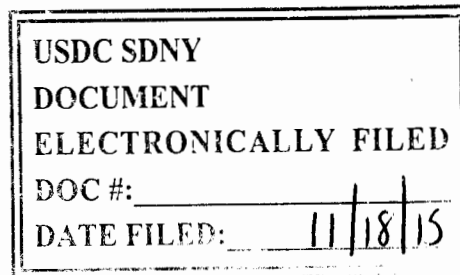


UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK



STANACARD,
Plaintiff,

-against-

12 Civ. 5176 (CM)(MHD)

RUBARD, LLC, et al.,
Defendants.

DECISION AND ORDER GRANTING DEFENDANT'S MOTION FOR SUMMARY
JUDGMENT UNDER 35 U.S.C. §101 AND DISMISSING COMPLAINT

McMahon, J.:

Section 101 of the Patent Act (35 U.S.C. §101) defines four broad categories of patentable inventions: processes, machines, manufactures and compositions of matters. Laws of nature, physical phenomena and "abstract ideas" are not patentable. *Diamond v. Diehr*, 450 U.S. 175 (1981).

During the last five years or so – principally, in the wake of the Supreme Court's decision in *Bilski v. Kappos*, 561 U.S. 593 (2010), and its progeny, including *Mayo Collaborative Services v. Prometheus Laboratories, Inc.* 132 S. Ct. 1289 (2012), and *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014) -- courts have been flooded with motions to dismiss patent cases, on the ground that the claimed invention, no matter how clever, should never have gotten a patent in the first place, because the subject matter of the claims is patent ineligible.

This is just such a motion.¹

The Claimed Invention

The patent in this case (U.S. Patent No. 7,346,156, or the '156 patent) is for an invention on a method for routing a long distance call. This court has described the patent before (in denying a motion for summary judgment on the ground of obviousness, see Docket # 84); I am more or less repeating that description here.

¹ This really is the newest wrinkle in patent litigation; as Defendant noted in its moving brief, at least seven patents were found to be ineligible for patent protection in the first three months of 2015, and as will be seen below, the Federal Circuit declared that a number of patents were § 101 ineligible during 2014.

The '156 patent relates to a system for simplifying and reducing the cost of making long distance and international calls. (*Markman* Decision (Docket # 44) at 2, citing *Stanacard, LLC v. Rebtel Networks, AB*, 680 F. Supp. 2d 483, 487 (S.D.N.Y. 2010)). The methods and apparatuses detect an identity of a caller, receive an assigned incoming telephone number; identify a recipient associated with the assigned incoming telephone number and the identity; and connect the caller and the recipient. Abstract of '156 patent.

As plaintiff's expert, Michael Iacovelli, described the invention: "The '156 patent describes an end-user-based method enabling a telecommunications firm to provide profitably an unlimited number of customers – in concept, the whole world – with a local number [local to the end user, that is] for an unlimited number of international contacts, with the cost of calls made via those local number significantly discounted by comparison with placing direct calls." (Iacovelli Decl. at ¶ 7). The system works as follows: a telephone service provider or prepaid calling service assigns to its customer (the "end user") a unique ten digit telephone number, which the caller can dial from his personal telephone (whether a land line or a cellular device) in order to reach a designated recipient. The caller associates that number ("the assigned incoming telephone number") with a particular, specified recipient (the "recipient telephone number," which is my term, not a patent term). When the customer dials those ten digits – no more – from his personal telephone, he is connected to the person whose number he has previously designated as the "recipient telephone number," without the need to enter a PIN or any additional information, including a country or city code.

For example, suppose I am the end user. My service provider assigns me the number 555-222-1234; I tell the service provider that, when I dial those digits, I want to be connected to my best friend (the recipient), who lives in Ohio, and whose telephone number is 614-555-1213. When I dial the assigned incoming telephone number (555-222-1234) from my personal telephone number (987-654-3210) – which number is recognized via some unclaimed but well-known device like Caller ID – the call is forwarded directly to my best friend's home telephone number (614-555-1213). I need not input any additional information in order to get the call routed to its intended recipient.

