

No. 14-1392

IN THE
Supreme Court of the United States

ULTRAMERCIAL, LLC, *et al.*,

Petitioners,

v.

WILDTANGENT, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED
STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

**BRIEF OF ISLAND INTELLECTUAL PROPERTY, LLC,
DOUBLE ROCK CORPORATION, ACCESS CONTROL
ADVANTAGE, INC., NETWORK-1 TECHNOLOGIES,
INC., MIRROR WORLDS TECHNOLOGIES, INC. AND
FAIRWAY FINANCIAL U.S., INC. AS *AMICI CURIAE*
IN SUPPORT OF PETITIONERS**

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INTEREST OF *AMICI CURIAE*

Amici Curiae Double Rock Corporation (“Double Rock”), Island Intellectual Property, LLC (“IslandIP”), Access Control Advantage, Inc. (“ACA”), Network-1 Technologies, Inc. (“Network-1”), Mirror Worlds Technologies, Inc. (“Mirror Worlds”), and Fairway Financial U.S., Inc. (“Fairway”), (collectively “Amici Curiae”) respectfully submit this *amici curiae* brief in support of the Petition for a Writ of Certiorari by Ultramercial, LLC and Ultramercial, Inc. (collectively, “Ultramercial”).¹ Each of Amici Curiae represents different examples of patent owning stakeholders.

Double Rock, IslandIP, and ACA represent former practicing entities and patent holders that built, developed, and commercialized computer-implemented technology in the field of financial services and which patented the results of their research and development. While the portions of their business that commercialized the results of their patented technologies have since been sold and/or licensed, Double Rock, IslandIP, and ACA maintain a substantial interest and investment in the fruits of their research and development in the form of their respective patent portfolios.

1. Petitioners and Respondents consented to the filing of this *amici curiae* brief on June 5, 2015. Pursuant to Sup. Ct. R. 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than Amici made a monetary contribution to its preparation or submission.

Network-1 and Mirror Worlds collectively own twenty-four patents covering various telecommunications and data networking technologies as well as technologies relating to document stream operating systems and the identification of media content. These patents include inventions by world-class professors from such prestigious higher education institutions as Yale University, University College London, and University of Copenhagen. Network-1 and Mirror Worlds work with such inventors to commercialize the results of their research and are engaged in licensing their intellectual property and thus, maintain a substantial interest in protecting it.

Fairway is a technology start-up in the financial services industry that has developed a next generation system for developing a book-of-business. Fairway's affiliate owns over sixty patents throughout fifty-six countries and many more pending applications. Strong intellectual property laws are necessary for Fairway to compete against larger organizations who will follow into the marketplace. Thus, Fairway also maintains a substantial interest in fostering a strong patent system that protects innovations in computer-implemented inventions.

The current state of the law on patent eligibility under 35 U.S.C. § 101 is causing harm to patent owners, inventors, and the marketplace. Thus, *Amici Curiae* each believe it is important for this Court to clarify the law with respect to patent eligibility of computer-implemented inventions under 35 U.S.C. § 101.

SUMMARY OF THE ARGUMENT

I. Certiorari should be granted in this case to correct the course of patent eligibility law.

A. This Court's precedent supports a broad construction of patent eligibility and only a narrow exception for the judicially created carve-outs from the statutory classes of patent-eligible subject matter. *See, e.g., Bilski v. Kappos*, 561 U.S. 593, 601 (2010); *Diamond v. Diehr*, 450 U.S. 175, 182 (1981); *Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980).

B. While *Alice Corp. v. CLS Bank, Int'l*, 134 S.Ct. 2347 (2014) ("*Alice*") has provided some guidance, it has not been sufficient.

C. Many lower courts, including the Federal Circuit in this case, have misapplied *Alice's* guidance and have allowed the judicial construction of the patent eligibility exclusion for abstract ideas to "swallow all of patent law." *Alice*, 134 S.Ct. at 2354; *see also Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 132 S.Ct. 1289, 1293 (2012) (too broad an interpretation "could eviscerate patent law"). Since *Alice*, more than 100 patents and thousands of claims have been declared invalid under 35 U.S.C. § 101 by the lower courts or Patent Trial and Appeal Board ("PTAB") using an overly broad interpretation of *Alice*. Thus, it is important for the Court to take up the issue of patent eligibility once again and right the course.

II. This Court should grant the Petition to clarify whether computer-implemented claims reciting novel and non-routine steps constitute abstract ideas and to rectify the other errors in this case discussed herein.

A. This case represents an ideal vehicle for the Court to alleviate the current confusion that will otherwise linger over the law governing patent eligibility.

