

CLIENT ALERT

Federal Reserve Banks Are “Persons” for Purposes of AIA, and Verifying Financial Documents to Reduce Fraud Is Ineligible Subject Matter Under § 101

APRIL 10, 2020

Bozeman Fin'l, LLC v. Federal Reserve Bank, et al., No. 2019-1020 (Fed. Cir. Apr. 10, 2020)

The patentee appealed from the Patent Trial and Appeal Board's (PTAB) covered business method (CBM) decisions finding all claims of two patents ineligible under 35 U.S.C. § 101, and challenged the eligibility decision, as well as the PTAB's authority to address the CBM petitions claiming that banks are not “persons” under the America Invents Act (AIA).

The court held that Federal Reserve banks are “persons” under the AIA. The banks are distinct from the government for purposes of the AIA because they are chartered corporate instrumentalities of the United States, and like any other private company, the banks have boards of directors and can sue or be sued in any court. Since a patentee's remedies against the banks are not limited as they would be against a governmental agency, the banks should have access to post-grant proceedings. The court recognized there may be circumstances where the banks are not distinct from the government, but for the AIA, the court concluded the banks were persons capable of petitioning for review under the AIA.

With regard to the ineligibility finding, the court agreed with the PTAB's conclusion. With regard to step one, the court agreed the claims were directed to the abstract idea of collecting and analyzing information for financial transaction or error detection. The claimed method implemented basic computer equipment to verify financial documents to reduce transactional fraud, which the court observed had no meaningful distinction from the court's precedent to suggest the claims are not directed to an abstract idea. To address step two, the patentee argued the ordered combination of elements in a specific implementation that was not routine or conventional. The court, however, rejected the argument because the patentee could not identify what about the ordering provides the inventive concept.

A copy of the opinion can be found [here](#).

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