

No. 17-330

IN THE
Supreme Court of the United States

INTEGRATED CLAIMS SYSTEMS, LLC,
Petitioner,

v.

TRAVELERS LLOYDS OF TEXAS INSURANCE COMPANY,
THE TRAVELERS INDEMNITY COMPANY,
Respondents.

**On Petition for Writ of Certiorari to
the United States Court of Appeals
for the Federal Circuit**

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1) Does Covered Business Method review in the Patent and Trademark Office violate the Constitution by extinguishing private property rights through a non-Article III forum without a jury?

2) Did the Federal Circuit properly affirm the Board's judgment of unpatentability of the challenged claims of ICS's patents without opinion pursuant to Federal Circuit Rule 36 where an opinion would add nothing of precedential value in future cases?

3) Did the Federal Circuit properly affirm the Board's decision that the patents at issue, which claim a method of processing insurance claims, qualify as Covered Business Method patents?

PARTIES TO THE PROCEEDING BELOW

The parties to this proceeding are the petitioner, Integrated Claims Systems, LLC, and respondents Travelers Lloyds of Texas Insurance Company and The Travelers Indemnity Company.

CORPORATE DISCLOSURE STATEMENT

Travelers Lloyds of Texas Insurance Company is a wholly owned subsidiary of Travelers Casualty and Surety Company, which is a wholly owned subsidiary of Travelers Insurance Group Holdings, Inc., which is a wholly owned subsidiary of Travelers Property Casualty Corp., which is a wholly owned subsidiary of The Travelers Companies, Inc., a public company.

The Travelers Indemnity Company is a wholly owned subsidiary of Travelers Insurance Group Holdings, Inc., which is a wholly owned subsidiary of Travelers Property Casualty Corp., which is a wholly owned subsidiary of The Travelers Companies, Inc., a public company.

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OPINIONS

The order denying panel rehearing and rehearing en banc (Pet. App. 116a-117a) is unreported. The panel order disposing of the case without opinion is not published in the Federal Reporter but is reprinted and available at 684 F. App'x 959 (Fed. Cir. Apr. 11, 2017). The opinions and orders of the Patent Trial and Appeal Board are unreported (Pet. App. 5a-115a).

JURISDICTION

The Court of Appeals for the Federal Circuit entered its judgment on April 11, 2017, and denied rehearing on May 30, 2017. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

INTRODUCTION

After being sued for infringement along with numerous other insurance companies, Respondents Travelers Lloyds of Texas Insurance Company and The Travelers Indemnity Company (collectively Travelers) petitioned the United States Patent and Trademark Office's Patent Trial and Appeal Board (PTO) to institute a Covered Business Method (CBM) review of U.S. Patent Nos. 7,178,020 (the '020 patent) and 7,346,768 (the '768 patent) (collectively, the patents at issue). The PTO found the challenged claims unpatentable because they claimed abstract ideas that were patent ineligible subject matter under 35 U.S.C. § 101. The Federal Circuit affirmed the PTO in an unpublished per curiam decision.

On June 12, 2017, this Court granted certiorari in *Oil States Energy Services LLC v. Greene's Energy Group, LLC*, to consider the question of “[w]hether *inter partes* review—an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents—violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury.” 16-712 QP Report; *Oil States Energy Servs., LLC v. Greene's Energy Grp., LLC*, 137 S. Ct. 2239 (June 12, 2017). Petitioner Integrated Claims Systems, LLC contends, without explanation or support, that the decision this Court reaches in *Oil States* with regard to IPR proceedings should apply equally to CBM proceedings. Petitioner did not explain the difference between IPR and CBM proceedings. Nor did it explain that 35 U.S.C. § 101, the basis on which the PTO rendered unpatentable all of the challenged claims, is a pure legal determination that would never be decided by a jury. Section 101 is not an available basis for cancellation of a patent in IPR proceedings, a distinction that makes CBM and IPR proceedings meaningfully different from each other. If the Court concludes in *Oil States* that IPR proceedings are unconstitutional, that conclusion may not apply to CBM proceedings.

