

No. 17-609

IN THE
Supreme Court of the United States

EVOLUTIONARY INTELLIGENCE, LLC,
Petitioner,

v.

SPRINT NEXTEL CORPORATION, ET AL.,
Respondent.

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

BRIEF FOR *AMICI CURIAE*
RAYMOND A. MERCADO, PH.D., RPOST
COMMUNICATIONS LIMITED, RMAIL
LIMITED, RPOST INTERNATIONAL LIMITED,
AND RPOST HOLDINGS INCORPORATED,
IN SUPPORT OF PETITIONER

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**STATEMENT OF INTEREST OF *AMICI*
*CURIAE*¹**

Amicus Raymond A. Mercado, Ph.D., is a political scientist and patent law scholar who has written on

¹ Pursuant to Supreme Court Rule 37.2(a), *amici curiae* file this brief with consent from all parties. Counsel of record for

the law of patentable subject matter under 35 U.S.C. § 101 at issue in this case, and is interested in the wholesome development of the law. *See* Raymond A. Mercado, *Resolving Patent Eligibility and Indefiniteness in Proper Context: Applying Alice and Aristocrat*, 20 Va. J.L. & Tech. 240 (2016).

Amici RPost Communications Limited, Rmail Limited, RPost International Limited, and RPost Holdings Incorporated are patent holders who have been subject to improper pleadings-stage eligibility challenges such as the one in this case, and join this brief.

SUMMARY OF ARGUMENT

No sooner had Petitioner stepped through the courthouse doors than it was thrown back out again, its patents declared invalid on the pleadings. The phenomenon of “pleading invalidations” raised by Petitioner in this case is by now familiar to the patent community and to inventors throughout the nation, as patents are being routinely held invalid under § 101 at the pleadings stage, without any factual basis to support such rulings beyond the *ipse dixit* of the judge.²

Petitioner granted blanket consent to all amici, and Respondent also consented, although Respondent received notice fewer than 10 days before the due date for this brief. Pursuant to Supreme Court Rule 37.6, the undersigned further affirms that no counsel for a party authored this brief in whole or in part, and no person or entity other than *amici curiae* or its counsel made a monetary contribution specifically for the preparation or submission of this brief.

² *See, e.g.*, Timothy R. Holbrook & Mark D. Janis, *Patent-Eligible Processes: An Audience Perspective*, 17 Vand. J. Ent. & Tech. L. 349, 362, 382 (2015) (observing that courts are deciding eligibility with “virtually nothing to guide and focus the judicial imagination,” a “dynamic [that] becomes particularly salient when considering the procedural posture of these cases – motions

According to one scholar, “[t]he number of pleadings-stage dismissals on eligibility grounds has dramatically increased” in recent years.³ By one count, more than 70% (278 out of 392) of district court decisions on eligibility have been rendered on the pleadings or on motions to dismiss.⁴ The consequence of such “early resolution of validity via the eligibility requirement may” be the “decreased accuracy” of judicial rulings on patent validity—“[s]pecifically, courts may be using the eligibility requirement of § 101 to invalidate meritorious inventions,” as here.⁵ More importantly—as a number of district courts, PTAB judges, and commentators have all recognized—the practice of holding patents invalid under § 101 on the pleadings is flatly inconsistent with this Court’s decision in *Mayo*

to dismiss under Rule 12(b)(6) or 12(c)” and arguing against the courts’ “problematic” practice of “kick[ing] the hypothetical person of ordinary skill in the art to the curb in favor of a discretionary analysis [by the court] that need not be constrained to establish qualifying prior art evidence”); Raymond A. Mercado, *Resolving Patent Eligibility and Indefiniteness in Proper Context: Applying Alice and Aristocrat*, 20 Va. J.L. & Tech. 240, 250, 257 (2016) (observing that “[s]ince *Alice*, the trend has been for eligibility to be resolved on the pleadings or via motions to dismiss” and arguing that “[c]ourts are improperly resolving these cases in a vacuum, substituting their own perspective for that of the skilled artisan and ignoring critical fact issues.”).

