

SAP AMERICA, INC. V. INVESTPIC, LLC



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SAP America, Inc. v. InvestPic, LLC

In *SAP America, Inc. v. InvestPic, LLC*, 2017-2081 (Fed. Cir. May 15, 2018), the Federal Circuit (“the Court”) agreed with the U.S. District Court for the Northern District of Texas (the “District Court”) that the claims of U.S. Patent No. 6,349,291 (“the ‘291 patent”), were invalid because their subject matter is invalid under 35 U.S.C § 101 (“Section 101”).

The ‘291 patent is directed to calculating and analyzing investment data in order to generate a resampled distribution. In 2016, SAP America, Inc. filed a declaratory judgment alleging the that ‘291 patent was invalid and moved for a judgment on the pleadings on that ground. In May 2017, at the judgment on the pleadings, the District Court granted the motion and held all claims ineligible under Section 101 and hence invalid. The District Court concluded that the claims were directed to performing statistical analysis based on the language in the claims and the mathematical calculations in the written description and dependent claims. InvestPic, LLC appealed the grant of the motion.

On the merits with regards to the claims of the ‘291 patent, the Court found, as did the District Court, that the claims in the ‘291 patent are ineligible under Section 101. The Court stated that “[w]e may assume that the techniques claimed are ‘groundbreaking, innovative, or even brilliant,’ but that is not enough for eligibility.” *Ass’n for Molecular Pathology v. Myriad Genetics Inc.*, 569 U.S. 576, 591 (2013). The Court reiterated that overcoming novelty and non-obviousness is not enough and that “[t]he claims here are ineligible because their innovation is an innovation in ineligible subject matter.” *SAP America, Inc. v. InvestPic, LLC* at p. 3. The Court said that the subject matter is nothing but a series of mathematical calculations and the presentation of the results in the plot of a probability distribution function.

To make this determination, the Court looked to the patent’s description of existing practices being improved by the ‘291 patent. The ‘291 patent discusses that conventional financial information websites perform rudimentary statistical functions relying on a false presumption of a probability distribution and that the patent proposes a technique that “utilizes resampled statistical methods for the analysis of financial data.” The patent then discusses using a bootstrap method and bias parameters.

The Court then looked to the independent claims. Independent claims 1 and 11 are method claims and claim 22 is a system claim.

Claim 1: A method for calculating, analyzing and displaying investment data comprising the steps of:

- (a) selecting a sample space, wherein the sample space includes at least one investment data sample;
- (b) generating a distribution function using a re-sampled statistical method and a bias parameter, wherein the bias parameter determines a degree of randomness in a resampling process; and,
- (c) generating a plot of the distribution function.

Claim 11: A method for providing statistical analysis of investment data over an information network, comprising the steps of:

- (a) storing investment data pertaining to at least one investment;
- (b) receiving a statistical analysis request corresponding to a selected investment;
- (c) receiving a bias parameter, wherein the bias parameter determines a degree of randomness in a resampling processing; and
- (d) based on upon investment data pertaining to the selected investment, performing a resampled statistical analysis to generate a resampled distribution.

Claim 22: A system for providing statistical analysis of investment information over an information network comprising:

- a financial data databased for storing investment data;
- a client database;
- a plurality of processors collectively arranged to perform a parallel processing computation, wherein the plurality of processors is adapted to:
 - receive a statistical analysis request corresponding to a selected investment;
 - based upon investment data pertaining to the elected investment, perform a resampled statistical analysis to generate a resampled distribution; and
 - provide a report of the resampled distribution.

Upon reviewing the claims, the Court found them directed to abstract ideas. The Court found this case to be similar to *Electric Power Group v. Alstom S.A.* 830 F.3d 1350 (Fed. Cir. 2016) as the claims select certain information, analyze it using mathematical techniques and report or display the results of the analysis.

The Court distinguished this case from *McRO, Inc. v. Bandai Namco Games America Inc.*, 837 F.3d 1299 (Fed. Cir. 2016) by stating that *McRO* was directed to the creation of something physical and the improvement was to how the physical display operated. However, the claims in the ‘291 patent claimed an improvement to a mathematical technique with no improved display mechanism. The Court further distinguished these claims from *McRO* stating that *McRO* had the specificity required to transform a claim from claiming only a result to claiming a way of achieving it. Similarly, the Court stated that *Thales Visionix Inc. v. U.S.*, 850 F.3d 1343 (Fed. Cir. 2017) taught an improvement of a physical tracking system.

In contrast, the Court stated, the focus of the claims in the ‘291 patent is not a physical-realm improvement, but an improvement in the selection and mathematical analysis of information followed by reporting or displaying the results. The Court stated that it did not matter as to whether the information claimed is information about real investments as the limitations were not enough to make the collection or analysis of that information not abstract.

Further, the Court also distinguished the claims in the ‘291 patent from the results of the first test of the Alice inquiry in *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016) and *BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC.*, 827 F.3d 1341 (Fed. Cir. 2016), stating that those claims were directed to improvements in the way the computers and networks carry out their basic functions. *Alice Corp Pty. Ltd v. CLS Bank Int'l*, 134 S.Ct 2347 (2014). The Court said that the claims of the ‘291 patent are directed to improved mathematical analysis and that the technology used can be off-the-shelf computer technology. As such, the claims of the ‘291 patent did not meet the first test of the Alice inquiry.

Looking to the second test of the Alice inquiry, the Court concluded that there is nothing in the claims sufficient to transform them to patent eligible and that the claims in the ‘291 patent are merely an advance of mathematical techniques in finance. As such, the Federal Circuit agreed with the District Court that the claims of the ‘291 patent lack subject matter eligibility.

This case illustrates the importance of having claims that are specific and solve a technical problem. Furthermore, the decision in *SAP America, Inc. v. InvestPic, LLC* emphasizes the importance of having claims focused on advancements in an area of technology.