Federal Circuit: Reciting "Computer Readable Medium" Insufficient to Transform "Unpatentable Mental Process" Into Patentable Subject Matter

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In Cybersource v. Retail Decisions, the Federal Circuit once again addressed the question of patentable subject matter. The patent at issue involved a method for detecting online credit card fraud by determining if “Internet address” information (e.g. IP addresses) for a particular transaction is consistent with other Internet address information for prior transactions using the same credit card. Two claims were at issue. The first reads in its entirety:

3. A method for verifying the validity of a credit card transaction over the Internet comprising the steps of:

a) obtaining the information about other transactions that have utilized an Internet address that is identified with the credit card transaction;

b) constructing a map of the credit card numbers based on the other transactions and;

c) utilizing the map of credit card numbers to determine if the credit card transaction is valid.

The district court granted summary judgment of invalidity of Claim 3 under 35 U.S.C. § 101 for failure to recite patent-eligible subject matter. The Federal Circuit affirmed, holding that the

claim was directed to an unpatentable mental process (“a subcategory of unpatentable abstract ideas”) because all of the claims’ steps could be performed in the human mind.

The Federal Circuit also affirmed the invalidity of Claim 2 which recited a so-called “Beauregard claim.” A Beauregard claim is a claim to a computer readable medium (e.g., a disk, hard drive, or other data storage device) containing program instructions for a computer to perform a particular process. Beyond its use of the Beauregard format, Claim 2 was substantially identical in scope to Claim 3. The Federal Circuit held that simply reciting the use of a computer to execute an algorithm that can be performed entirely within the human mind does not render the claim’s subject matter patentable. The Federal Circuit relied upon its prior decision in Bilski which held that in order to impart patent-eligibility to an otherwise unpatentable process by linking the process to a machine, the use of the machine “must impose meaningful limits on the claim’s scope;” in other words, the machine “must play a significant part in permitting the claimed method to be performed.” The Federal Circuit thus distinguished Claim 2 from “other cases where as a practical matter the use of a computer is required to perform the claimed method.”

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