³ Paul R. Gugliuzza, *Quick Decisions in Patent Cases*, 106 Georgetown L.J. ___, at *36, (forthcoming 2018), available at <https://ssrn.com/abstract=2987289>

⁴ See Robert Sachs, #Alicestorm: April Update and the Impact of TC Heartland on Patent Eligibility, BILSKIBLOG (Jun. 1, 2017) available at <http://www.bilskiblog.com/blog/2017/06/alicestorm-april-update-and-the-impact-of-tc-heartland.html>

⁵ Gugliuzza, *supra* note 3, at 39.

Collaborative Servs. v. Prometheus Laboratories, Inc., 566 U.S. 66 (2012), which articulated a test for eligibility requiring significant factual inquiries.

While one might imagine that appellate review would somewhat ameliorate the danger of poor decision-making by district courts, the Federal Circuit has been unable to provide reasonable guidance in this area. See, e.g., *CG Technology Development, LLC v. Bwin.Party (USA), Inc.*, 2017 WL 58575, at *2 (D. Nev. Jan. 4, 2017) (“Commentators have noted the lack of clarity in the test for abstractness challenges under § 101.”) (citing authorities); *TNS Media Research LLC v. TIVO Research and Analytics, Inc.*, 2016 WL 6993768, at *1 (S.D. N.Y. Nov. 29, 2016) (referring to caselaw interpreting this Court’s current test under § 101 as “somewhat confused”). According to one study, 51.9% of the Federal Circuit’s decisions on § 101 have been by summary affirmance, giving rise to what the authors of that study call a “silent jurisprudence of patentable subject matter.”⁶

The Federal Circuit’s “silent jurisprudence” has proven a poor way to flesh out the nuances of this Court’s new test for eligibility in *Mayo Collaborative Servs. v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012) and *Alice Corp. Pty. Ltd. v. CLS Bank Intern.*, 134 S.Ct. 2347 (2014). Indeed, the Federal Circuit’s high rate of invalidating patents on eligibility grounds—above 90%—suggests that the “reality might be even worse for patentees than our data sug-

⁶ Paul R. Gugliuzza & Mark A. Lemley, *Can a Court Change the Law by Saying Nothing?*, 71 Vand. L. Rev. __, at *43 (forthcoming 2018), available at <https://ssrn.com/abstract=3015459>

gest, as it seems possible that the high rates of invalidity could be deterring appeals in some cases.”⁷ As guideposts for district courts undertaking § 101 analyses, the Federal Circuit’s precedential decisions have fared little better. “[D]espite the number of cases that have faced these questions and attempted to provide practical guidance [on eligibility doctrine],” Federal Circuit Judge Linn recently wrote, “great uncertainty yet remains. And the danger of getting the answers to these questions wrong is greatest for some of today’s most important inventions in computing, medical diagnostics, artificial intelligence, the Internet of Things, and robotics, among other things.” *Smart Systems Innovations, LLC v. Chicago Transit Authority*, 873 F.3d 1364, 1378 (Fed. Cir. Oct. 18, 2017) (Linn, J., dissenting in part and concurring in part).

This Court should grant certiorari in this case to provide badly needed guidance as to the nature of the § 101 inquiry—in particular, that under the test this Court set forth in *Mayo*, § 101 analysis necessarily involves factual determinations that make eligibility inappropriate for resolution on the pleadings in all but the rarest of cases.

As argued below, under any fair reading of *Mayo*, the current trend of pleading invalidations is untenable and a misapplication of the law. *Mayo* necessarily raises historical questions regarding the state of the art at the time of invention that simply cannot be resolved on the pleadings, or in the absence of factual evidence of various kinds. Rather, courts will need a well-developed record to decide these issues. They will need evidence of the state of the art to compare

⁷ *Id.* at 33.

