting *Mayo*, 566 U.S. at 72, 80). At each step, the claims are considered as a whole. *See id.* at 218 n.3, 225.

1. Step One

We agree with U.S. Bank that the claims of the ’945 patent are directed to an abstract idea, although we articulate it a bit differently than U.S. Bank does. We conclude that the claims are directed to the abstract idea of crediting a merchant’s account as early as possible while electronically processing a check.

We have previously ruled that certain transaction claims performed in a particular order or sequence are directed to abstract ideas. In *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014), the claims at issue were drawn to a method for distribution of copyrighted content over the Internet including the steps of, *inter alia*, receiving media from a content provider, selecting an ad, offering the media to the consumer in exchange for watching the ad, displaying the ad, then allowing the consumer to access

the media. *Id.* at 714–15. We determined that the ordered combination of steps recited “an abstraction—an idea, having no particular concrete or tangible form.” *Id.* at 715. We defined the abstract idea as “showing an advertisement before delivering free content.” *Id.* “Because the innovative aspect of the claimed invention [wa]s an entrepreneurial rather than a technological one,” we deemed the invention patent-ineligible. *Id.* at 722.

Aside from the timing of the account crediting step, the ’945 patent claims recite elements similar to those in *Content Extraction & Transmission LLC v. Wells Fargo Bank, National Ass’n*, 776 F.3d 1343 (Fed. Cir. 2014). There, we held that a method of extracting and then processing information from hard copy documents, including paper checks, was drawn to the abstract idea of collecting data, recognizing certain data within the collected data set, and storing that recognized data in a memory. *Id.* at 1347. We explained that “[t]he concept of data collection, recognition, and storage is undisputedly well-known”; “[i]ndeed, humans have always performed these functions.” *Id.* We also recognized that “banks have, for some time, reviewed checks, recognized relevant data such as the amount, account number, and identity of account holder, and stored that information in their records.” *Id.* Here, too, the claims recite basic steps of electronic check processing. In its background, the ’945 patent explains that “there has been an industry transition to the electronic processing of checks[, including] the recordation of the data . . . presented by the check into a digital format which can then be transferred electronically.” *Id.* at col. 1, ll. 53–57, col. 1, ll. 61–62. It had become standard for the merchant to capture the check’s transaction amount and MICR data at the point of purchase. *Id.* at col. 4, ll. 52–58, FIG. 1. Further, the patent’s background explains that verifying the accuracy of the transaction information stored in the digital file

against the check was already common.² *Id.* at col. 2, ll. 13–15.

Crediting a merchant’s account as early as possible while electronically processing a check is a concept similar to those determined to be abstract by the Supreme Court in *Bilski v. Kappos*, 561 U.S. 593 (2010) and *Alice*. In *Bilski*, the Supreme Court determined that claims directed to “the basic concept of hedging, or protecting against risk” recited “a fundamental economic practice long prevalent in our system of commerce and taught in any introductory finance class” and therefore “an unpatentable abstract idea.” 561 U.S. at 611–12. In *Alice*, the Supreme Court deemed “a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk” to be an abstract idea. 573 U.S. at 219. The desire to credit a merchant’s account as soon as possible is an equally long-standing commercial practice.

Solutran argues that the claims “as a whole” are not directed to an abstract idea. *See, e.g.*, Cross-Appellant’s Op. Br. at 38. The ’945 patent articulates two benefits of its invention: (1) “improved funds availability” because the merchant’s account is credited before the check is scanned or verified; and (2) relieving merchants of the task, cost, and risk of scanning and destroying paper checks by outsourcing those tasks. ’945 patent at col. 3, ll. 38–64. At oral argument, Solutran’s counsel conceded that the claims are not limited to an embodiment that requires outsourcing. Oral Argument at 25:36–26:09 (“Claim 1 doesn’t require that it be done by someone other than the merchant . . .”). The only advance recited in the asserted claims is thus crediting the merchant’s account before the

² Solutran does not contend that using a digital rather than paper version of the check for that comparison is inventive.

paper check is scanned. We conclude that this is an abstract idea.

This is not a situation where the claims “are directed to a specific improvement to the way computers operate” and therefore not directed to an abstract idea, as in cases such as *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016). Solutran’s counsel acknowledged at oral argument that the ’945 patent’s invention did not improve the technical capture of information from a check to create a digital file or the technical step of electronically crediting a bank account. *See, e.g.*, Oral Argument at 23:40–24:12 (“So I grant you that there is not a specific technical change in the way the data file is constructed or in the way the crediting occurs . . .”), 33:14–33:29. Nor does the ’945 patent invention improve how a check is scanned. This is also not a situation where the claims are “limited to rules with specific characteristics” to create a technical effect and therefore not directed to an abstract idea, as in *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299, 1313 (Fed. Cir. 2016). To the contrary, the claims are written at a distinctly high level of generality.