If my best friend lived in Iceland rather than Ohio, the target telephone number would include a country and city code, but the system would work exactly the same way: when I dial 555-222-1234 from my phone number (987-654-3210), I am connected to my best friend's phone in a foreign country.

The invention only works when the end user dials the assigned incoming telephone number from his own telephone. If I dial that same ten digit number from the office next door, I will not be connected to the recipient telephone number, because the service provider will not recognize the Caller ID of the device from which the call is being made as correlating with my best friend's telephone number.

But because a particular incoming number must correlate with a particular recipient, a service provider can assign the same incoming telephone number (555-222-1234) to thousands of different customers -- each of whom can specify a different person who should receive a call

if he dials those ten digits from his phone. If I dial that assigned incoming telephone number from my phone I will be connected with my best friend; if my law clerk dials the same number from her cell phone, she will be connected with her brother; if my courtroom deputy dials the same number she will be connected with her husband's cell phone; and so on. It is the combination of the caller's telephone number (recognized by Caller ID) and the ten digit number the caller dials (the assigned incoming telephone number) that causes the call to be forwarded to the correct recipient. By using the same ten digit telephone number over and over, the provider can keep down the cost of providing the service, while allowing the customer to make long distance and international calls at substantially reduced rates.

However, the end user needs a different assigned incoming telephone number for each recipient he wishes to call. I could not dial 555-222-1234 and be connected both to my best friend and to my sister; if I want to dial my sister, I need a second assigned incoming telephone number, which correlates with her and her alone. Put otherwise: the invention contemplates that each end user assigns one incoming telephone number to each recipient.²

The claim is directed to a well-known activity that is almost as old as telephony itself – making a long distance telephone call. What plaintiff did was figure out a way to make such a call more cheaply, by dialing a ten digit local number and nothing more. He combined two activities that have long been performed, by humans and by machines -- caller ID and call forwarding – such that the recipient of a local call (area code plus seven digit number) uses some type of caller ID to recognize who the incoming caller is, and then forwards the incoming call to its intended recipient by associating the assigned incoming telephone number with a particular recipient's telephone number. Neither caller ID nor the method by which the call actually gets forwarded to its intended recipient (over what telephone network, using what switching facilities) is claimed. No physical aspect of this process is claimed. What is claimed is the idea of dialing only ten digits, at which point some unspecified intermediary will identify both the caller and the intended recipient of the call and connect them.

Connecting one caller with another is nothing new. But according to the testimony of plaintiff's expert, Michael Iacovelli, the telecommunication system disclosed by the '156 patent “. . . completely changed the calling paradigm of prepaid telecommunications by, among other things, eliminating the PIN entry as a prerequisite to placing an international telephone call and thereby solving – creatively – the major handicap of every calling card.” (*Id.* at ¶ 29). Observing that persons (including Iacovelli himself) had been trying to design a less expensive and more convenient method of placing international telephone calls for “many years,” Iacovelli opined that, “The idea behind the '156 patent – combining the customer's telephone number and the

² In that sense, the invention disclosed in the '156 patent does not appear to have any advantage in terms of long distance calling within the United States. Today, if I want to talk to my sister, I simply dial her ten digit telephone number (area code plus seven digits) and I am immediately be connected with her; if I want to talk to my best friend, I simply dial *his* ten digit number, and my telephone provider connects me to him. It would be silly to dial a different ten digit number to connect me with some intermediary who would then forward the call. The invention does, however, obviate the need to dial in a PIN or a country and city code in order to make a reduced price international call – but at the expense of having to remember a different ten digit triggering number for every intended recipient.

dialed local access number into a unique 20-digit combination – is elegant, simple, beautiful but by no means obvious; none of us working in this field came up with the method set forth in the ‘156 patent, and not for the lack of trying.” (*Id.* at ¶ 30). Mr. Iacovelli also testified that, “The method disclosed by the ‘156 patent made an immediate and loud splash in the market place of prepaid telecommunications and garnered a market share away from others.” (*Id.* at ¶ 32). In opposing the motion for summary judgment on the ground of obviousness, Stanacard offered evidence of such secondary considerations, including the fact that other enterprises tried to copy the invention and ended up settling copyright infringement lawsuits for licenses.