With regard to the second question presented and the Federal Circuit’s use of its Rule 36 to affirm decisions where a written opinion is not warranted, Petitioner repeats the same arguments that were raised by prior petitioners. *See, e.g.*, Brief for Petitioner, *In re Celgard, LLC*, No. 16-1526, 2017 WL 2687491 (June 19, 2017) (petition pending). If

this Court denies certiorari in *Celgard*, it should also deny it here. This Court has already denied certiorari on a similar question. *See, e.g., Leak Surveys, Inc. v. FLIR Sys., Inc.*, No. 17-194, 2017 WL 3344991 (Oct. 10, 2017).

Finally, with regard to whether the patents at issue were properly the subject of CBM proceedings, Petitioner does not contend that the Federal Circuit has adopted the wrong standard, but only that the Federal Circuit did not apply that standard here. Petitioner is wrong and failed to explain that the Federal Circuit expressly directed the parties to address at oral argument the precedent that Petitioner cites in its petition. *See Integrated Claims Systems, LLC*, No. 16-2163, Doc. 39 (Fed. Cir. Mar. 29, 2017). The patents contain claims directed to the processing of insurance claims, which is a traditional financial service, and the Federal Circuit did not err in affirming the PTO's decision that these patents were subject to CBM review.

STATEMENT OF THE CASE

I. The Patents at Issue Claim to Have Invented the Idea of Using a Computer to Automate the Processing of Insurance Claims

Medical providers have long carried out the practice of submitting forms to insurance companies for processing payments. As the patents at issue acknowledge, the providers did so via paper and the

mail. Pet. Supp. App. 11 (1:36-47). The claimed invention is to do so electronically with a computer.

The patents explain that, even before the claimed invention, medical providers had begun submitting forms to insurance companies electronically by means of a central clearinghouse. *Id.* (2:11-15) (“The basic idea was to have the providers fill out an electronic claim form, instead of a paper claim form. This electronic form, which would be stored in the memory of their PCs, would then be transmitted, as a computer file, to the insurance company.”) Further, the patents acknowledge that the technology already existed at the time to accomplish the electronic transfer. *Id.* (2:17-20) (“Thus, the technology existed to produce a system that computerized the overall filing and processing of the insurance claim from the point of entry, the provider’s office, to the final report of the claims adjuster.”).

The problem in the prior art, according to the patents, was that the clearinghouse would not accept attachments to the forms, such as x-rays. Pet. Supp. App. 11-12 (2:65-3:3, 3:13-15; 3:28-32). With the claimed invention, medical providers could send their forms electronically to the insurance company, and could do so directly without going through the clearinghouse. The patents do not claim special hardware to perform this task. Nor do they claim special software or any other technological improvement to perform the task. Rather, they claim the abstract idea of moving data by filling out a form on the medical provider’s computer and then electronically sending it to the insurance company.

According to the patents, to carry out the invention, medical providers would fill out boxes in the form on their computers with information such as the patient's first and last name. Pet. Supp. App. 17 (13:50-62). If the medical provider wished to include an attachment to the form, such as an image file, the medical provider would fill out one of the boxes of the form to cross-reference the attachment. Pet. Supp. App. 18 (15:6-10) (The form and image file "must cross reference one another (i.e., be correlated) so that these files can be continuously associated with one another after transmission to the insurance company."). Alternatively, the patents explain, the medical provider could combine the image and text by inserting the image into the form itself. *Id.* (15:48-57); Pet. Supp. App. 8 (Fig. 5A). If the medical provider chose to combine the image and text, he or she could use the standard practice at the time of using a GIF file with textual data in the GIF image file comments. Pet. Supp. App. 18 (15:16-38) ("It will also be appreciated that the concept of embedding comments into the GIF or TIFF image file format is a standard practice employed by those of ordinary skill in the art of graphic image preparation, e.g., by photographers and digital artists who wish to identify their works.") Thus, with the text of the form and the image correlated, the patents conclude, the information could all be transmitted electronically to the insurance company. *Id.* (15:58-16:32).

To carry out this abstract idea, the medical provider needed nothing more than generic computer components and commercial software, such as LOTUS NOTES, that existed at the time. Pet. Supp.

App. 17 (13:18-20, 28-32) (“[T]he software needed to implement the preferred embodiments of the present invention can be developed within the frame work of the environment created by something such as LOTUS NOTES™.”)

