



Customedia v. Dish Illustrates Difficulty of Determining Patent Eligibility

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Customedia v. Dish is a simple looking case. The patentee asserted claims for a computer implemented advertising technology (a “data delivery system for providing automatic delivery of ... specifically identified advertising data”). The accused infringer challenged the patents using the patent office’s covered business method review program. The Patent Trial and Appeal Board found that the challenged claims were ineligible under 35 U.S.C. § 101, and the Federal Circuit upheld that decision. Not a particularly surprising result, given the Federal Circuit’s well established post-*Alice* antipathy toward advertising inventions.^[1]

However, *Customedia* shouldn’t be simple. First, while the Federal Circuit has been generally skeptical of advertising inventions, it has upheld the eligibility of some advertising claims, ^[2] so the outcome of the case wasn’t guaranteed simply by the nature of the invention. Second, if you compare them with claims that the Federal Circuit has found eligible in past cases, the claims in *Customedia* should have been good candidates to survive an eligibility challenge. In particular, Customedia’s claims recited specific reservice advertising data storage locations, and Customedia argued that this dedicated data storage was used to improve data transfer speed and efficiency.^[3] This use of specific memory is similar to *Ancora v. HTC*,^[4] where the Federal Circuit found that claims to storing a particular type of information (in that case licensing information) in a specific memory location (in that case, the computer’s BIOS) were patent eligible. Similarly, Customedia’s focus on improvements in data transfer speed and efficiency are similar to *Aatrix v. Green Shades*,^[5] where the Federal Circuit found that allegations of increased speed and efficiency (in that case, data processing speed and efficiency) were sufficient to raise a question of fact that overcame a motion to dismiss for lack of eligibility. The tie that Customedia argued existed between its use of specific memory to store advertisements and its improved

results is similar to *Visual Memory v. NVIDIA*,^[6] where the Federal Circuit found eligible claims reciting specific memory types that stored certain specific data to achieve the desired result (in that case, allowing a memory system to work with multiple processors without diminution in performance). All and all, an opinion finding Customedia's claims ineligible could have been a good vehicle for illustrating the limits on applicability of improvement based arguments such as those from *Aatrix* and specific memory based arguments such as those from *Ancora* and *Visual Memory*.

Unfortunately, rather than explaining why the similarity between Customedia's claims and those found eligible in past cases was not outcome determinative, the Federal Circuit simply ignored that similarity all together. It said the claims in *Ancora* and *Visual Memory* were different because those claims were directed to improvements in the functionality of a computer or network platform itself. By contrast, it characterized the speed and efficiency improvements claimed by Customedia as mere improvements in an abstract process made by invoking a computer as a tool. However, Customedia had argued that its improvements were not the result of simply using an off the shelf computer as a tool. Instead, Customedia argued that its reserved advertising data storage was the result of structurally configuring a programmable local receiver unit to control access so that the reserved section would only store advertising data. In *Aatrix*, the allegations which were found sufficient to defeat an invalidity motion included that "[t]his invention increased the efficiencies of computers processing tax forms."^[7] Accordingly, the fact that the end result of Customedia's invention was improved advertising distribution should not have been enough to treat the claims as simply using a computer as a tool rather than as claiming an improvement in computer technology.

Ultimately, *Customedia* serves more than anything else as an illustration of the difficulty of determining when claims are, or are not, patent eligible. Determining why the claims in *Customedia* were found ineligible, while the claims in *Aatrix*, *Ancora* and *Visual Memory* were not requires evaluating how eligibility is impacted by the presence of a specific computer configuration that improves the performance of a computer when the improvement is tied to

the practice of an abstract idea. This can involve fine distinctions between at least superficially similar concepts. The fact that the Federal Circuit's analysis was limited to recitation of the rule that using a computer to increase efficiency does not impart eligibility demonstrates that there are only blunt tools available for making those distinctions. As a result, making those distinctions is, and will likely continue to be, a difficult and uncertain endeavor.

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

[1] *E.g., Bridge and Post, Inc. v. Verizon Communications, Inc.*, 778 Fed. Appx. 882 (Fed. Cir. 2019) (invalidating claims to tracking network activity and using the gathered data to deliver targeted media such as advertisements); *Zuili v. Google LLC*, 772 Fed. Appx. 1027 (Fed. Cir. 2018) (invalidating claims to detecting advertising clickfraud); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014) (invalidating claims to using advertising as currency).

[2] *See DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014) (upholding eligibility of claims to a system that would change the result of a user clicking on a third party advertisement in a webpage).

[3] *Customedia* at 6–7.

[4] *Ancora Technologies, Inc. v. HTC America, Inc.*, 908 F.3d 1343 (Fed. Cir. 2018).

[5] *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121 (Fed. Cir. 2018).

[6] *Visual Memory LLC v. NVIDIA Corporation*, 867 F.3d 1253 (Fed. Cir. 2017).

[7] *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1127 (Fed. Cir. 2018).

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