So we know that Stanacard’s idea for routing long distances calls is at the very least clever; and there is a genuine issue of fact about whether it is or is not “obvious” within the meaning of the patent laws, 35 U.S.C. § 103.

But is it patentable?

No, it is not.

The standard for determining patent eligibility after *Bilski*, *Mayo* and *Alice*.

“Phenomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.” *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972). While the line between the patentable and the patent-ineligible is not always clear or easy to discern, *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1255 (Fed. Cir. 2014), courts employ a two-step process for determining the §101 patent eligibility of a so-called “method” patent.

First, the court examines the claims and decides whether they are directed to one of the three statutorily patent-ineligible concepts (laws of nature/natural phenomena, mental processes, abstract intellectual concepts). If the claims fall within one of those categories, they are presumptively patent-ineligible.

Second, claims directed to something that is presumptively patent-ineligible are saved from unpatentability only if they include an “inventive concept.” Claims include an innovative concept if their elements, considered both individually and collectively, “transform the nature of the claim into a patent-eligible application....that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.” *Alice, supra.*, 132 S. Ct. at 1289, citing *Mayo Collaborative Services v. Prometheus Labs, Inc.*, 132 S. Ct. 1289, 1294 (2012).

Whether a claim recites patent eligible matter presents a question of law to be decided by a court. *Accenture Global Services, GmbH v. Guideware Software, Inc.*, 728 F. 3d 1336, 1340-41 (Fed. Cir. 2013). No underlying facts need to be resolved, so courts routinely handle assertions of ineligibility on motions for summary judgment like the one presently pending before me.

The Claims of the '156 Patent

Claim 1 of the '156 Patent is a method claim, requiring as follows:

A method comprising

detecting an identity of a caller;

receiving an assigned incoming telephone number;

identifying a recipient associated with the assigned incoming telephone number and the identity;

connecting the caller and the recipient;

wherein said caller has a plurality of assigned incoming telephone numbers to choose from, at least one of said plurality of assigned incoming telephone numbers being associated with said recipient,

wherein each assigned incoming telephone number is associated with multiple recipient telephone numbers, a particular telephone number of a recipient being determined solely by a particular assigned incoming telephone number used by a particular identified caller and without input of further data by said caller, whereby said caller is not required to be within a particular network for making calls.

Neither this independent claim nor any of the asserted dependent claims in the patent asserts any sort of physical structure.

Claim 14 of the '156 patent is a system claim version corresponding to the method claim; it differs from Claim 1 only in that it requires "means for" performing the steps of Claim 1.

The Claims In Suit Are Directed to A Mental Process or an Abstract Idea

A method patent claim is directed to an "abstract idea" if it is directed to a method that "can be performed mentally, or which are the equivalent of human mental work." *Cybersource v. Retail Decisions, Inc.*, 654 F. 3d 1366, 1371 (Fed. Cir. 2011). While a process is not unpatentable simply because it contains a mathematical algorithm, *See Diehr, supra.*, 450 U.S. at 187, *see also Mayo, supra.*, 132 S. Ct. at 1293, a process that does nothing more than "employ[] mathematical algorithms to manipulate existing information" is not patent eligible. *Digitech Image Techs., LLC v. Elecs. For Imaging, Inc.*, 758 F. 3d 1344, 1351 (Fed. Cir. 2014).

How have these concepts been applied to method patents like the '156 patent?

In *Mayo*, the Supreme Court invalidated a patent on a medical test that applied natural correlation between certain drug concentrations in the blood and the likelihood that a dosage will be too high or too low to treat the patient's underlying condition. The court concluded that the claims did not do more than apply the natural laws describing that correlation, rendering the processes unpatentable.

In *Alice*, the patent claims were directed to a patent-ineligible concept: the abstract idea of an intermediated settlement (i.e., the use of a third party to mitigate settlement risk). Intermediated settlement was deemed a fundamental economic practice long prevalent in commercial dealings; the use of a third-party intermediary (or clearing house), while a building block of the modern economy, was nothing more than an abstract concept.