II. The PTO Concluded that the Challenged Claims Were Subject to CBM Review and Unpatentable as Abstract Ideas Under 35 U.S.C. § 101, and the Federal Circuit Affirmed

The PTO instituted CBM review for the challenged claims of the patents at issue and found all of the challenged claims unpatentable under 35 U.S.C. § 101. Pet. App. 6a-7a, 67a-68a. In determining that at least one claim of each patent was directed to a covered business method, the Board explained that claims 11 and 30 of the '768 patent recited a “health insurance claim form” and “insurance company,” and that claim 1, from which those claims depend, was “broad enough to include a computer system related to, at least, insurance claims, worker’s compensation claims, commercial insurance claims, property/casualty insurance, and law enforcement.” Pet. App. 80a-83a. With regard to the '020 patent, the Board explained that claim 36 recited “an insurance claim form,” and claim 27, from which claim 36 depends, was also broad enough to relate to insurance claims. Pet. App. 18a-19a. The PTO further explained that, with the exception of one sentence referring to law enforcement, all of the expressed objects and embodiments of the claimed inventions were directed to insurance claims. *E.g.*,

Pet. App. 21a. Based on this, the PTO found that the patents qualified for CBM review under the statute's plain language, as well as under the broader interpretation of the statute that it had articulated in past cases. Pet. App. 18a-19a, 80a.

The PTO further concluded that the patents were not directed to a "technological invention," which would constitute an exception to the CBM statute. As the PTO explained, the patents described the claimed invention generically without reference to any particular hardware device or specialized software, and the claimed computers were known technological features. Pet. App. 23a-24a, 85a-86a. To the extent the claimed invention solved any problem at all, the PTO concluded, it was a logistical problem (how to efficiently move data) rather than a technical problem. Pet. App. 25a, 87a

Regarding patent eligibility under 35 U.S.C. § 101, although Travelers had described the abstract idea as "moving data," the PTO described the idea slightly differently, concluding that the claims recited the abstract ideas of "portioning data" and "examining information to extract relevant portions of that information." Pet. App. 31a, 91a. These abstract ideas, the PTO concluded, represented "a disembodied, well-known concept, a basic building block of human ingenuity." *Id.* The PTO further concluded that the claims did not add any additional elements that would transform the abstract ideas into eligible subject matter. In particular, the PTO concluded that the claims recited nothing but "well-known, routine, conventional activities previously known to the industry" and "generic computer

components.” Pet. App. 40a, 43a, 46a, 96a. As for entering data into “fields,” which Petitioner contended was a novel concept, the PTO explained that “entering patient and provider information into different, identifiable portions of a form was a well-known, routine, conventional activity previously known to the industry.” Pet. App. 97a. Accordingly, the PTO concluded, the challenged claims were all unpatentable under 35 U.S.C. § 101.

In addition to finding the claims unpatentable under § 101, the PTO also found that claim 27 of the ’020 patent was unpatentable as anticipated under 35 U.S.C. § 102 by U.S. Patent No. 4,554,418 to Toy.

Petitioner appealed the PTO’s decisions. During the briefing stage on appeal, the Federal Circuit issued its decisions in *Unwired Planet, LLC v. Google Inc.*, 841 F.3d 1376 (Fed. Cir. 2016) and *Secure Access, LLC v. PNC Bank National Association*, 848 F.3d 1370 (Fed. Cir. 2017). Both cases address the standard by which the PTO determines which patents are subject to CBM review, and both held that CBM review is limited to patents whose claims fall within the plain language of 37 C.F.R. § 42.301, and not those that may be merely incidental or complimentary to a financial activity. The Federal Circuit directed the parties to address both cases at oral argument. *See Integrated Claims Systems, LLC v. Travelers Lloyds of Texas*, No. 16-2163, Doc. 39 (Fed. Cir. Mar. 29, 2017). Counsel did so. Oral Argument Tr., No. 16-2163, at 14:25-17:34. The Federal Circuit then affirmed the PTO’s decisions in an unpublished per curiam order. Pet. App. 1a-2a.

REASONS FOR DENYING THE WRIT

I. **This Case Presents a Different Question than the One on Which this Court Granted Certiorari in *Oil States***

The question presented in *Oil States* asks whether IPR proceedings “violate the Constitution by extinguishing private property rights through a non-Article III forum without a jury.” Petitioner poses the same question to this Court but with respect to CBM proceedings rather than IPRs. If the Court answers that question in the negative in *Oil States*, Petitioner offers no reasons why a different result should occur here. Without repeating the numerous pages of briefing already submitted to the Court in *Oil States*, for the reasons argued in that case, Travelers submits that neither IPR nor CBM proceedings violate the Constitution.