We do not agree that U.S. Bank “improperly construe[d] Claim 1 to ‘a high level of abstraction.’” J.A. 51 (quoting *Enfish*, 822 F.3d at 1337). In *Enfish*, the district court and the appellees generalized the claims such that their characterization of the alleged abstract idea was “untethered from the language of the claims.” *See Enfish*, 822 F.3d at 1337. That is not the case here; rather, both our characterization and U.S. Bank’s characterization are directly tethered to the claim language. We understand that it may be difficult at times to determine what the correct level of abstraction is to characterize the claims. After all, “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 566 U.S. at 71. We share the Supreme Court’s concern that “too broad an interpretation of this exclusionary principle could eviscerate patent law.” *Id.* But

SOLUTRAN, INC. v. ELAVON, INC.

11

where, as here, the abstract idea tracks the claim language and accurately captures what the patent asserts to be the “focus of the claimed advance over the prior art,” *Affinity Labs of Texas, LLC v. DIRECTV, LLC*, 838 F.3d 1253, 1257 (Fed. Cir. 2016), characterizing the claim as being directed to an abstract idea is appropriate. Moreover, the specification states, and Solutran does not dispute, that the steps of the claim are conventional processes for processing checks electronically.

Contrary to Solutran’s arguments, the physicality of the paper checks being processed and transported is not by itself enough to exempt the claims from being directed to an abstract idea. As we explained in *In re Marco Guldenaar Holding B.V.*, 911 F.3d 1157, 1161 (Fed. Cir. 2018), “the abstract idea exception does not turn solely on whether the claimed invention comprises physical versus mental steps.” In fact, “[t]he claimed methods in *Bilski* and *Alice* also recited actions that occurred in the physical world.” *Id.* We have likewise determined that a method for voting that involved steps of printing and handling physical election ballots, *Voter Verified, Inc. v. Election Sys. & Software LLC*, 887 F.3d 1376 (Fed. Cir. 2018), and a method of using a physical bankcard, *Smart Sys. Innovations, LLC v. Chi. Transit Auth.*, 873 F.3d 1364 (Fed. Cir. 2017), were abstract ideas. And the Supreme Court has concluded that diagnostic methods that involve physical administration steps are directed to a natural law. *Mayo*, 566 U.S. at 92. The physical nature of processing paper checks in this case does not require a different result, where the claims simply recite conventional actions in a generic way (*e.g.*, capture data for a file, scan check, move check to a second location, such as a back room) and do not purport to improve any underlying technology.

The district court’s and Solutran’s reliance on the paper checks being processed in two “different location[s]” via two paths as preventing the claims from being directed to an abstract idea is also misplaced. *See, e.g.*, J.A. 51; Cross-

Appellant's Op. Br. at 39–40, 42–43, 46, 48–49. The claims on their face are broad enough to allow the transaction data to be captured at the merchant's point of purchase and the checks to be scanned and compared in the merchant's back office. The location of the scanning and comparison—whether it occurs down the hallway, down the street, or across the city—does not detract from the conclusion that these claims are, at bottom, directed to getting the merchant's account credited from a customer's purchase as soon as possible, which is an abstract idea.

2. Step Two

We disagree with the district court that the '945 patent claims “contain a sufficiently transformative inventive concept so as to be patent eligible.” *See* J.A. 60. Even when viewed as a whole, these claims “do not, for example, purport to improve the functioning of the computer itself” or “effect an improvement in any other technology or technical field.” *See Alice*, 573 U.S. at 225. To the contrary, as the claims in *Ultramercial* did, the claims of the '945 patent “simply instruct the practitioner to implement the abstract idea with routine, conventional activity.” 772 F.3d at 715. As we noted above, the background of the '945 patent describes each individual step in claim 1 as being conventional. Reordering the steps so that account crediting occurs before check scanning (as opposed to the other way around) represents the abstract idea in the claim, making it insufficient to constitute an inventive concept. *Id.* Any remaining elements in the claims, including use of a scanner and computer and “routine data-gathering steps” (*i.e.*, receipt of the data file), have been deemed insufficient by this court in the past to constitute an inventive concept. *Content Extraction*, 776 F.3d at 1349 (conventional use of computers and scanners); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015) (routine data-gathering steps).

SOLUTRAN, INC. v. ELAVON, INC.

13

To the extent Solutran argues that these claims are patent-eligible because they are allegedly novel and non-obvious, *see* Cross-Appellant’s Op. Br. at 49, 52, 54–55, 63, 67, we have previously explained that merely reciting an abstract idea by itself in a claim—even if the idea is novel and non-obvious—is not enough to save it from ineligibility. *See, e.g., Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir. 2016) (“[A] claim for a *new* abstract idea is still an abstract idea.” (emphasis in original)).