In *Cybersource*, the patent covered a method for verifying the validity of credit card transactions over the internet by obtaining from the internet information about prior transactions using the same credit card and then “constructing a map of credit card numbers based upon other transactions.” The Federal Circuit deemed that to be an unpatentable mental process, in that all of the claim’s method steps could be performed in the human mind or by a human using a pen and paper. The claim’s scope was not limited to any particular fraud detection algorithm, and no algorithms were disclosed. The patentee argued that the claim was not abstract, because it “would not be necessary or possible without the Internet;” but the court noted that nothing in the claim required anyone to use the Internet to obtain the data that was mapped; furthermore, mere data gathering steps “cannot make an otherwise non-statutory claim statutory.” *In re Grams*, 888 F. 2d 835, 840 (Fed. Cir. 1989).

In *Content Extraction and Transmission, LLC v. Wells Fargo Bank*, 776 F. 3d 1343 (Fed. Cir. 2014), the Federal Circuit invalidated a patent directed to a method by which an automatic teller machine extracted data from deposited checks using a scanner, then used a computer to recognize specific information from that extracted data, which it stored in memory. The fact that machines (scanner, computer, memory) were used in this process, instead of a clerk’s examining the check, extracting the data and writing it down using pencil and paper, did not render patentable a simple process that any person could perform.

In *Digitech Image Technologies v. Electronics for Imaging, Inc.*, 758 F. 3d 1344 (Fed. Cir. 2014), a patent on a method for creating a device profile (consisting of two sets of data) within a digital image processing system was deemed to be an abstract idea, because it simply described a process of organizing information through mathematical correlations not tied to any specific structure or machine. The claim recited a process of taking two data sets and combining them into a single data set (the device profile); the data sets were generated by taking existing information and organizing it into a new form. The court specifically noted that a method for creating a “lookup table” to convert color values from one color space to another is not a patentable “process, machine, manufacture, or composition of matter.” *Digitech, supra.*, 758 F. 3d at 1349.

In *Cyberphone Systems, LLC v CNN Interactive Group, Inc.*, 558 F. App’x 988, 990 (Fed. Cir. 2014), the patent claims were directed to obtaining data transaction information of a telephone transmission and “exploding” the data – which, as the Federal Circuit held, is nothing more than collecting data and then separating it into classifications, which are transmitted to a destination in accordance with its classification. The Federal Circuit concluded that this claim was directed to “categorical data storage” (i.e., data storage by category) – an abstract idea, and one that can be and long has been performed by humans simply by using their brains.

In *Messaging Gateway Solutions v. Amdocs, Inc.*, 2015 WL 1744343 (D. Del. 2015), a patent on a method for translating mobile phone language into Internet language was deemed directed to an abstract idea of “translation” – that is, converting one language into another so that two parties who do not “speak” the same language could communicate with one another. In this case, the “languages” were standard SMS text messaging language and Internet Protocol (IP) language.

In *Ultramercial v. Hulu*, 772 F. 3d 709 (Fed. Cir. 2014), after three visits to the Federal Circuit and two trips to the United States Supreme Court, the Court of Appeals invalidated a patent that offered royalty-free access to copyrighted material, but only after the user watched a commercial for the products of the party who had paid a royalty to the copyright holder. After twice insisting that this patent was for a process, the Federal Circuit, informed by *Alice* and *Mayo*, held that “The process of receiving copyrighted media, selecting an ad, offering the media in exchange for watching the selected ad, displaying the ad, allowing the consumer access to the media, and receiving payment from the sponsor of the ad all describe an abstract idea, devoid of a concrete or tangible application.” *Id.* at 715.

And in the case that is the “granddaddy of them all,” *Bilski v. Kappos*, 130 S. Ct. 3218, 3231 (2010), the Supreme Court rejected the argument that claims directed to a “method” for hedging risk in energy markets was patent eligible.³

There are, of course, cases going the other way. The most recent is the aforementioned *DDR*, a divided Court of Appeals, reviewing a post-trial motion for JMOL, concluded that the method claims in suit were not directed to some “abstract idea.” The claims in *DDR* attempted to