B. If the Court does not take this case up now, the deleterious trend in the lower courts and at the PTAB is likely to continue, causing substantial harm to patent owners, innovation, and the economy.

C. There has been a sufficient dialog in the lower courts to allow this Court to go forward.

D. The parties are more than capable, with the assistance of the substantial amici resources likely to be obtained, to present the issues for this Court's consideration.

This Court's intervention is necessary to clarify the law of patent eligibility and more specifically the scope of the abstract idea exception to patent eligibility, at least as applied to computer-implemented inventions.

PROCEDURAL HISTORY

The decisions below reflect confusion amongst lower courts as to what constitutes an "abstract" idea. This confusion has persisted throughout the development of the patent eligibility jurisprudence since this Court's decision in *Bilski*. The decisions below also exemplify lower courts' confusion as to what "something more" is sufficient to demonstrate that a claim is directed to a practical application of an abstract idea rather than merely the abstract idea itself.

1. On September 23, 2009, Ultramercial filed suit for patent infringement against Hulu, LLC (and other defendants no longer involved). The district court dismissed under Fed. R. Civ. P. 12(b)(6) on the basis that the patent-in-suit was *not* patent-eligible. *Ultramercial, LLC v. Hulu, LLC*, No. 09-06918, 2010 U.S. Dist. LEXIS 93453 (C.D. Cal. Aug. 13, 2010) (“*Ultramercial I*”) (A.86a). No discovery was conducted, and the claims were never construed.

2. In its original panel decision, the Federal Circuit reversed the district court, finding that the patent-in-suit covered a “practical application” in advertising that was carried out through “an extensive computer interface” and “complex computer programming.” *Ultramercial, LLC v. Hulu, LLC*, 657 F.3d 1323 (Fed. Cir. 2011) (Rader, C.J.) (“*Ultramercial II*”) (A.71a, 81a). Since the invention was “a method for monetizing and distributing copyrighted products over the Internet,” the invention met the statutory definition of a “process” and fell within a statutory category of patent-eligible subject matter. (A.80a).

In order to address “the non-statutory ‘abstractness’ limit” (A.78a) imposed by this Court’s precedent, *Ultramercial II* concluded that the claims were directed to a “practical application” of the abstract idea rather than the abstract idea itself based on the following factors:

- “the claimed invention purports to improve existing technology in the marketplace.” (A.80a);
- “the claimed invention invokes computers and applications of computer technology.” (*Id.*);

- “the ’545 patent does not simply claim the age-old idea that advertising can serve as currency. Instead the ’545 patent discloses a practical application of this idea. The ’545 patent claims a particular method for monetizing copyrighted products, consisting of the following steps: [listing ten detailed steps].” (A.81a);
- as analyzed, the specific steps require “intricate and complex computer programming” and “specific application to the Internet and a cyber-market environment.” (A.81a-82a); and
- “the ’545 patent does not claim a mathematical algorithm, a series of purely mental steps, or any similarly abstract concept.” (A.84a).

3. After being denied en banc review at the Federal Circuit, Respondent sought the review of this Court, which granted the petition, vacated *Ultramercial II*, and remanded to the Federal Circuit in view of *Mayo. Wild Tangent, Inc. v. Ultramercial, LLC*, 132 S.Ct. 2431 (2012) (“*Ultramercial III*”) (A.70a).

4. On remand, applying *Mayo*, the Federal Circuit again found the claims were *not* abstract and were patent-eligible as “a practical application of the general concept of advertising as currency and an improvement to prior art technology.” *Ultramercial, LLC v. Hulu, LLC*, 722 F.3d 1335, 1354 (Fed. Cir. 2013) (Rader, C.J.) (“*Ultramercial IV*”) (A.30a, 66a).

A. Judge Rader, writing for the court, addressed this Court’s prior precedent in detail, including *Mayo*, and specifically applied a two-step test comparable to the test ultimately adopted in *Alice*. (A.59a, n.2).

As called for by this Court in *Mayo* (and later *Alice*), Judge Rader “focuse[d] on whether the claim is meaningfully limited to something less than an abstract idea that pre-empts use of an abstract concept.” (A58a). *Ultramercial IV* held that “the district court erred in holding that the ’545 patent does not claim a practical application of [the] concept” of “the age-old idea that advertising can serve as currency.” (A58a-59a).

Ultramercial IV again recognized that:

- “the claimed invention purports to improve existing technology in the marketplace.” (A.59a);
- “the claimed invention invokes computers and applications of computer technology.” (*Id.*);
- “the ’545 patent claims a particular internet and computer-based method for monetizing copyrighted products, consisting of the following steps: [listing ten concrete steps] . . . many of these steps require intricate and complex computer programming.” (A 60a); and
- specifically called out steps were meaningfully limited and required the invention to be performed using a computer. (A.60a).