Solutran also argues on appeal that its claims pass the machine-or-transformation test—*i.e.*, “transformation and reduction of an article ‘to a different state or thing.’” *See Gottschalk v. Benson*, 409 U.S. 63, 70 (1972). While the Supreme Court has explained that the machine-or-transformation test can provide a “useful clue” in the second step of *Alice*, passing the test alone is insufficient to overcome Solutran’s above-described failings under step two. *See DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (“[I]n *Mayo*, the Supreme Court emphasized that satisfying the machine-or-transformation test, by itself, is not sufficient to render a claim patent-eligible, as not all transformations or machine implementations infuse an otherwise ineligible claim with an ‘inventive concept.’”).

In any respect, we disagree with Solutran that the claims pass the test. Solutran reads the analysis in *In re Bilski*, 545 F.3d 943, 962–63 (Fed. Cir. 2008) (en banc), which the Supreme Court explicitly declined to follow, as supporting its argument that “scanning . . . paper checks with a digital-image scanner to create images of the checks” alone passes the machine-or-transformation test. *See* Appellant’s Op. Br. at 65 (relying on discussion of *In re Abele*, 684 F.2d 902 (C.C.P.A. 1982) in *In re Bilski*, 545 F.3d at 962–63). Regardless of whether our *Bilski* opinion’s analysis of *Abele* is still sound in view of recent Supreme Court opinions, Solutran’s check-scanning argument directly conflicts with *Content Extraction*. Merely using a

general-purpose computer and scanner to perform conventional activities in the way they always have, as the claims do here, does not amount to an inventive concept. *See Content Extraction*, 776 F.3d at 1348–49; *Ultramercial*, 772 F.3d at 716–17.

Because the claims of the '945 patent recite the abstract idea of using data from a check to credit a merchant's account before scanning the check, and because the claims do not contain an inventive concept sufficient to transform this abstract idea into a patent-eligible application, the claims are not directed to patent-eligible subject matter under § 101. We therefore need not review U.S. Bank's alternative § 103 argument or Solutran's cross-appeal relating to a potential willful infringement claim. We have considered the parties' remaining arguments and find them unpersuasive. Accordingly, we reverse.

REVERSED

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

CERTIFICATE OF SERVICE

I certify that I served a copy on counsel of record on August 29, 2019

by:

- ☐ U.S. Mail
- ☐ Fax
- ☐ Hand
- ☒ Electronic Means (by E-mail or CM/ECF)

Robert J. Gilbertson

Name of Counsel

/s/ Robert J Gilbertson

Signature of Counsel

Law Firm

Greene Espel PLLP

Address

222 South Ninth Street, Suite 2200

City, State, Zip

Minneapolis, MN 55402

Telephone Number

(612) 373-0830

Fax Number

(612) 373-0929

E-Mail Address

BGilbertson@GreeneEspel.com

NOTE: For attorneys filing documents electronically, the name of the filer under whose log-in and password a document is submitted must be preceded by an "/s/" and typed in the space where the signature would otherwise appear. Graphic and other electronic signatures are discouraged.

Reset Fields

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

CERTIFICATE OF COMPLIANCE WITH TYPE-VOLUME LIMITATION, TYPEFACE REQUIREMENTS, AND TYPE STYLE REQUIREMENTS

1. This brief complies with the type-volume limitation of [Federal Rule of Federal Circuit Rule 32\(a\)](#) or [Federal Rule of Federal Circuit Rule 28.1](#).

☒ This brief contains *[state the number of]* 3,890 words, excluding the parts of the brief exempted by [Federal Rule of Appellate Procedure 32\(f\)](#), or

☐ This brief uses a monospaced typeface and contains *[state the number of]* _____ lines of text, excluding the parts of the brief exempted by [Federal Rule of Appellate Procedure 32\(f\)](#).

2. This brief complies with the typeface requirements of [Federal Rule of Appellate Procedure 32\(a\)\(5\)](#) or [Federal Rule of Federal Circuit Rule 28.1](#) and the type style requirements of [Federal Rule of Appellate Procedure 32\(a\)\(6\)](#).

☒ This brief has been prepared in a proportionally spaced typeface using *[state name and version of word processing program]* Microsoft Word for Office 365 in *[state font size and name of type style]* 14-point Cambria, or

☐ This brief has been prepared in a monospaced typeface using *[state name and version of word processing program]* _____ with *[state number of characters per inch and name of type style]* _____.

/s/ Robert J Gilbertson

(Signature of Attorney)

Robert J. Gilbertson

(Name of Attorney)

Plaintiff - Cross-Appellant

(State whether representing appellant, appellee, etc.)

August 29, 2019

(Date)

Reset Fields