

# The Specter of Alice Looms Large Even in PGRs

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On August 3, 2016, the Patent Trial and Appeal Board issued a post-grant review decision that bears one striking similarity to its previous post-grant review decisions, namely invalidation of claims under *Alice Corp. Pty. v. CLS Bank Int'l*, further bolstering the salience of patent ineligibility challenges in post-grant proceedings.

In *Netserv et al. v. Boxbee, Inc.* (Case No. PGR2015-00009), the Board found the subject matter claimed in claims 1-21 of Boxbee Inc.'s U.S. Patent Number 8,756,166 ("the '166 patent") to be ineligible for patent protection under 35 U.S.C. § 101. The Board first determined under *Alice* whether the claims of the '166 patent were drawn to an abstract idea. The Board found the '166 patent to describe "a bailment scheme using storage containers" or a method of keeping track of the storage locations of certain containers or items. Referring to cases on shipment tracking methods from federal district courts in New Jersey and California, as well as decisions from the Federal Circuit, the Board ruled that "bailment schemes [are] a long-prevalent economic practice, and constitute an abstract idea."

Upon determining that the claims of the '166 patent were directed to an abstract idea, the Board next considered whether the claims recited additional elements that amount to significantly more than the abstract idea. The Board found that the claims of the '166 patent only recited using "routine computer application and the associated data" to execute the "steps required to perform the abstract idea" and thus failed to recite additional elements that would amount to significantly more than the abstract idea of bailment schemes.

Post-grant review and *inter partes* review were introduced by the America Invents Act in September 2012. Both types of proceedings are available to third parties (i.e., non-patent owners) seeking to challenge the validity of a granted patent before the Board. But the only grounds for invalidity that can be raised during *inter partes* review are lack of novelty and obviousness. By contrast, a patent undergoing post-grant review may be subject to additional bases for invalidity, which notably includes subject matter ineligibility.

It is important to note that not all patents qualify for post-grant review. Specifically, post-grant review cannot be invoked for non-covered business method patents filed prior to March 15, 2013. Furthermore, a request for post-grant review of a patent must be submitted within nine months of the patent's issuance or reissuance. Nevertheless, for owners of patents that do qualify for post-grant review, it may be wise to review the issued claims in light of *Alice*.

## Authors

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Brad Scheller is more than just a seasoned intellectual property litigator—he's a strategic partner who thrives at the intersection of law, technology, and business. With a reputation for tackling complex trade secret and patent disputes, Brad brings a rare blend of technical insight and courtroom prowess, advocating for clients before judges and juries in United States district courts and the United States Patent and Trademark Office.