It concluded the invention is not “some disembodied abstract idea but is instead a specific application of a method implemented by several computer systems, operating in tandem, over a communications network.” (A60a-61a).

Significantly, *Ultramercial IV*, “[v]iewing the subject matter as a whole” (as required by this Court in *Diehr*, *Bilski*, and *Alice*), found that “the claims are not made without regard to a particular process” and “there is no risk of preempting all forms of advertising, let alone advertising on the Internet.” (A.63a). It found “no evidence” that the recited steps are “all token pre- or post-solution activity” and expressly found that the claims were not “over generalized, with eleven separate and specific steps with many limitations and sub-steps in each category.” (A.63a).

B. In his concurring opinion, Judge Lourie felt obliged to follow this Court’s precedent (rather than “our own independent views, however valid we may consider them to be”) to determine “whether the claim poses ‘any risk of preempting an abstract idea.’” (A.67a-68a (citation omitted)). He concluded that “the added limitations in these claims represent significantly more than the underlying abstract idea of using advertising as an exchange or currency and, as a consequence, do not preempt the use of that idea in all fields.” (A.69a).

5. After being denied en banc review at the Federal Circuit, Respondent once again sought review of this Court, which granted the petition, vacated *Ultramercial IV*, and again remanded for further review in light of *Alice*. *Wild Tangent, Inc. v. Ultramercial, LLC*, 134 S.Ct. 2870 (2014) (“*Ultramercial V*”) (A.29a).

6. On remand, a revised panel² of the Federal Circuit ignored the factual findings of its earlier decisions and found the patent-in-suit to be patent-ineligible. This change of position reflects some lower courts' overly zealous interpretation of *Alice. Ultramercial, LLC v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014) (Lourie, C.J.) ("*Ultramercial VI*") (A.8a).

A. Judge Lourie, this time writing for the court, applied the two-part test from *Alice* and *Mayo* to hold that the "important implicit exception" to Section 101 ("abstract ideas") applied. (A.8a).

In applying the *Alice* framework, Judge Lourie found that step 1 was met, since "we agree" with the district court that "the abstract idea *at the heart* of the '545 patent was 'that one can use [an] advertisement as an exchange or currency.'" (A.10a (citation omitted; emphasis added)). Thus, instead of following this Court's dictates in *Diehr*, 450 U.S. at 188 (1981) (claim must be "considered as a whole"), *Bilski*, 561 U.S. at 611 (recognizing *Diehr's* mandate to "consider the invention as a whole"), and *Alice*, 134 S.Ct. at 2355 (consider the claim as an ordered combination), the panel instead dissected the claim and only looked to the "heart" of the claim. *Cf. Aro Mfg. Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 345 (1961) ("[T]here is no legally recognizable or protected 'essential' element, 'gist' or 'heart' of the invention. . .").

2. Chief Judge Rader stepped down and was replaced by Judge Mayer.

Unlike Judge Rader, who looked to the ordinary definition of “Abstract” in the second panel decision (A.44a (“disassociated from any specific instance . . . expressing a quality apart from an object”)), Judge Lourie offered no definition for “abstract” or what constitutes an “abstract idea.”

Unlike Judge Lourie’s prior analysis, which concluded that “the added limitations in these claims represent significantly more than the underlying abstract idea of using advertising as an exchange or currency” (A.69a), this time, without any articulated rationale, Judge Lourie concluded, “This ordered combination of steps recites an abstraction—an idea, having no particular concrete or tangible form.” (A.11a).

Further, although in *Alice* and *Bilski* this Court looked to whether the claims were directed to “an economic practice **long prevalent** in our system of commerce” to determine that those claims were directed to an abstract idea, *Alice*, 134 S.Ct. at 2356 (quoting *Bilski*, 561 U.S. at 609) (emphasis added), Judge Lourie expressly found that “novel or non-routine components” are irrelevant in determining whether an alleged inventive concept is “abstract.” (A.11a-12a).

The Petition’s request to correct these errors should be granted.

Further, for step 2, Judge Lourie reached the opposite conclusion from his prior concurring opinion and the panel decisions by Judge Rader. He abandoned his “preemption” analysis—the foundation of all Supreme Court jurisprudence on the judicially created abstract

idea exception to patent eligibility. Only by violating this Court’s directives in *Diehr*, *Bilski*, and *Alice* to consider the claim as a whole and not to dissect out the “something more” discussed in *Mayo* and *Alice*, did Judge Lourie find that step 2 was not met. (A.12a-14a). Even worse, contrary to this Court’s directive, Judge Lourie disregarded the “inventive” aspects of the claims: “That some of the eleven steps were not previously employed in the art is not enough” (A.14a).