³ Additional cases finding that patent claims were directed to abstract ideas include the following, which were listed and briefly described by the Federal Circuit in *DDR Holdings LLC v. Hotels.com*, 773 F. 3d 1245 (Fed. Cir. 2014): “In *buySAFE, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed.Cir.2014), the claims recited no more than using a computer to send and receive information over a network in order to implement the abstract idea of creating a “transaction performance guaranty.” In *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344-45 (Fed.Cir.2013), the claims merely recited “generalized software components arranged to implement an abstract concept [of generating insurance-policy-related tasks based on rules to be completed upon the occurrence of an event] on a computer.” And in *Bancorp Servs., L.L.C. v. Sun Life Assur. Co. of Canada (U.S.)*, 687 F.3d 1266, 1278 (Fed.Cir.2012), the claims recited no more than the use of a computer “employed only for its most basic function, the performance of repetitive calculations,” to implement the abstract idea of managing a stable-value protected life insurance policy. Under Supreme Court precedent, the above claims were recited too broadly and generically to be considered sufficiently specific and meaningful applications of their underlying abstract ideas. Although many of the claims recited various computer hardware elements, these claims in substance were directed to nothing more than the performance of an abstract business practice on the Internet or using a conventional computer. Such claims are not patent-eligible.” *DDR, supra.*, 773 F. 3d at 1256.

solve the problem, peculiar to internet shopping, of having users transferred to a third party website when they clicked on an advertisement placed by a specific merchant who also sold the third party's products. The patentee came up with a way to keep the shopper on the original web host's web site, by automatically generating a hybrid web page that had the "look and feel" of the host's web site. The Court of Appeals noted that the claims in *DDR* did not simply recite some business problem or method and say "do this on the internet," but were "rooted in computer technology" and solved a "problem specifically arising in the realm of computer networks." As the majority put it:

In more plain language, upon the click of an advertisement for a third-party product displayed on a host's website, the visitor is no longer transported to the third party's website. Instead, the patent claims call for an "outsource provider" having a web server which directs the visitor to an automatically-generated hybrid web page that combines visual "look and feel" elements from the host website and product information from the third-party merchant's website related to the clicked advertisement. In this way, rather than instantly losing visitors to the third-party's website, the host website can instead send its visitors to a web page on the outsource provider's server that 1) incorporates "look and feel" elements from the host website, and 2) provides visitors with the opportunity to purchase products from the third-party merchant without actually entering that merchant's website.

Id., at 1257-58,

Turning, then, to the claims in this suit: Defendant argues that the claims of the '156 patent are directed to the patent ineligible abstract idea. I agree. Defendant, in an effort to shoehorn this case into as many of the above fact-patterns as it possibly can, says that the abstract idea is "a call routing system that employs a two-dimensional lookup table such that calls are routed to intended recipients based on the call-in number being dialed and the identity of the caller." I think it is simpler to say that the claims in suit are directed to the idea of "connecting two people via long distance telephony using caller ID and call forwarding." However you put it, it is clear, on the basis of the precedents discussed above, that this patent is directed to an abstract idea.

Echoing Judge Andrews in *Messaging Gateway Solutions, supra.*, (who in turn quoted from the Supreme Court in *Alice*), Plaintiff argues, that from sufficient distance almost everything becomes an "abstract idea." But Judge Andrews' fortuitous choice of an example explains better than this court possibly could why plaintiff's patent is indeed directed to an abstract idea. Judge Andrews said, "For example, Alexander Graham Bell's patent could be said to claim the abstract idea of oral communication. But his invention was not the concept of oral communication itself; it was a technological innovation that allowed a type of oral communication between people who could otherwise not communicate in that way." *Messaging Gateway Solutions, supra.*, 2015 WL 1744343 at 5.

Indeed it was a technological invention. Bell invented a device (a "machine," not a concept) that enabled people to speak to one another over long distances. Plaintiff has done no such thing. Stanacard invented no machine or manufacture, and its claims recite not a single

piece of technology required to put the invention into practice. Plaintiff has simply figured out a way to dial an overseas call using fewer numbers, by creating a two dimensional graph (or “look-up chart”) that relies on two concepts – caller ID and call forwarding – neither of which is patentable. For §101 purposes, there is absolutely no discernable difference between what plaintiff has patented and what the patentees claimed in *Cybersource*, *Cyberphone*, *Content Extraction*, *Ultramercial* and *Digitech*.