But if the Court answers the question in the affirmative in *Oil States* and finds IPR proceedings unconstitutional, the same answer does not necessarily apply to CBM proceedings. CBM proceedings are more limited than IPR proceedings in many respects. Further, unlike IPR proceedings, CBM proceedings include grounds of unpatentability based on pure questions of law, which would never go to a jury in any court.

A. CBM proceedings are distinct from IPR proceedings in both process and purpose.

With passage of the America Invents Act in 2011, Congress created two new types of administrative proceedings: inter partes review (IPR) and post grant review (PGR). Leahy-Smith America Invents Act, H.R. 1249, Pub. L. No. 112-29, § 6 (AIA). As explained more fully below, CBM proceedings are a special type of PGR. One key distinction between IPR and PGR proceedings is the bases of patentability. In IPR proceedings, the PTO may cancel patents only based on novelty and obviousness grounds under 35 U.S.C. §§ 102 and 103, and only based on prior art consisting of patents and printed publications. *See* 35 U.S.C. § 311. By contrast, in PGR proceedings, the PTO may cancel patents not only under novelty and obviousness grounds, but also based on patent ineligibility, lack of written description, lack of enablement, and indefiniteness under 35 U.S.C. §§ 101 and 112. *See* 35 U.S.C. § 321. The PTO can also consider a wider range of prior art in PGR proceedings than it can in IPR proceedings.

IPR proceedings became available one year after passage of the AIA for all patents. AIA § 6(c). But Congress limited PGR proceedings to only those patents filed after March 16, 2013, the date that the AIA first-inventor-to-file rules took effect. *Id.* § 6(f). Although Congress delayed the commencement date for PGR proceedings, it recognized a class of patents—business method patents—so troublesome that the broad grounds of PGR proceedings should

apply immediately. Accordingly, in the AIA, Congress created CBM proceedings to address business method patents. This temporary program, named the Transitional Program for Post-Grant Review of Covered Business Method Patents, became available on September 16, 2012, and will sunset that same day in 2020. AIA § 18(a)(2), (3).

In creating CBM proceedings, Senator Pryor explained that the program aimed “to address the problem of business method patents of dubious validity.” 157 Cong. Rec. S1363 (daily ed. Mar. 8, 2011). As Senator Leahy explained in more detail, it was “unclear whether the subject matter of [business method patents] qualifies as patentable subject matter,” and that “[p]atents of low quality and dubious validity . . . are a drag on innovation because they grant a monopoly right for an invention that should not be entitled to one under the patent law.” *Id.* Senator Schumer, a co-sponsor of the amendment that created the CBM program, put it more bluntly: “Business method patents are the bane of the patent world.” *Id.*

As Senator Schumer explained, the problem of business method patents began in 1998 with the Federal Circuit’s decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1373 (Fed. Cir. 1998), which interpreted 35 U.S.C. § 101 as allowing for the patentability of any claimed invention—including business methods—so long as it produced a “useful, concrete, and tangible result.” 157 Cong. Rec. S1363. The decision, Senator Schumer continued, resulted in the Patent Office releasing a flood of poor-quality

business method patents that continued until this Court's decision in *Bilski v. Kappos*, 561 U.S. 593 (2010), which made clear that business methods that were abstract ideas were not patent eligible. 157 Cong. Rec. S1363. The creation of CBM proceedings, therefore, provided a vehicle for the PTO to reevaluate numerous business method patents it had issued to determine whether they claimed abstract ideas that were not patent eligible subject matter under 35 U.S.C § 101—a ground not available in IPR proceedings.

Although Congress made the grounds of patentability broader in CBM proceedings than in IPR proceedings, it placed specific bounds on the use of CBM proceedings that do not exist in IPRs. In particular, CBM proceedings are available to only those who have first been sued for or charged with infringement. AIA § 18(a)(1)(B). Further, they are limited to only those patents that claim financial products or services, and they exclude technological inventions. *Id.* § 18(d)(1). And finally, as noted before, they are temporary.

