



FEDERAL CIRCUIT

Amdocs (Israel) Limited v. Openet Telecom, Inc.

On November 1, 2016, the United States Court of Appeals for the Federal Circuit (“Federal Circuit”) held that four of Amdocs’ patents, US 7,631,065, US 7,412,510, US 6,947,984, and US 6,836,797, were directed toward patent-eligible subject matter. Unlike previous subject matter eligibility cases, the Federal Circuit evaluated Amdocs with an examination tailored to the specific facts of the case, comparable to traditional common-law.

The patents at question covered “parts of a system designed to solve an accounting and billing problem faced by network service providers,” more pointedly, the “massive record flows” and in large networks, the requirements for big databases. Additionally, the patents reduce congestion in network bottlenecks through system components that are “arrayed in a distributed architecture” that enable load distribution all while allowing data to be accessible from a central location.

In 2010, Amdocs brought an infringement suit against Openet citing the four patents above. The United States District Court for the Eastern District of Virginia (“District Court”), found that the patents were directed toward patent-ineligible subject matter under 35 U.S.C. § 101. The District Court cited newly decided *Alice* to support its finding of ineligible subject matter.

On appeal to the Federal Circuit, the Federal Circuit began by applying the *Alice* test. The dissent suggested that the majority skipped Step One, but the majority alluded that the patents passed Step One. However, during Step Two of the test, the Federal Circuit provided a more substantive analysis. The Federal Circuit began by declining to articulate a definition for “abstract idea,” reasoning that it is difficult to fashion a definition for “as-yet-unknown cases with as-yet-unknown inventions.”

The Federal Circuit continued its analysis of the *Alice* test Step Two with a common law methodology, citing cases with the “most relevant prior opinions.” The Federal Circuit compared *Amdocs* to five previous cases, *DDR Holdings*, *BASCOM*, *Digitech*, *In Re TLI Communications*, and *Content Extraction*. Both *DDR Holdings*, and *BASCOM* upheld the patent claims, while the other three decisions found the claims to be patent-ineligible under 35 U.S.C. § 101. The Federal Circuit found commonalities with the cases allowed and the Amdocs claims in that they “solve a technical problem” and “improve the performance of the system itself.”

Additionally, the Federal Circuit compared Amdocs’ patents with *Digitech* and *In Re TLI Communications*, explaining that Amdocs’ claims are “narrowly drawn to not preempt any and all generic enhancement of data in a similar system.”

This decision is significant because it places a focus on the *Alice* test. It shows how the courts are likely to proceed with 35 U.S.C. § 101 issues. Instead of creating a solid definition for “abstract idea” or another interpretation to the *Alice* test, the courts will likely compare the facts of the case at issue to similar prior cases and evaluate whether the case at hand is closer to a case that upheld the claims, or a case that found the claims patent-ineligible under 35 U.S.C. § 101.