When I was a child I watched *Lassie* on television. Whenever June Lockhart, playing Ruth Martin, wanted to reach someone by telephone, she rang Jenny at Central and got herself connected to whomever she wished just by saying “Can you get the doctor?” or “I need to speak to Timmy’s teacher, Miss Jones.” Ruth didn’t have to dial any numbers at all. Jenny, the intermediary, recognized Ruth as the caller from the line that rang at Central, and she knew which receptacle to plug Ruth’s line into so that Ruth’s call to Central would be forwarded to its intended recipient. Nothing different happens here, except that switching machinery and computers (none of which is claimed) recognize who the incoming caller is and to whom she wishes her call forwarded. As defendant points out, a room full of telephone operators with sheets of paper containing the look-up tables could accomplish the same result – expensively, true, but the same result, using the same process.

In short, no matter the level of abstraction at which one views the claims of the ‘156 patent, they are directed to an abstract idea of connecting two people via long distance telephony through the medium of using caller ID and call forwarding when a local number is dialed, rather than to a “process,” “machine” “manufacture” or “composition of matter.”

The Patent Claims Do Not Recite Any Inventive Concept

It is indeed true that “an invention is not rendered ineligible for patent simply because it involves an abstract concept...” *Alice, supra.*, at 2354. However, because the claims in suit are directed to unpatentable matter, the ‘156 patent can only be salvaged if the claims incorporate some sort of “inventive concept.”

They do not.

Among the long list of cases cited above, there is but one in which the court concluded that claims addressed to abstract ideas contained sufficient inventiveness to salvage the patent. That case is *Messaging Gateway Solutions v. Amdocs, Inc.*, 2015 WL 1744343 (D. Del. 2015). In *Messaging Gateway*, Judge Andrews concluded that a method patent directed to an abstract idea could nonetheless be patentable within the meaning of §101 if it provides a solution “tethered to the technology that created the problem” and specifies how claim elements interact to achieve a “desired result which overrides conventional practice.” In this case the claim was directed to the abstract idea of translation of SMS text messages into an Internet Protocol message that could be understood by the Internet server. The inventive concept he perceived was “allow[ing] communication where it would otherwise be impossible,” because “conventionally, phones could not send SMS text messages to computers.” *Id.* at *5. Judge Andrews particularly

noted that this solution was rooted in “a specific problem arising in the realm of mobile device-to-Internet communication.” *Id.* at 6.⁴

There is no question that the ‘156 patent does not recite anything “tethered to the technology that created the problem” of needing to dial more than ten numbers to complete an overseas long distance call. It does not “solve a problem of computer networks in a way that is rooted in computer technology.” Indeed, the problem solved has nothing to do with computer networks; the (perceived) problem is having to punch more than ten digits into a telephone in order to make a long distance call.

Neither does the ‘156 patent “specify” how “claim elements” interact to achieve a “desired result which overrides conventional practice.” It has long been possible to call a ten digit number to make a long distance call. The genius of the ‘156 patent (and it is indeed clever and creative) lies in seeing that you don’t have to input additional numbers in order to complete an overseas call, but can instead use a combination of caller ID and call forwarding to route and connect the call without dialing another digit. But nothing in the claims points to any novel or creative way in which those two well-known functions (as my colleague Judge Sweet and I have referred to caller ID and call forwarding) either operate or interact. Under the claims as filed and allowed, the steps of “detecting,” “receiving” and “identifying” recite nothing more than caller ID as it has long existed. The “connecting” of two parties is the basic concept underlying Bell’s invention, on which the patent has long since expired. Under the ‘156 patent, the connection is made by a standard “call forwarding” process, in which the number to which the call is forwarded is found in a two dimensional “lookup table,” one axis of which shows “the identity of the caller” and the other shows the “assigned incoming telephone number.” The values in the table are the intended recipients of calls; the point of intersection between the axes is the person to whom the call is forwarded. No particular physical structure is required to perform either the “lookup” or the “connecting” operations, and none is added by any of the subsequent dependent claims. The claimed invention is literally no more sophisticated than what Jenny the Operator did on *Lassie*, those many years ago; as defendant argues, any telephone operator given a copy of the lookup table (which is not part of the claimed invention) can route and connect the call. It may not be cost-efficient to do it that way, but it can most certainly be done – and was for many, many years, when we used to dial (or, later, press) “O,” and someone connected us to the intended recipient of our call.

