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McRo v. Bandai: Evidence related to claimed improvement is key to whether claims are directed to an abstract idea

Last Tuesday, the Federal Circuit handed down an opinion in the case of *McRo, Inc. v. Bandi Namco Games America Inc.*, reversing the District Court's decision that the asserted patent claims were directed to a patent ineligible abstract idea. This opinion has been hotly anticipated by the patent community (see articles on the websites of [here](#) and [here](#)), and, now that it has been issued, it illustrates the importance of focusing both on the features that provide an invention's improvement over the prior art and on the presence or absence of evidence in determining what a claim is "directed to." Because the level of detail to use in claiming an invention is an issue that faces anyone who is trying to patent an invention, and because patent eligibility determinations are generally made in either the early stages of litigation or in proceedings before the patent office without the benefit of a significant evidentiary record, the *McRo* decision is potentially significant for anyone who works on or defends against patents for business methods and software implemented inventions.

The claims at issue in *McRo* related to a 3-D animation method which used rules to define values for transitioning between facial expressions as a function of sequences of sounds in the speech of a character who was being modeled. According to the patentee, prior to the claimed invention, the values for transitioning between expressions had been set manually based on the expertise and judgment of human animators. While the District Court acknowledged that the claimed invention improved the prior art "through 'the use of rules, rather than artists, to set the morph weights and transitions between phonemes [i.e., spoken sounds]'" (*McRo* at 22) it nonetheless concluded that it was not patent eligible, because the claims were not limited to specific rules and so were seen as merely calling for application of the abstract idea of using

rules.

In reversing the District Court, the Federal Circuit found that the conclusion of ineligibility was based on improperly oversimplifying the claims in such a manner as to abstract away the features of the claimed rules which allowed the invention to realize its improvement over the prior art. In particular, the Federal Circuit noted that the claimed invention was able to achieve its improvement over the prior art through the use of rules which had specific common characteristics – i.e., they operated based on the evaluation of sequences of multiple sequential sounds. Focusing on the specific type of rules required by the claims, the Federal Circuit then pointed out that there was no evidence that a claim which required that type of rule would preempt all uses of rules in 3-D animation or that that type of rule had been used in the prior art animator-based methods. See *McRo* at 24 (“While the rules are embodied in computer software that is processed by general-purpose computers, Defendants provided no evidence that the process previously used by animators is the same as the process required by the claims”); *id.* at 25–26 (“The specific structure of the claimed rules would prevent broad preemption of all rules-based means of automating lip synchronization, unless the limits of the rules themselves are broad enough to cover all possible approaches. There has been no showing that any rules-based lip synchronization process must use rules with the specifically claimed characteristics.”). It also observed that the evidence which had been presented tended to show that the claims would not, in fact, preempt the abstract idea of using rules in 3-D animation. *Id.* at 26 (“The only information cited to this court about the relationship between speech and face shape points to the conclusion that there are many other possible approaches to automating lip synchronization using rules.”). Accordingly, the Federal Circuit concluded that “[t]he claim uses the limited rules in a process specifically designed to achieve an improved technological result in conventional industry practice...[and] therefore, is not directed to an abstract idea.”

McRo’s approach of focusing on what the record did and didn’t show about a particular claimed feature that allowed an improvement on the prior art, if followed in future opinions and by

the patent office, would represent a significant change in how patent subject matter eligibility determinations are made. Prior to this case, while the Federal Circuit had acknowledged that there could be underlying factual questions, it generally did not focus on the facts when determining subject matter eligibility. See, e.g., *Mortgage Grader, Inc. v. First Choice Loan Services Inc.*, 811 F.3d 1314, 1325 (Fed. Cir. 2016) (“it is also possible, as numerous cases have recognized, that a § 101 analysis may sometimes be undertaken without resolving fact issues.”). Similarly, in its guidance on how to determine subject matter eligibility, the patent office has stated that “courts do not rely on evidence that a claimed concept is a judicial exception.” [July 2015 Update: Subject Matter Eligibility](#). Accordingly, in light of the approach taken in *McRo*, attorneys addressing the question of subject matter eligibility issues for an issued patent should focus on what feature(s) allow the patented invention to improve over the prior art, and what evidence can be presented on whether a claim which includes those features would preempt all use of an abstract idea should be treated as directed to ineligible subject matter for some other reason. Similarly, attorneys seeking to patent business method or software implemented inventions should consider laying the foundation for *McRo*-based evidentiary arguments by drafting (or amending) their claims to recite specific features which provide improvements over the prior art.

For further information, please contact [William Morriss](#), [Matt Schantz](#), [Matt Delaney](#), [Doug Gastright](#) or any other member of Frost Brown Todd’s [Intellectual Property Law and Litigation Practice Group](#).

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