with the claimed invention, and they will often need expert testimony so that they can understand such evidence from the perspective of the person of ordinary skill in the art, long the objective baseline in patent law. *Mayo's* search for what was “well-understood, routine, [and] conventional” to “researchers in the field” at the time of invention is a quintessentially factual inquiry, and requires proper evidentiary support. *Mayo*, 566 U.S. at 73. The current explosion of “pleading invalidations,” which evades this inquiry entirely or substitutes judicial hindsight for historical evidence, is inconsistent with *Mayo*. Indeed, by preventing patent owners from presenting factual evidence in support of validity, deciding eligibility on the pleadings also raises serious Seventh Amendment issues of the sort this Court is currently considering in *Oil States Energy Services LLC v. Greene's Energy Group, LLC*, cert. granted, 137 S.Ct. 2239 (Jun. 12, 2017).⁸

As set forth more fully below, this Court should grant certiorari to elucidate the factual underpinnings of § 101 analysis under the test set forth in *Mayo*, and clarify that pleadings-stage invalidations on § 101 grounds are improper.

⁸ See generally Jesse D.H. Snyder, *Have We Gone Too Far: Does the Seventh Amendment Compel Fact-Finding Before Reaching a Decision on Patent-Eligible Subject Matter?*, 14 Chi.-Kent J. Intell. Prop. 436 (2015) (arguing that “threshold fact-finding is necessary before rendering a patent invalid” on eligibility grounds).

ARGUMENT**I. THIS COURT’S CURRENT TEST FOR ELIGIBILITY UNDER *MAYO/ALICE* IS DEPENDENT ON ISSUES OF FACT THAT MAKE “PLEADING INVALIDATIONS” UNDER RULE 12 INAPPROPRIATE IN ALL BUT THE RAREST OF CASES.****A. *Mayo* Requires Courts to Decide Whether Claims Involve “Conventional” Activity, An Historical Inquiry Requiring Evidence As to the State of the Art At the Time of Invention and Resolution of Underlying Factual Issues.**

Under this Court’s current two-part test for § 101 eligibility in *Mayo/Alice*, “[f]irst, we determine whether the claims at issue are directed to one of those patent-ineligible concepts,” such as an “abstract idea.” *Alice*, 134 S.Ct. at 2355. Then, “[a]t *Mayo* step two, we must examine the elements of the claim to determine whether it contains an ‘inventive concept,’ or whether the claims merely cover ‘well-understood routine, and conventional activit[ies] previously known to the industry.’” *Id.* at 2257-2259 (quotation omitted).

While *amici* focus primarily on the factual issues underlying Step Two of the analysis, they agree with Petitioner that factual issues may also be at play at Step One. For example, *amici* also argue that PTAB fact-findings may be relevant at Step One. *See infra* Sec I.B.

Step Two of this Court’s current test for eligibility necessarily involves issues of fact because it is impossible to determine whether a claim recites “well-understood, routine, [and] conventional” activity without

knowing what was “conventional” at the time of invention. *Mayo* itself “recognize[d] that “the § 101 patent-eligibility inquiry and” the “§ 102 novelty inquiry might sometimes overlap.” *Mayo*, 132 S.Ct. at 1304. Of course, the § 102 novelty inquiry said to overlap with § 101 has long been understood to be a “question of fact for the jury.” *Shatterproof Glass Corp. v. Libbey-Owens Ford Co.*, 758 F.2d 613, 619 (Fed. Cir.), *cert. dismissed*, 474 U.S. 976 (1985).

As one district court thoughtfully applying Step Two of *Mayo* explained, “it is the state of the art [at the time of invention] that provides the objective baseline for the analysis,” “[l]ike other provisions of the statute,” and “Section 101 should be no exception.”⁹ The court warned of the potential for “hindsight bias” about the supposed “conventionality” of an invention with which we have come to be familiar.¹⁰ If a defendant challenging eligibility wishes to argue that a “combination of elements is conventional, [that party] must supply some evidence to convince the trier of fact to accept its version of events,” for “[t]o ignore this concern would provide a ‘blank check’ to all those who challenge patents without sufficient legal or evidentiary basis.”¹¹ Given the overlap between novelty and Step Two of *Mayo*, the court observed that “the concern of hindsight bias has as much relevance to a §

⁹ *Ameritox, Ltd. v. Millennium Health, LLC*, 88 F.Supp.3d 885, 915 (W.D. Wis. Feb. 19, 2015).