Certiorari is thus further justified to clarify that a claim should not be dissected to carve out and ignore elements of the claim under step 2 of the *Alice* framework.

B. *Ultramercial VI* also included a concurring opinion by Judge Mayer, who, despite *Bilski*’s previous express rejection (561 U.S. at 607-08), advocated for a rule that “claims are impermissibly abstract if they are directed to an entrepreneurial objective, such as methods for increasing revenue, minimizing economic risk, or structuring commercial transactions, rather than a technological one.” (A.16a). According to Judge Mayer, “*Alice* articulated a technological arts test for patent eligibility” whereby “advances in non-technological disciplines—such as business, law, or the social sciences—simply do not count.” *Id.*

As discussed herein, the Federal Circuit’s most recent decision in *Ultramercial VI* conflicts with this Court’s precedent and reflects a dangerous trend of many lower courts to apply *Alice* such that the patent exclusion for abstract ideas will “swallow all of patent law.” *Alice*, 134 S.Ct. at 2354.

Just last week, the Federal Circuit misapplied *Alice*, expressly holding that the *sine qua non* of the abstract idea exception to patent eligibility—preemption—was irrelevant: “And that the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.” *OIP Technologies, Inc. v. Amazon.com, Inc.*, No. 2012-1696, 2015 U.S. App. LEXIS 9721, at *6-7 (Fed. Cir. 2015).

It is time for this Court to step in and clarify the law of patent eligibility.

ARGUMENT

I. THE COURSE OF THE LAW ON PATENT-ELIGIBLE SUBJECT MATTER UNDER 35 U.S.C. § 101 MUST BE CORRECTED

A. This Court’s precedent supports a broad construction of patent eligibility and a limited application of the judicially created exceptions

The Patent Act clearly defines patent-eligible subject matter:

Whoever invents or discovers any new or useful process, machine, manufacture or composition of matter, or any new or useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

35 U.S.C. § 101.

As this Court has repeatedly recognized, this statutory language is very broad. “In choosing such expansive terms modified by the comprehensive ‘any,’ Congress plainly contemplated that the patent laws would be given wide scope.” *Bilski*, 561 U.S. at 601 (quoting *Chakrabarty*, 447 U.S. at 308); *see also J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int’l, Inc.*, 534 U.S. 124, 130 (2001) (“As this Court recognized over 20 years ago in *Chakrabarty*, the language of § 101 is extremely broad.”) (citation omitted); *Chakrabarty*, 447 U.S. at 308-09 (“The relevant legislative history also supports a broad construction . . . Congress intended statutory subject matter to ‘include anything under the sun that is made by man.’”).

Nevertheless, this Court’s precedent provides three judicially created exceptions to Section 101’s broad patent eligibility principles: “laws of nature, physical phenomena, and abstract ideas.” *Bilski*, 561 U.S. at 601; *see also Chakrabarty*, 447 U.S. at 309; *Mayo*, 132 S.Ct. at 1293; *Association for Molecular Pathology v. Myriad Genetics, Inc.*, 133 S.Ct. 2107, 2116 (2013); *Alice*, 134 S.Ct. at 2354.

Of course, as judicially-created exceptions, this Court has repeatedly recognized they should be narrowly applied. *Alice* expressly made this point: “we tread carefully in construing this exclusionary principle lest it swallow all of patent law.” 134 S.Ct. at 2354. At some level, “all inventions . . . embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Id.* “Thus, an invention is not rendered ineligible for patent simply because it involves an abstract concept.” *Id.*; *see also, e.g., Myriad*, 133 S.Ct. at 2116; *Mayo*, 132 S.Ct. at 1293.

Thus, this Court has long distinguished between claims directed to an “abstract” idea (or one of the other patent-ineligible fundamental principles) and a practical application of an abstract idea, which is patent-eligible. As *Bilski* explained, “an application of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.” *Bilski*, 561 U.S. at 611 (quoting *Diehr*, 450 U.S. at 187); see also *Le Roy v. Tatham*, 63 U.S. 132, 137 (1859) (“There can be no patent for a principle; but for a principle so far embodied and connected with corporeal substances as to be in a condition to act and to produce effects in any trade, mystery, or manual occupation, there may be a patent.”) (citation omitted).

