

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Universal Secure Registry LLC v. Apple Inc.

Universal Secure Registry · No. 20-2044 · Decided August 26, 2021

SUMMARY

The United States Court of Appeals for the Federal Circuit affirmed the dismissal of Universal Secure Registry LLC’s patent-infringement claims against Apple Inc., Visa Inc., and Visa U.S.A. Inc. under Federal Rule of Civil Procedure 12(b)(6). The court held that claims in four asserted patents concerning secure electronic payment transactions and user authentication were directed to abstract ideas under the Alice framework and lacked an inventive concept sufficient for patent eligibility under 35 U.S.C. § 101.

CASE DETAILS

COURT	United States Court of Appeals for the Federal Circuit
WRITING FOR THE COURT	Stoll, Circuit Judge; Taranto, Circuit Judge; Wallach, Circuit Judge
JURISDICTION	Federal
DECIDED	August 26, 2021
DOCKET	20-2044
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from dismissal under Federal Rule of Civil Procedure 12(b)(6) of patent-infringement allegations on the ground that all claims of four asserted patents were directed to patent-ineligible subject matter under 35 U.S.C. § 101.
STANDARD OF REVIEW	Dismissal under Rule 12(b)(6) is reviewed under Third Circuit law de novo, accepting factual allegations as true and viewing them in the light most favorable to the nonmoving party. Patent eligibility under 35 U.S.C. § 101 is a question of law based on underlying facts and is reviewed de novo. Eligibility may be resolved at the Rule 12(b)(6) stage when no factual allegations, taken as true, prevent resolution as a matter of law.
PRECEDENTIAL VALUE	precedential
PARTIES	Universal Secure Registry LLC v. Apple Inc., Visa Inc., Visa U.S.A. Inc.

TOPICS

patent eligibility

patent law

motions to dismiss

standard of review

appellate procedure

PRACTICE AREAS

patent law

patent eligibility

appellate procedure

civil procedure

QUESTIONS PRESENTED

1. Whether the asserted patent claims were directed to patent-ineligible abstract ideas under step one of the Alice framework.
2. Whether the asserted claims contained an inventive concept sufficient to transform the claimed abstract ideas into patent-eligible applications under step two of Alice.
3. Whether patent eligibility could properly be resolved on a Rule 12(b)(6) motion.

HOLDINGS

1. All asserted claims were directed to abstract ideas, including verifying a user's identity to facilitate an economic transaction, collecting and examining data to authenticate identity, and multi-factor authentication using conventional devices and techniques.
2. The asserted claims did not contain an inventive concept sufficient to transform the abstract ideas into patent-eligible applications.
3. Patent eligibility may be resolved on a Rule 12(b)(6) motion when the complaint contains no factual allegations that, taken as true, prevent resolution of eligibility as a matter of law; that circumstance existed here.

KEY QUOTATIONS

“For the foregoing reasons, we affirm the district court’s decision to dismiss, as the asserted patents claim unpatentable subject matter.” (27)

FACTUAL BACKGROUND

Universal Secure Registry asserted four patents directed to securing electronic payment and identity-authentication transactions. The claimed systems and methods generally used electronic devices, secure registries, time-varying codes, biometric information, secret information, authentication data, and point-of-sale or other intermediary devices to permit transactions without disclosing secure account information to a merchant. The patents described combinations of conventional authentication techniques, including PINs, biometrics, one-time codes, encrypted information, and multiple devices.

PROCEDURAL HISTORY

Universal Secure Registry sued Apple, Visa, and Visa U.S.A. for allegedly infringing all claims of four patents concerning security for electronic payment transactions. A magistrate judge initially concluded that representative claims were not directed to an abstract idea. The district court rejected that conclusion, held the

representative claims ineligible under both steps of the Alice framework, and dismissed the complaint under Rule 12(b)(6). The Federal Circuit affirmed.

DISPOSITION

affirmed

CASES CITED

- Universal Secure Registry, LLC v. Apple Inc., No. 17-cv-00585, 2018 WL 4502062 (D. Del. Sept. 19, 2018)
- Visual Memory LLC v. NVIDIA Corp., 867 F.3d 1253 (Fed. Cir. 2017)
- Alice Corp. v. CLS Bank International, 573 U.S. 208 (2014)
- XY, LLC v. Trans Ova Genetics, LC, 968 F.3d 1323 (Fed. Cir. 2020)
- Klotz v. Celentano Stadtmauer & Walentowicz LLP, 991 F.3d 458 (3d Cir. 2021)
- Foglia v. Renal Ventures Management, LLC, 754 F.3d 153 (3d Cir. 2014)
- Interval Licensing LLC v. AOL, Inc., 896 F.3d 1335 (Fed. Cir. 2018)
- Aatrix Software, Inc. v. Green Shades Software, Inc., 882 F.3d 1121 (Fed. Cir. 2018)
- ChargePoint, Inc. v. SemaConnect, Inc., 920 F.3d 759 (Fed. Cir. 2019)
- McRO, Inc. v. Bandai Namco Games America Inc., 837 F.3d 1299 (Fed. Cir. 2016)
- Internet Patents Corp. v. Active Network, Inc., 790 F.3d 1343 (Fed. Cir. 2015)
- Mayo Collaborative Services v. Prometheus Laboratories, Inc., 566 U.S. 66 (2012)
- Secured Mail Solutions LLC v. Universal Wilde, Inc., 873 F.3d 905 (Fed. Cir. 2017)
- Electronic Communication Technologies, LLC v. ShoppersChoice.com, LLC, Electronic Communication Technologies, LLC v. ShoppersChoice.com, LLC, 958 F.3d 1178 (Fed. Cir. 2020)
- Solutran, Inc. v. Elavon, Inc., 931 F.3d 1161 (Fed. Cir. 2019)
- Prism Technologies LLC v. T-Mobile USA, Inc., 696 F. App'x 1014 (Fed. Cir. 2017)
- Ancora Technologies, Inc. v. HTC America, Inc., 908 F.3d 1343 (Fed. Cir. 2018)
- BASCOM Global Internet Services, Inc. v. AT&T Mobility LLC, 827 F.3d 1341 (Fed. Cir. 2016)
- Finjan, Inc. v. Blue Coat Systems, Inc., 879 F.3d 1299 (Fed. Cir. 2018)
- TecSec, Inc. v. Adobe Inc., 978 F.3d 1278 (Fed. Cir. 2020)
- Enfish, LLC v. Microsoft Corp., 822 F.3d 1326 (Fed. Cir. 2016)