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CLIENT ALERT

Claims Found Patent-Ineligible When Directed To Abstract Idea Of "Targeted Advertising" Implemented By Conventional Components

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Free Stream Media Corp., et al. v. Alphonso Inc., et al. Nos. 19-1506 and 19-2133 (Fed. Cir. May 11, 2021)

Multiple issues were decided on appeal, including reversing the Northern District of California's denial of a motion to dismiss on 35 U.S.C. § 101 patent eligibility grounds. The district court analyzed the two-step test presented in *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 573 U.S. 208, 216 (2014) and rejected an argument that the following claim was directed to the abstract idea of "tailored advertising":

U.S. Patent No. 9,386,356 Claim 1: A system comprising:

- a television to generate a fingerprint data;
- a relevancy-matching server to: match primary data generated from the fingerprint data with targeted data, based on a relevancy factor, and search a storage for the targeted data; wherein the primary data is any one of a content identification data and a content identification history;
- a mobile device capable of being associated with the television to: process an embedded object, constrain an executable environment in a security sandbox, and execute a sandboxed application in the executable environment; and
- a content identification server to: process the fingerprint data from the television, and communicate the primary data from the fingerprint data to any of a number of devices with an access to an identification data of at least one of the television and an automatic content identification service of the television.

Having found no abstract idea, the district court did not analyze *Alice* step 2.

The Federal Circuit disagreed, finding the claim directed to "the abstract idea of targeted advertising." The panel also stated that its review of the claims "reveals that the claims are directed to: (1) gathering information about television users' viewing habits; (2) matching the information with other content (i.e., targeted advertisements) based on relevancy to the television viewer; and (3) sending that content to a second device."

The Federal Circuit rejected arguments that the claims recited a patent-eligible technological improvement of "piercing or otherwise overcoming a mobile device's security sandbox" so that devices on the same network can

communicate. The problem with this argument, the panel found, was that "the asserted claims do not at all describe how that result is achieved." Under the panel's view, it did not matter whether the "specification sufficiently discloses how the sandbox is overcome, [because] the asserted claims nonetheless do not recite an improvement in computer functionality."

The Federal Circuit also decided *Alice's* step 2 even though the district court did not address this issue. The panel rejected the argument that the claims are patent-eligible "because they recite a specific, ordered combination of elements operating in unconventional ways, such that they override 'their routine and conventional inability to share information with each other.'" In particular, the patent owner argued that the claims "specify the components or methods that permit the television and mobile device to operate in [an] unconventional manner, including the use of fingerprinting, a content identification server, a relevancy-matching server, and bypassing the mobile device security sandbox." The panel found these arguments lacking, stating that "even assuming the bypassing of mobile device security mechanisms had not been done before, there is nothing inventive disclosed in the claims that permits communications that were previously not possible." The panel noted that the claims recite the use of "generic features" and "routine functions, to implement the underlying idea," and further noted that more is needed, such as "provid[ing] an inventive solution to a problem in implementing the idea."

Read the full decision here.

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