This key principle—that *a patent claim may be directed to a practical application of a fundamental principle*—was expressly reaffirmed in *Mayo*, 132 S.Ct. at 1293-94, and *Alice*, 134 S.Ct. at 2355.

In performing this analysis, the claims must be read as a whole, and not dissected. *Diehr* instructs,

It is inappropriate to dissect the claims into old and new elements and then to ignore the presence of the old elements in the analysis. This is particularly true in a process claim because a new combination of steps may be patentable even though all the constituents of the combination were well known and in common use before the combination was made.

450 U.S. at 188. This point was reaffirmed in *Alice*, when it required the claims to be considered as an “ordered combination.” 134 S.Ct. at 2359.

The ultimate inquiry is whether the claim *preempts* an abstract idea. *Alice*, 134 S.Ct. at 2354 (“We have described the concern that drives this exclusionary principle as one of pre-emption.”) (citing *Bilski* 561 U.S. at 611 (upholding the patent “would pre-empt use of this approach in all fields, and would effectively grant a monopoly over an abstract idea”)); *see also Myriad*, 133 S.Ct. at 2116; *Mayo*, 132 S.Ct. at 1301 (“repeatedly emphasized this . . . concern that patent law not inhibit further discovery by improperly tying up the future use of” abstract ideas).

Separately, it is important to note that *Bilski* specifically made clear that “Section 101 precludes the broad contention that the term ‘process’ categorically excludes business methods.” 561 U.S. at 606. And further, “[a] conclusion that business methods are not patentable in any circumstances would render [federal statute] § 273 meaningless.” *Id.* at 607.

B. Alice and Mayo have provided some, but insufficient guidance to the lower courts

Alice provided the following two-part framework for determining patent-eligible subject matter under Section 101, as first articulated in *Mayo*:

1. Are the claims at issue directed to a patent-ineligible concept?
2. If so, what else is there that transforms the abstract idea into a patent eligible application?

See Alice, 134 S.Ct. at 2355 (citing *Mayo*).

For step 1, the *Alice* claims were found to be directed to nothing more than the “fundamental economic practice long prevalent in our system of commerce” of “intermediated settlement.” *Id.* at 2356-57.

Unfortunately, beyond this conclusion, *Alice* offers little guidance on how to identify whether claims are directed to an abstract idea or are *not* directed to an abstract idea.³

For step 2, *Alice* found the “mere recitation of a generic computer” could not “transform a patent-ineligible abstract idea into a patent-eligible invention.” *Id.* at 2358. *Alice* looked at each of the claim elements separately to reach the conclusion that the “function performed by the computer at each step of the process is ‘purely conventional.’” *Id.* at 2359. This Court then went further and analyzed the claim *as a whole*, reaching the conclusion that when considered “‘as an ordered combination,’ the computer components of petitioner’s method ‘add nothing.’” *Id.*

Here, again, while *Alice* provides some guidance on what is *not* “enough,” it provides little guidance on what *is* sufficient to transform an abstract idea into a patent-eligible application. As one district court noted, “Alice failed to answer this: when, if ever, do computer patents survive § 101?” *Cal. Ins. Of Tech. v. Hughes Commun., Inc.*, 2014 U.S. Dist. LEXIS 156763, at *20-21 (N.D. Cal.

3. Indeed, *Bilski* expressly left for another day the parameters of what constitutes an “abstract idea.” Since *Bilski*, there have been hundreds of discordant cases in lower courts addressing Section 101, and now is the time for this Court to provide the missing guidance.

Nov. 3, 2014) (also noting that “[p]erhaps Alice was the improper vehicle for clarifying the law”).

The lower courts’ constructions of *Alice* have failed to establish a reliable dividing line between claims that are directed to abstract ideas versus practical applications of such ideas and have improperly narrowed the scope of patent eligibility beyond the limits set forth by this Court.

C. Post-*Alice* decisions show that Section 101 is swallowing patent law despite this Court’s warnings to the contrary

Since *Bilski*, this Court has repeatedly affirmed that a method or process is not unpatentable simply because it contains an abstract idea, law of nature, or a mathematical algorithm. *See Mayo*, 132 S.Ct. at 1293-94; *Alice*, 134 S.Ct. at 2354 (“an invention is not rendered ineligible for patent simply because it involves an abstract concept.”).