¹⁰ *Id.* at 914.

¹¹ *Id.*

101 challenge as it does a § 103 challenge.”¹² Needless to say, in that case the district court operating on these principles deferred its decision on § 101 until the summary judgment stage, by which time it had developed a substantial record.¹³

Here, the courts below substituted their own “hind-sight bias” for a properly developed factual record, as is occurring in many other cases. In order to determine whether the patents in this case claimed an “inventive concept” at Step Two, the court in this case would have had to ascertain what was “well-understood, routine, [and] conventional” in the prior art as of 1998, the year to which Petitioners’ patents claim priority. Cert Pet. at 5, n. 1. Having done so, the court would have been in a position to ascertain whether the patents claim “building blocks of human ingenuity” or “integrate the building blocks into something more.” *Alice*, 134 S.Ct. at 2354. Unfortunately, here the courts below did not even mention the state of the art at the time of invention. Rather, they misapprehended Petitioner’s argument as to the “unconventionality” of its patents, which in any event should not have been resolved until a better record had been developed. *See infra* Sec. II.

With the benefit of a full factual record, a district court may regard itself as “well versed in the state of the art at the time of the invention.”¹⁴ If after such a

¹² *Id.*

¹³ *Id.* (“having had the benefit of claims construction and viewing the claims through the lens of the skilled addressee, the court is well versed in the state of the art at the time of the invention.”)

¹⁴ *Id.*

record has been developed, “there is nothing in the art that demonstrates that such a combination [of claimed structures or method steps] was well-known” and if a defendant “failed to offer any evidence that someone in the scientific community would even have ‘thought’ to combine the claimed elements,” “[t]his provides indicia” that the patent is “inventive for § 101 purposes.”¹⁵ But in the absence of such a record, no indicia of inventiveness, or lack thereof, are to be found. As one district court faced with a motion challenging eligibility on the pleadings asked, “how, on this record, would the Court be in a position to conclusively determine” whether the claim involved merely “conventional activities?”¹⁶ There, the court realized it simply was not in a position to do so, and properly deferred that decision. Unfortunately, that is the exception to current practice, not the rule. The posture of the current case is by far the most common,¹⁷ and this Court must grant certiorari to curb this growing trend, which is inconsistent with *Mayo*.

Commentators reacting to this Court’s reformulation of the test for eligibility in *Mayo* realized early that it requires factual inquiries, which was one reason why the current trend of “pleading invalidations” was not immediately foreseen. For example, one commentator writing soon after *Mayo* remarked: “The fear is that *Mayo* has opened a Pandora’s Box of patentable subject matter defenses. I believe those fears

¹⁵ *Id.* at 915.

¹⁶ *Kaavo Inc. v. Amazon.com Inc.*, 2016 WL 6562038, at *11 (D. Del. Nov. 3, 2016).

¹⁷ *See supra* note 4 and accompanying text.

are unwarranted.”¹⁸ That confidence, however, was premised on a reading of *Mayo* recognizing that the new test for eligibility “**requires that courts view evidence of prior art** as part of the patentable subject matter analysis.”¹⁹ More recently, another writer has echoed the same interpretation, noting that “[d]etermining the prevailing practices of a particular community [under *Mayo*] would seem to be a factual inquiry, not a legal one.”²⁰

The factual nature of the inquiry required by *Mayo* was made clear in the Federal Circuit’s decision in *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335 (Fed. Cir. 2013), *vacated by WildTangent, Inc. v. Ultramercial, LLC*, 134 S.Ct. 2870 (2014). However, the Federal Circuit seems to have interpreted this Court’s GVR in *Ultramercial* as impugning the entirety of that decision, and made no attempt to resurrect its reasoning. Yet there is no reason to interpret that vacatur as anything but an admonishment from this Court for further consideration in light of *Alice*. *Ultramercial* had made clear, through a careful reading and reflection on the implications of *Mayo*, that “the analysis under § 101, while ultimately a legal determination, is rife with underlying factual issues” and that “[a]lmost by definition, analyzing whether something was ‘conventional’ or routine’ involves analyzing facts.” *Id.* at 1339. *Ultramercial’s* expectation, reading *Mayo*, was that “it will be rare that a patent infringement suit

¹⁸ Bernard Chao, *Moderating Mayo*, 107 Nw. U. L. Rev. 423, 432 (2012) (emphasis added).