B. CBM proceedings resolve matters of public rights.

This Court has long recognized that an abstract idea may not be patented. *LeRoy v. Tatham*, 55 U.S. 156, 175 (1852) (“A principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right.”). But as noted above, whether business methods fall within that rule is a struggle of recent vintage. To address the

issue in a uniform and inexpensive way, Congress granted the PTO the authority in CBM proceedings to reevaluate whether certain types of issued patents claimed patent ineligible abstract ideas. These proceedings bear the hallmarks of the resolution of public rights, making it permissible for the PTO to resolve the claims; even more so than the IPR proceedings addressed in *Oil States*.

In general, Congress cannot “withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty.” *Stern v. Marshall*, 564 U.S. (18 How.) 462, 488 (2011), quoting *Murray’s Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. 272, 284 (1856). But exceptions exist for public rights, “in which the claim at issue derives from a federal regulatory scheme, or in which resolution of the claim by an expert government agency is deemed essential to a limited regulatory objective within the agency’s authority.” *Id.* at 490.

Patent rights did not exist at common law, but instead were created by an act of Congress. *Gayler v. Wilder*, 51 U.S. (10 How.) 477, 494 (1850). Just as patent rights that are resolved in IPR proceedings derive from a federal regulatory scheme, therefore, patent rights resolved in CBM proceedings do as well. Those rights, therefore, fall within the first characterization of the public rights exception recognized in *Stern*. But in addition to being part of a federal regulatory scheme, Congress designed CBM proceedings to resolve a specific and limited regulatory objective. In particular, with the creation of CBM proceedings, Congress gave the PTO an

eight-year window to take a second look at whether certain business method patents asserted in litigation claimed abstract ideas that were not patent eligible under 35 U.S.C. § 101. The PTO has expertise on the question because it initially made the § 101 determination before granting the patents. But the PTO made that initial determination under an outdated standard once mandated by the Federal Circuit in *State Street Bank*. After this Court clarified the standard for patent eligible subject matter in *Bilski*, Congress deemed it most expedient to grant the PTO the authority to reevaluate patents within that class of patents. Resolving the patentability of business method claims by the PTO in CBM proceedings, therefore, matches both of the Court's characterizations of the public rights exception in *Stern*. Namely, they resolve claims derived from a federal regulatory scheme, and they resolve claims through "an expert Government agency [that] is deemed essential to a limited regulatory objective within the agency's authority." *Stern*, 564 U.S. at 490.

**C. The Seventh Amendment
does not bar CBM
proceedings because juries
do not decide pure questions
of law relating to
patentability.**

If the adjudication of IPR and CBM proceedings comports with Article III, then the Seventh Amendment is not an independent bar to the adjudication of the proceedings by a non-jury factfinder. *Granfinanciera, S.A. v. Nordberg*, 492

U.S. 33, 53-54 (1989). But despite the language in *Granfinanciera*, if the Court finds that a historical right to a jury trial exists on questions of patent validity as some amici have suggested, the right would still not apply to all questions resolved in CBM proceedings, such as those involving pure questions of law.

The Seventh Amendment provides a right to a jury for suits at common law where the value in controversy exceeds twenty dollars. U.S. CONST. amend. VII. The jury-trial right applies to suits in which legal rights are at issue, not equitable rights. *Granfinanciera*, 492 U.S. at 41-42. And it applies to questions of fact, not issues of law reserved for the court. *Baltimore & Carolina Line, Inc. v. Redman*, 295 U.S. 654, 660-61 (1935).

Whether a patent improperly attempts to claim a patent ineligible abstract idea is a pure question of law. *Versata Dev. Grp., Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1331 (Fed. Cir. 2015). Because it is a pure question of law, when decided in Article III courts, it is decided by the judge, not the jury. *See Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1311-12, 1315 (Fed. Cir. 2016); *see also Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384 (1996) (holding that the legal question of claim construction is a question for the judge, not the jury). Because whether a patent claims a patent ineligible abstract idea is a question of law, and because juries do not decide questions of law, the Seventh Amendment does not provide the right to have that question decided by a jury.

Moreover, because the determination of whether claims are patent ineligible abstract ideas are questions of law, that determination is reviewed by the Federal Circuit on appeal de novo without deference. *Versata Dev.*, 793 F.3d at 1331. The Federal Circuit affirmed the decision of the PTO, after de novo review, that the patents at issue claimed patent ineligible abstract ideas. Pet. App. 2a. For this particular case, therefore, the end result would not change regardless of whether the initial patentability question was made by the PTO, an Article III judge, or a jury, because the Federal Circuit in its own independent judgment has already ruled on the legal question and would owe no deference to any of the other possible decision makers during a repeat of the process.