Despite these admonitions, many lower courts, including Judge Mayer’s concurrence here (A.16a), have read the recent guidance in *Alice* as de facto eliminating “business method” patents and effectively banning computer-implemented inventions from the patent system.⁴ This is in direct contravention to this Court’s

4. Judge Mayer’s post-*Alice* analysis in his *Ultramercial VI* concurrence evidences the blatant misapplication of this Court’s precedent that is all too common in the lower courts. (A.16a (“claims are impermissibly abstract if they are directed to an entrepreneurial objective, such as methods for increasing revenue, minimizing economic risk, or structuring commercial transactions, rather than a technological one.”)). According to Judge Mayer, “*Alice* articulated a technological arts test for patent eligibility” whereby “advances in non-technological disciplines—such as business, law, or the social sciences—simply do not count.” *Id.*

holding “that courts ‘should not read into the patent laws limitations and conditions which the legislature has not expressed.’” *Chakrabarty*, 447 U.S. at 308 (quoting *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 199 (1933)). It also contradicts *Bilski*’s proclamation that “[a] conclusion that business methods are not patentable in any circumstances would render [federal statute] § 273 meaningless.” 561 U.S. at 607-08. If such were intended, why did this Court in *Alice* bother including step 2 in its framework? The Court could have stopped once it identified the claim as relating to “an economic practice long prevalent in our system of commerce.” Significantly, it did not.

While some courts have heeded this Court’s admonition that *Alice* does not lead to the conclusion that all computer-implemented claims are directed to abstract ideas,⁵ unfortunately, many others have not followed this guidance, indiscriminately killing computer-implemented patents by ignoring the computer elements in the claims as irrelevant.⁶ As one district court observed, although

5. See, e.g., *DDR Holdings, LLC v. Hotels.com*, 773 F.3d 1245, 1255-59 (Fed. Cir. 2014); *McRO, Inc. v. Sega of America, Inc.*, No. 2:12-cv-10327, 2014 U.S. Dist. LEXIS 135267, at *19 (C.D. Cal. Sept. 22, 2014) (“We must be wary of facile arguments that a patent preempts all applications of an idea.”); *Fr. Telecom S.A. v. Marvell Semiconductor Inc.*, 39 F.Supp.3d 1080, 1094-98 (N.D. Cal. Apr. 14, 2014); *Messaging Gateway Solutions, LLC v. Amdocs, Inc.*, No. 1-14-cv-00732, 2015 U.S. Dist. LEXIS 49408, at *14-17 (D. Del. Apr. 15, 2015) (using Step 2 to hold claims patent eligible under 35 U.S.C. § 101); *Trading Techs. Int’l, Inc. v. CQG, Inc.*, No. 05-cv-4811, 2015 U.S. Dist. LEXIS 22039, at *13-16 (N.D. Ill. Feb. 24, 2015).

6. See, e.g., *OIP*, 2015 U.S. App. LEXIS 9721, at *9-11; *Jericho Sys. Corp. v. Axiomatic, Inc.*, No. 3:14-CV-2281-K, 2015 U.S. Dist.

“intervening precedent [since *Benson* and *Flook*] and Congressional action have demonstrated that software is patentable,” “[t]he aftermath of *Alice* tells a different but misleading story about software patentability.” *Enfish, LLC v. Microsoft Corp.*, 56 F. Supp. 3d 1167, 1172 (C.D. Cal. Nov. 3, 2014).

Further, while both *Alice* and *Diehr* recognize that a claim must be analyzed as a whole, both *Mayo* and *Alice* have been misread to allow courts, as was done by the majority in *Ultramercial VI*, to dissect out the “old” and “conventional” elements from the claims in performing the second step of the analysis, even when the combination of steps are new and inventive. *See Ultramercial VI* (A.10a,14a).

Ultramercial VI exemplifies the improper reading of *Alice* being used by many lower courts to dismiss in essence any computer-implemented claims as routine or conventional steps, merely because they can be carried out on a general purpose computer. This Court’s statement that the “mere recitation of a generic computer” could not “transform a patent-ineligible abstract idea into a patent-eligible invention” has been repeatedly misconstrued by lower courts. *Alice*, 134 S.Ct. at 2358. The point that use of a generic computer does not of itself confer patentability has been grossly misinterpreted to mean that use of a generic computer (even one specially programmed)

LEXIS 60421, at *13-17 (N.D. Tex. May 7, 2015); *Cloud Satchel LLC v. Amazon.com, Inc.*, Nos. 13-941-SLR & 13-942-SLR, 2014 U.S. Dist. LEXIS 174715, at *20-25 (D. Del. Dec. 18, 2014); *Diet Goal Innovations, Inc. v. Bravo Media LLC*, 33 F. Supp. 3d 271, 285 (S.D.N.Y. Jul. 8, 2014).

destroys patentability.⁷ This cannot and should not be the law.⁸

As the Federal Circuit recognized in *In re Alappat*, when a general-purpose computer is specifically programmed, it becomes a special purpose computer. 33 F.3d 1527, 1544 (Fed. Cir. 1994) (en banc). Thus, when the ordered combination of steps creates a novel and non-routine process, as was admitted to be the case here (A.11a-12a), patent eligibility should be found.

