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McRO, Inc. v. Bandai Namco Games America: *Federal Circuit Revives Software Patents Held Ineligible by District Court*

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Last week, in *McRO, Inc. v. Bandai Namco Games America Inc.*, the Federal Circuit reversed a district court judgment holding certain computer-implemented methods for 3-D animation ineligible for patent protection under 35 U.S.C. § 101. In particular, the panel held that:

- the patent claims at issue were not directed to abstract ideas because they claimed a “specific process” resulting in a “technological improvement” over existing industry techniques;
- the “limited” and “specific” nature of the recited claim language was not unduly preemptive in scope.

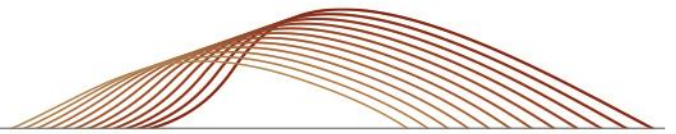
Although the consequences of the *McRO* decision remain to be seen, the Federal Circuit’s enhanced focus on preemption, and in particular its application of genus/species written description law to analyzing whether preemption is undue, raises the possibility that greater attention could be paid to preemption in future cases, in addition to continued emphasis on technical specificity of claims.

Background

Plaintiff-appellant McRO, Inc. d/b/a Planet Blue (“McRO”) sued nearly two dozen video-game developers in the district courts of Delaware and the Central District of California. In these lawsuits, McRO asserted two related patents directed to methods of automatically animating lip synchronization sequences and facial expressions of 3-D animated characters.

The asserted patents describe methods of animation that apply rules to generate sequences of facial expressions making sounds (phonemes), differential data (delta set) between target expressions (morph targets), and values assigned to the delta sets (morph weights). These patents purport to expedite prior art methods in which human animators manually set the morph weights at specific times (keyframe), while a computer uses mathematical rules to generate continuous transitions of intermediate frames between those keyframes.

Eight of the lawsuits in Delaware were transferred to the Central District of California and consolidated with the other lawsuits there for pre-trial proceedings. After claim construction, all defendants in the Central District of California jointly filed a motion for judgment on the pleadings under



Fed. R. Civ. P. 12(c) seeking a judgment that the asserted claims were patent-ineligible under 35 U.S.C. § 101. The district court granted the motion, holding that the claims were not limited to specific rules-based techniques and, as such, were too broad and preempted the field of lip synchronization using the application of generalized rules.

The Federal Circuit's Analysis

On appeal, the Federal Circuit reversed. As a preliminary matter, the panel (Reyna, Taranto, and Stoll) construed the claimed "first set of rules" as limited only to rules that evaluate sequential phonemes, rejecting defendants' position that the "first set of rules" would cover rules that evaluate only individual phonemes. Writing for the panel, Judge Reyna articulated that this construction was apparent by the plain language of the claims.

Moving to the first step of the eligibility analysis articulated by the Supreme Court in *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014), the panel disagreed with the district court's determination that the claims were too broad for lack of reciting specific rules, finding that the claims were "limited to rules with specific characteristics." The panel held that the claims recited meaningful requirements limiting the "first set of rules"—for example, defining morph weight set streams as a function of phoneme sequences and times associated with those sequences. Moreover, the panel analogized a set of rules having specific characteristics to a genus, explaining that patent claims to a genus, rather than a particular species, have long been permitted.

The panel framed the balance of its § 101 analysis around the question of whether the claims were too broadly preemptive. The panel explained that preemption concerns arise when claims do not cover a specific means or method, but attempt to cover the effects or results produced by that means or method. Citing its prior decision in *Enfish, LLC v. Microsoft Corp.*, No. 15-1244 (Fed. Cir. May 12, 2016), the panel stated that the inquiry should be on whether the claim focuses on "a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery." Here, the panel found that the asserted claims were directed to a specific improvement in computer animation, based on "rules of a particular type" that did not merely require a computer to automate conventional activity. The panel concluded that the claimed rules themselves, and not the mere use of a computer, improved an existing technology.

Finally, the panel clarified that the scope of the preemption was not on "complete preemption" of all processes for automating lip-synchronization in 3-D animation. Rather, the panel limited the question of preemption to whether "the claimed genus of rules" would cover all rules-based approaches to automating 3-D lip synchronization. The panel found that no preemption would occur because there was "no record evidence" to support the argument that other lip synchronization methods in the art or used by animators necessarily use the claimed rules. In fact, the panel cited as persuasive a physiology article mentioned in an amicus brief, purportedly demonstrating that physiological processes behind facial expressions are complex and multidimensional, and suggesting there could be many alternative methods of automating lip synchronization using rules. Thus, the panel concluded that it "need not assume that future alternative discoveries are foreclosed."

In the end, the panel determined that the claims were not directed to patent ineligible subject matter under the first step of *Alice*, and accordingly did not turn to the second step of the test. The claims were held patent-eligible as a matter of law.



Implications

McRO is the third notable Federal Circuit opinion to issue in recent months upholding the eligibility of software-related method claims. Although its implications remain to be seen, one potential effect of this opinion is that it may lead to further increased reliance on record evidentiary support (or lack thereof) for decision-making on § 101 grounds. In addition, the panel's invocation of genus/species written description law suggests the Federal Circuit's willingness to potentially take broader approaches to addressing preemption issues in the future. This raises the possibility that greater attention could be paid to preemption concerns, in addition to technical specificity of claims, in future patent eligibility decisions.



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