For these reasons, the petition for a writ of certiorari on question number one should be denied.

II. The Federal Circuit’s Use of Rule 36 to Affirm Decisions from the PTO does not Require this Court’s Review

After briefing and oral argument, the Federal Circuit affirmed the PTO’s decision in this case that the claims of the patents at issue are unpatentable. The court did so without opinion via Federal Circuit Rule 36. Under this rule, the Federal Circuit may enter a judgment of affirmance without opinion if an opinion would have no precedential value and at least one of five conditions exist. *See* Federal Circuit Rule 36. Those conditions include, among other things, “the decision of an administrative agency

warrants affirmance under the standard of review in the statute authorizing the petition for review,” or “an judgment or decision has been entered without an error of law.” *Id.* Petitioner does not contend that a written decision in this case would have had precedential value. Nor does it dispute that at least one of the five bases for the Federal Circuit to use Rule 36 existed. Further, Petitioner does not contend that the use of Rule 36 is improper in every case (e.g., appeals from a district court). Rather, Petitioner contends that, based on the text of 35 U.S.C. § 144, the use of Rule 36 affirmances without opinion is improper specifically in appeals from the PTO. Pet. 13. Section 144, however, imposes no such ban.

Section 144 states that, in appeals to the Federal Circuit from the PTO, “[u]pon its determination the court shall issue to the Director its mandate and opinion, which shall be entered of record in the Patent and Trademark Office and shall govern the further proceedings in the case.” Contrary to Petitioner’s argument, § 144 does not require that an opinion be written in every case. Rather, it is a procedural requirement that governs what the Federal Circuit should do with an opinion if it has written one. In a remand or reversal, for which the Federal Circuit always prepares a written opinion, the opinion should be issued to the PTO to govern the PTO’s further proceedings. In an affirmance, however, the PTO’s decision is final and, as is the case here, there may not be any further proceedings to govern. Because there may not be further proceedings to govern in every case, a requirement that the Federal Circuit prepare

written decisions in every appeal from the PTO—even when affirming a PTO decision—makes little sense.

In addition to the statutory text not requiring written decisions in every case, the history of § 144’s enactment supports this conclusion. Federal Rule of Appellate Procedure 36 allows entry of a judgment “without an opinion,” and became effective in 1968. *See Scofield v. N.L.R.B.*, 394 U.S. 423, 427 (1969). When Congress passed § 144 and its multiple amendments over the years, including after the Federal Circuit adopted its own version of Appellate Rule 36, nothing indicates that Congress intended to disrupt the use of Appellate Rule 36 or Federal Circuit Rule 36 with a special rule for appeals from the PTO. To the contrary, in the 1984 amendments to § 144, when Congress added the language on which Petitioner relies, rather than create a unique rule, Congress intended to “simplif[y] procedures on appeals from the Patent and Trademark Office” and “modernize the procedure before the CAFC, thereby conforming it with that of the other circuit courts of appeals and with modern notions of effective judicial administration.” H.R. Rep. No. 98-619 (1984), reprinted in 1984 U.S.C.C.A.N. 5794, 5796. Interpreting § 144 to impose a unique rule on appeals from the Patent Office, therefore, runs counter to Congress’s stated purpose in the 1984 amendments. Further, in statutory interpretation, there is a presumption of continuity in the law. *See Green v. Bock Laundry Mach. Co.*, 490 U.S. 504, 521 (1989) (“A party contending that legislative action changed settled law has the burden of showing that the legislature intended such a change.”).

Interpreting § 144 to be a departure from Federal Rule of Appellate Procedure 36 that allows the entry of judgment “without opinion” runs counter to this presumption.

Moreover, requiring written decisions in every appeal from the PTO as Petitioner contends would lead to absurd results. For example, if the appellant failed to pursue the appeal or voluntarily dismissed the appeal based on a settlement, under Petitioner’s view, the Federal Circuit would still need to review the PTO’s decision and issue a written decision. Interpreting § 144 in such a stringent way would run afoul of the broad congressional authority given to all federal courts to “prescribe rules for the conduct of their business.” 28 U.S.C. 2071(a). Further, such an interpretation would run counter to this Court’s recognition that “the courts of appeals should have wide latitude in their decisions of whether or how to write opinions.” *Taylor v. McKeithen*, 407 U.S. 191, 194 n.4 (1972). Section 144, therefore, does not require a written decision in every appeal from the PTO.