¹⁹ *Id.* at 435; see also Mercado, *supra* note 2, at 326.

²⁰ Gugliuzza, *supra* note 3, at 44.

can be dismissed at the pleading stage for lack of patentable subject matter . . . Rule 12[] dismissal for lack of eligible subject matter will be the exception, not the rule.” *Id.* at 1338-39. None of these things was contradicted by this Court’s decision in *Alice*. Thus, this Court should grant certiorari to clarify the fact-laden nature of the § 101 inquiry mandated by *Mayo*, and it may find the decision in *Ultramercial* a helpful starting point in elaborating on these issues.

B. Fact-Findings Made During Post-Grant Proceedings Before the PTAB May be Highly Relevant to the Eligibility Analysis Under § 101, Yet Courts Are Divided As to Their Admissibility.

District courts are divided on the relevance that PTAB fact-findings may have for § 101 analysis, and badly need this Court’s guidance. PTAB decisions have potential relevance for eligibility analysis at both Step One and Step Two of the *Mayo*. For example, at Step One, PTAB decisions that find the claims “directed to” a technological invention should be highly persuasive authority when a court considers whether claims are “directed to” an abstract idea or some other exception to eligible subject matter. This is particularly true given that the PTAB reads the claims under a *broader* standard than district courts (the so-called “broadest reasonable interpretation” or “BRI” standard); thus, if a PTAB panel looking at a patent’s claims finds them to be non-abstract, this is an even stronger indication that the claims are eligible than a prior district court decision on the same claims might be.

Second, given *Mayo*’s recognition of “overlap” between eligibility and novelty, PTAB holdings relating

to novelty are relevant to Step Two of the § 101 analysis. While some courts have heeded *Mayo* in this respect, others have ignored it entirely, and decided that claims recite “conventional” activity without any factual evidence in the record. *Compare Sophos Inc. v. RPost Holdings, Inc.*, 2016 WL 3149649, at *12 n. 6 (D. Mass. Jun. 3, 2016) (holding that the PTAB’s finding that patents were “technological inventions” and the PTAB’s denial of CBM review served as evidence that “tends to support [the] conclusion” that the patents were eligible under Step Two of *Alice*), *with Papst Licensing GmbH & Co. KG v. Xilinx Inc.*, 2016 WL 4398376, at *20 n. 11 (N.D. Cal. Aug. 18, 2016) (refusing to give weight to a PTAB decision declining to institute IPR because “[n]either a Section 101 challenge generally nor the more specific question articulated by the U.S. Supreme Court [at] the second step of the *Alice* framework was before the PTAB”). The court in *Virginia Innovation Sciences Inc. v. Amazon.com, Inc.*, 2017 WL 64147, at *11 (E.D. Va. Jan. 5, 2017) essentially rejected this Court’s recognition of “overlap” in *Mayo*, stating that “[a]lthough there is some caselaw to suggest that obviousness, novelty, and eligibility inquiries overlap, the most recent persuasive opinions conduct the eligibility inquiry in isolation.”

As the decisions involving the RPost *amici* illustrate, even with factual evidence in the record, the courts are confused on the relevance that PTAB factfindings may have for § 101 analysis—even on the exact same patents. *Compare Sophos Inc. v. RPost Holdings, Inc.*, No. 2:14-cv-126, 2016 WL 3149649, at *12 n. 6 (D. Mass. Jun. 3, 2016) (holding that the PTAB’s finding that patents were “technological inventions” and the PTAB’s denial of CBM review

served as evidence that “tends to support [the] conclusion” that the patents were eligible under Step Two of *Alice*, with *GoDaddy.com, LLC v. RPost Communs. Ltd.*, 2016 WL 3165536, at *26 n. 23 (D. Ariz. 2016) (rejecting the findings underlying the PTAB’s decision not to institute CBM review in § 101 analysis and stating “PTAB merely determined that the petitioner failed to meet its burden of proof to institute a CBM patent review”), *aff’d*, *GoDaddy.com, LLC v. RPost Communs. Ltd.*, 685 Fed.Appx. 992 (Fed. Cir. May 5, 2017), *petition for cert. pending*, No. 17-695 (filed Nov. 6, 2017).