Amici Curiae agree with Petitioners and respectfully submit that further clarification is needed to eliminate the pervading confusion as to what constitutes an abstract idea under the Patent Act and Supreme Court jurisprudence.

7. See, e.g., *Joao Block Transaction Syst., LLC v. Jack Henry & Assoc.*, No. 12-1138-SLR, 2014 U.S. Dist. LEXIS 172567, at *21-22 & n.7 (D. Del. Dec. 15, 2014); *Loyalty Conversion Sys. Corp. v. Am. Airlines, Inc.*, No. 2:13-CV-655, 2014 U.S. Dist. LEXIS 122244, at *33-34 (E.D. Tex. Sept. 13, 2014) (Bryson, C.J., sitting by designation); *Comcast IP Holdings I, LLC v. Sprint Communs. Co. L.P.*, 55 F. Supp. 3d 544, 551 (finding specialized hardware was required under *Alice*); *Regions Financial Corp. v. Retirement Capital Access Management Co., LLC*, CBM2014-00012, Paper No. 28, Slip op. at 13-19 (PTAB Mar. 23, 2015) (citing *Alice*, *Mayo*, and *Ultramercial VI* to discount computer-implemented claims).

8. Cf. *Intellectual Ventures I, LLC v. Capital One Financial Corp.*, No. PWG-14-111, 2015 U.S. Dist. LEXIS 62601, at *51-58 (D. Md. May 12, 2015) (Special Master Report and Recommendation).

II. THE PETITION FOR WRIT OF CERTIORARI SHOULD BE GRANTED

Amici Curiae support Petitioners' request for clarification on the guidelines for determining whether computer-implemented claims reciting novel steps constitute abstract ideas and respectfully request that the Court grant Petitioners a Writ of Certiorari to hear the question presented.

A. This is the proper case to clarify the law of patent eligibility

The issues raised here, as well as the dire need for guidance in this area of law, make this case an appropriate choice for revisiting the subject of characterizing abstractness in a patent claim.

The Federal Circuit twice held the patent-in-suit was patent eligible under 35 U.S.C. § 101. (A.30a, 71a, 67a). Then, on its second remand from this Court, the Federal Circuit held in view of *Alice* that the patent was abstract and thus not patent-eligible. (A.1a, 16a).

In doing so, the panel below committed a host of errors that are contrary to this Court's precedent yet commonplace among lower courts, including:

- Rather than considering the claim as a “whole” as required by this Court in *Diehr*, *Bilski*, and *Alice*, it looked to the “heart” of the invention (A.10a), as was expressly

rejected by this Court in *Aro*, 365 U.S. at 345 more than 50 years ago.⁹

- Rather than considering each of the limitations of the claims as mandated by *Diehr*, *Bilski*, and *Alice*, it dissected the computer-implemented elements (both novel and routine) out of the claim. (A.14a).¹⁰
- Rather than considering whether the alleged abstract idea was a “building block” of technology or “an economic principle long prevalent in our commerce system,” the panel found that “novel or routine components” were irrelevant to determining whether a claim was directed to an abstract idea. (A.11a-12a).¹¹
- Rather than considering the ultimate question demanded by this Court’s patent eligibility jurisprudence (*i.e.*, whether the claim “preempts” an abstract idea, (*Alice*, 134 S.Ct. at 2354 (“We have described the concern that drives this exclusionary principle as one of pre-emption.”))

9. *See, e.g., Accenture Global Servs. v. Guidewire Software, Inc.*, 728 F.3d 1336, 1344 (Fed. Cir. 2013) (looking at “heart” of claim to invalidate under Section 101); *Comcast*, 55 F. Supp. 3d at 548 (looking to “heart” of claim to invalidate under Section 101).

10. Some lower courts have gone so far as to ignore “important element[s] of the claims” when considering whether the claims are “conventional business practice.” *See, e.g., Joao*, 2014 U.S. Dist. LEXIS 172567, at *19-20.

11. *See also, Cloud Satchel*, 2014 U.S. Dist. LEXIS 174715, at *20 (rejecting Plaintiff’s arguments that claims are “inventive” for step 1 analysis).