In addition to § 144 not requiring a written decision, no precedential value would have come from a written decision in this particular case. The claims at issue in this appeal, like many others the Federal Circuit has reviewed, attempt to claim patent ineligible abstract ideas. The PTO explained in detail why the claims are unpatentable, Pet. App. 5a-115a, and no additional value would have come from the Federal Circuit repeating it.

III. The Federal Circuit Applied Its Precedent in Affirming the Decision that the Patents at Issue are Covered Business Method Patents

Contrary to Petitioner's argument, the Federal Circuit considered and applied its precedent from *Unwired Planet* and *Secure Access* when affirming the PTO's decision that the patents at issue are covered business method patents. No basis exists, therefore, to remand the decision for the Federal Circuit to make that determination again.

In the AIA, Congress defined the phrase "covered business method patent" to include any patent that "claims a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service, except that the term does not include patents for technological inventions." AIA § 18(d)(1). The PTO adopted that same definition by regulation. 37 C.F.R. § 42.301. During the rulemaking process, the PTO stated that the phrase should be interpreted broadly and encompass patents "claiming activities that are financial in nature, incidental to a financial activity or complementary to a financial activity." Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention; Final Rule, 77 Fed. Reg. 48,734, 48,735 (Aug. 14, 2012).

In this case, the PTO found that the patents at issue satisfied both the statutory definition and

the broader interpretation of that definition. Pet. App. 18a-19a, 80a. In particular, as the PTO found, the patents at issue are directed to financial matters because claims 11 and 30 of the '768 patent recite a “health insurance claim form” and “insurance company,” respectively, and claim 36 of the '020 patent recites an “insurance claim form.” *Id.* Those claims, the PTO concluded, were therefore directed to a “financial product or service” under the statutory definition. *Id.* Likewise, the PTO concluded, in addition to satisfying the statutory definition, they were also “financial in nature, incidental to a financial activity or complementary to a financial activity” under the broader interpretation of the statutory definition. *Id.*

During the time this case was pending before the Federal Circuit, the Federal Circuit ruled that the only definition of a CBM patent that the PTO should apply is the statutory definition—not the broader interpretation the PTO had expressed in the Federal Register. *Unwired Planet*, 841 F.3d at 1380-82. Following that decision, the Federal Circuit further clarified that, for a patent to qualify as a CBM patent, it is not enough that the invention could potentially be used in a financial activity, the claims themselves must be directed to a financial product or service. *Secure Access, LLC*, 848 F.3d at 1377-82.

After briefing and before oral argument, the Federal Circuit directed the parties to be prepared at oral arguments to address both *Unwired Planet* and *Secure Access*. See *Integrated Claims Systems, LLC*, No. 16-2163, Doc. 39. At oral arguments, as counsel

for Travelers explained, the PTO's decision complied with the decisions in both the *Unwired Planet* and *Secure Access* cases because the PTO found the claims met the statutory definition of a CBM patent as well as the broader interpretation of that definition, and because claims in both patents at issue were specifically directed to the processing of "insurance" claims, which is a financial product or service. Oral Argument Tr., No. 16-2163, at 14:25-17:34. Thereafter, the Federal Circuit affirmed the PTO's decision.

ICS contends in its petition that it was "not an option" for the Federal Circuit to affirm, but instead that the Federal Circuit could only remand the decision back to the PTO to reconsider its decision. Pet. 17. ICS identifies no basis for this conclusion. As explained above and evidenced at oral arguments, the Federal Circuit reviewed the PTO's decision in light of its *Unwired Planet* and *Secure Access* decisions, and by affirming, the Federal Circuit concluded that the PTO's decision had complied with precedent. The Federal Circuit affirmed for good reason. The patents at issue are directed to the processing of insurance claims and expressly recite "insurance," which falls directly within the scope of the statute governing CBM proceedings. No basis exists to remand the decision for the Federal Circuit and the PTO to make that same determination again.

CONCLUSION

The petition for a writ of certiorari should be denied.

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