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Financial Institutions Bank Another Win Over Intellectual Ventures at Federal Circuit

BY SCOTT GRAHAM

Intellectual Ventures' patent infringement campaign against the financial industry took another setback Tuesday at the U.S. Court of Appeals for the Federal Circuit.

The appellate court ruled that three patents asserted by the licensing giant claim ineligible subject matter under Section 101 of the Patent Act. The court also found that IV does not clearly own a fourth patent, and therefore cannot assert it.

"The claim language here provides only a result-oriented solution, with insufficient detail for how a computer accomplishes it. Our law demands more," Chief Judge Sharon Prost wrote in invalidating one of the four, a patent for dynamically managing XML data.

Intellectual Ventures v. Capital One and *Intellectual Ventures v. Erie Indemnity* also knock out patents for a mobile interface that works with an array of electronic devices; and a method for improved database searching. The court unwound the invalidation of the fourth patent, which is related to collecting information from computer devices, finding that IV never had standing to assert it.

Latham & Watkins partner Matthew Moore; Sidley Austin partner Vernon Winters and Wilmer Cutler Pickering Hale and Dorr partner Gregory Lantier had the winning arguments for Capital One Financial Corp., Old Republic Insurance Co. and Erie Indemnity Co. respectively. Feinberg Day Alberti & Thompson and Nix, Patterson & Roach represented Intellectual Ventures.

Matthew Moore of Latham & Watkins.
Photo: Diego M. Radzinschi/ALM

A spokesman for Intellectual Ventures said the company had no comment on Tuesday's rulings.

IV started bringing suits against numerous banks and insurance companies in courts

around the country in 2013. The company asserted subsets of about a dozen patents in each case. Capital One has said in court papers that IV proposed a $120 million global license to its patent portfolio to settle the claims against Capital One.

The Federal Circuit has previously found two of the patents ineligible in Capital One's appeal from a Virginia case. Tuesday's ruling involved similar cases litigated before Maryland U.S. District Judge Paul Grimm and Pennsylvania U.S. District Judge Mark Hornak.

Capital One has made some headlines in the Maryland case for bringing antitrust counterclaims against IV, saying the company is trying to corner the market on technology essential to running financial institutions. The Federal Circuit ruled Tuesday that the ongoing litigation of those counterclaims in Maryland did not prevent the Federal Circuit from ruling on the Section 101 issues. It did not otherwise pass judgment on the antitrust claims.

Grimm had ruled that IV was foreclosed from pursuing the XML patent because a New York federal judge had granted summary adjudication of Section 101 ineligibility on the same patent to JPMorgan Chase & Co. in yet another case. IV argued to the Federal Circuit that the New York ruling isn't binding because other patents are still being litigated in that case.

The Federal Circuit disagreed. "Although the district court has not yet entered its judgment on IV's claims, it has nothing left to resolve absent a reversal and remand on appeal," Prost wrote. And the New York decision was right on the merits, Prost ruled: the XML patent "merely encompasses the abstract idea ... of organizing, displaying and manipulating data of particular documents."

The search patent asserted against the insurers similarly involves the mere collection, classification and filtering of data, Prost held. And the mobile interface — asserted against both Capital One and the insurers — "is so lacking in implementation details that it amounts to merely a generic component (software, hardware, or firmware) that permits the performance of the abstract idea, i.e., to retrieve the user-specific resources."

IV has been defending other patents asserted against the banks before the Patent Trial and Appeal Board. Appeals from several of those proceedings are set to be argued before the Federal Circuit this week.