The inventive concept required to render otherwise patent ineligible subject matter patentable must go beyond “well understood, routine, or convention activity [that] contributes nothing inventive to an otherwise abstract idea.” *Alice*, 134 S. Ct. at 2359. “‘Simply appending conventional steps, specific at a high level of generality,’ to a method already ‘well known in the

⁴ Interestingly, in reaching this conclusion, Judge Andrews relied on *DDR* – a case in which the Federal Circuit panel never reached the second part of the two-part *Mayo* test of patentability. Instead, the majority concluded that the claims in suit were not directed to an unpatentable concept, and so did not run afoul of the first part of the *Mayo* test.

art' is not 'enough' to supply the 'inventive concept.'" *Id.*, at 2350, quoting *Mayo, supra.*, 132 S. Ct. at 1300, 12297, 1294. The inventive idea must "effect an improvement in [] other technology or technical field." *Alice, supra.*, at 2359. No such technological or technical improvement can be discerned from what is claimed in the claims in suit. Indeed, this case presents the quintessential example of what the *Alice* court said was inventively insufficient. The "inventive concept" of the '156 patent – the heretofore unrecognized idea of dialing a ten digit telephone number and then using caller ID and call forwarding to route that call to an overseas recipient – is what this court has already found to be patent ineligible. So here, the inventive concept does not insure that the patent is "more than a patent on the ineligible concept itself" -- just as, in *Alice*, using a computer to maintain, adjust and reconcile shadow accounts was held to add nothing of substance to the abstract idea of intermediated settlement.

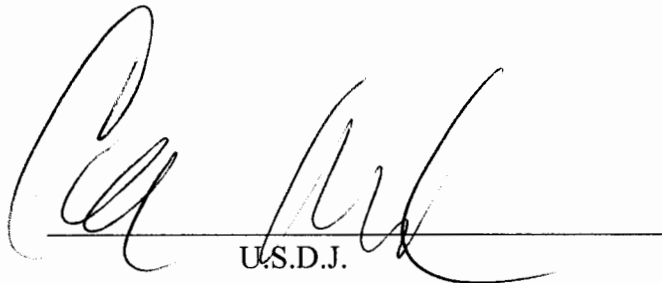
I accept Mr. Iacovelli's characterization of the Stanacard invention's usefulness and its commercial success. Indeed, there is no evidence to the contrary. Stancard's elegant solution to the problem of the calling card PIN was apparently overlooked by a lot of smart people for a very long time; if it were so old-hat and obvious, one might well ask why someone didn't think of it long ago. Stanacard was indubitably clever – and clever in ways that not all of the patentees in the cases discussed above were clever, for it is not clever to recite a well-known process for doing something and then add, "do it on a computer."

But under the *Alice-Mayo* test, not every clever solution to a problem – not everything that leads someone to exclaim "Eureka!" – is eligible for patent protection. Courts recognize this, and have repeatedly held that "the revolutionary nature of an abstract idea does not weigh in favor of patentability." *McRO, Inc. v. Namco Bandai Games America, Inc.*, 2014 WL 4749601 at *12 (C.D. Cal. Sept. 22, 2014)(citing *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980)). As the Supreme Court said in *Mayo*, "Einstein could not patent his celebrated law that $E=mc^2$." 132 S. Ct. 1289, 1293. In short, patents are not available for all inspirations of genius, but only for processes, machines, manufactures and combinations of materials. The Stanacard method for placing overseas long distance calls is most certainly an improvement, but it is none of the above. Therefore it is not patentable.

Conclusion

Defendants' motion for summary judgment (Docket # 197) is granted, and the complaint is DISMISSED, with prejudice and with costs to Defendants. The clerk is directed to enter judgment, and after costs are taxed to close the file.

Dated: November 18, 2015



U.S.D.J.

BY ECF TO ALL COUNSEL