(citing *Bilski*, 561 U.S. at 611-612, (upholding the patent “would pre-empt use of this approach in all fields, and would effectively grant a monopoly over an abstract idea”))), the panel jettisoned that inquiry entirely from its analysis. (*Cf.* A.12a-14a, with A.63a, A.67a).¹²

Each of these errors alone justifies granting a writ of certiorari here. The combined collection of errors, mandates it.

The Federal Circuit’s decision below reflects the great confusion amongst the lower courts post-*Alice*. The decision conflicts with this Court’s prior guidance and shows that once a computer-implemented invention is labeled “abstract” under *Alice* step 1, it is exceedingly easy to dismiss any novel steps recited in the claim as “conventional activity,” or “insignificant pre-solution activity,” or “data gathering.” The *instant Ultramercial VI* decision has promulgated the abstract exception to patent eligibility far beyond what has previously been established by this Court.

Thus, this Court’s clarification and guidance for determining whether a computer-implemented invention

12. *Cf. OIP*, 2015 U.S. App. LEXIS 9721, at *6-7 (“And that the claims do not preempt all price optimization or may be limited to price optimization in the e-commerce setting do not make them any less abstract.”), *with Fr. Telecom SA*, 39 F.Supp.3d at 1091 (“Claim 1 does not preempt error-correction coding generally, nor does Claim 10 preempt decoding generally. They both provide unique and detailed methods with concrete steps to be applied, and Marvell has provided no evidence that the steps recited are inherent in error-detection coding or decoding.”).

constitutes an abstract idea is critical. As stated by Petitioners, the question remains to be answered whether the abstract idea exception under 35 U.S.C. § 101 extends to computer-implemented inventions that recite novel or non-routine steps.

B. If the Court does not take the case harm will continue

It is critical that this Court clarify the guidelines for determining whether computer-implemented claims reciting novel steps constitute abstract ideas. Without such clarification, many lower courts may continue to perceive *Alice* as a *per se* rule against computer-implemented business method patents.

The post-*Alice* environment for computer-implemented inventions is harmful to the U.S. economy and the patent system as a whole. Judge Moore warned in her dissent in *Alice* at the Federal Circuit that the recent jurisprudence was in danger of “decimat[ing] the electronics and software industries” as well as other industries that are built on computer-implemented patent claims. *CLS Bank Int’l v. Alice Corp. Pty*, 717 F.3d 1269, 1313 (Fed. Cir. 2013) (Moore, J., dissenting). Her prophecy is coming true with over a hundred patents and thousands of claims invalidated using *Alice*.

The importance of computer-implemented inventions to the U.S. economy extends far beyond the importance of the American computer industry alone. Computer-implemented inventions are critical to the productivity of all sectors of the U.S. economy. Computers power our modern service economy as surely as steam and then

internal combustion engines powered the manufacturing sector that drove our economic prosperity in the nineteenth and twentieth centuries. Moreover, computers are now the platforms on which many inventions are built. Thus, computer-implemented inventions must remain patent-eligible as surely as their counterparts in manufacturing enjoyed such protection.

C. The large number of diverse opinions presented below in this case and others since *Bilski* and *Alice* provides a rich dialogue that raises all relevant issues before the Court

Within the discourse contained in the three Federal Circuit opinions below (plus two concurrences) in this case and the many hundreds of pages of briefs from the parties and amici, there is plenty of material from which to draw in developing an instructive directive on this issue. There have been twelve Federal Circuit decisions, over one hundred district court decisions, and over thirty final written decisions by the PTAB involving Section 101 since *Alice* and substantially more since *Bilski*. This large number of decisions provides a further body of opinions for this Court to consider in deciding the issues raised here.

The patent-in-suit here involves claims directed to computer-implemented methods that include what are admittedly novel and non-routine steps (A.11a-12a), and thus this Court may provide guidance on how to analyze “abstract ideas” in this context. The abundance of disagreement has produced ample material to inform this Court’s judgment.

D. Numerous *Amici* have shown an interest in this issue

Both this case and the *Alice* case have garnered significant input from third parties, including numerous *amicus curiae* briefs filed in this Court and at the Federal Circuit. Those briefs, representing the views of patent practitioners, companies in computer and communications-related industries, and government agencies, collectively confirm that this case involves an “important question of federal law” and that many believe that the Federal Circuit “decided [this question] in a way that conflicts with relevant decisions of this Court.” Thus, this case fits the “character” of the compelling reasons required for Supreme Court review. Sup. Ct. R. 10.

CONCLUSION

For the reasons set forth herein, *Amici Curiae* respectfully urge the Court to grant Ultramercial’s Petition and clarify the broad bounds of patent eligibility for computer-implemented inventions.

Respectfully submitted,

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