In this case, Petitioner submitted evidence from an instituted PTAB trial, including fact-findings determinative to the PTAB’s final ruling upholding the validity of Petitioner’s patents after examining testimony from conflicting experts. That evidence was highly relevant to both Steps One and Two of the § 101 analysis, yet it was not considered by the courts below, and indeed was contradicted by their decisions. Cert. Pet. at 32. This Court should grant certiorari to clarify that such evidence is relevant to the factual underpinnings of the test for eligibility in *Mayo*, and must be considered.

C. *Mayo*’s Eligibility Analysis Under § 101 Must Be Conducted from the Perspective of the Skilled Artisan At the Time of Invention, Which Will Often Require Evidence Outside the Pleadings, Such as Expert Testimony

Expert testimony will often be necessary in § 101 cases, given that this Court has traditionally read patent claims from the perspective of the skilled artisan when assessing them under other parts of the statute. *See, e.g., Nautilus, Inc. v. Biosig Instruments, Inc.*, 134

S. Ct. 2120, 2128-30 (2014) (holding that definiteness under § 112 “is to be evaluated from the perspective of someone skilled in the relevant art” and “the definiteness inquiry trains on the understanding of a skilled artisan at the time of the patent application, not that of a court viewing matters *post hoc*”; *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 36-37 (1966) (holding claims obvious under § 103 after comparing them to “the prior art as it stood at the time of the invention” and concluding that “the differences between them and the pertinent prior art would have been obvious to a person reasonably skilled in the art.”).

Indeed, as this Court stressed recently in *Teva*, “[i]n some cases, however, the district court will need to look beyond the patent's intrinsic evidence and to consult extrinsic evidence in order to understand, for example, the background science or the meaning of a term in the relevant art during the relevant time period . . . [for] a patent may be ‘so interspersed with technical terms and terms of art that the testimony of scientific witnesses is indispensable to a correct understanding of its meaning.’” *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 841 (2015). (citation omitted). Yet here, as in the more general trend of pleading invalidations under § 101, expert testimony, like other forms of evidence, is being excluded. Pet. App. 26a–27a n.5. In another case, the patent owner apparently expected an attack on eligibility to be made on the pleadings and attempted to attach expert testimony to its complaint in order to get it before court—but there, too, the court excluded the testimony as “inapplicable to *legal* conclusions,” failing to recognize the factual underpinnings of § 101 under *Mayo. Appistry, Inc. v. Amazon.com, Inc.*, 195

F.Supp.3d 1176, 1183 (W.D. Wash. Jul. 19, 2016), *aff'd*, *Appistry, LLC v. Amazon.com, Inc.*, 676 Fed.Appx. 1008 (Fed. Cir. Feb. 10, 2017) (summary affirmance). Patent owners should not be forced to cram their complaints with evidence more properly presented over the course of litigation in some desperate attempt to evade an improper attack on the pleadings. To force patent owners to adduce extrinsic evidence in support of eligibility at the pleadings stage runs counter to the statutory presumption of a patent's validity in 35 U.S.C. § 282.

Here, Petitioner attempted to present expert testimony in support of validity, but the courts below improperly excluded it. Pet. App. 26a–27a n.5. This Court should grant certiorari to clarify that expert testimony is relevant to the factual underpinnings of the § 101 analysis under *Mayo*.

D. This Court Should Overrule The Federal Circuit's Characterization of § 101 as a "Pure Question of Law" and Clarify That Eligibility Under the Test Set Forth in *Mayo* is a Question of Law Dependent On Underlying Factual Determinations, Which is Inappropriate for Resolution at the Rule 12 Stage.

This Court should clarify what *Mayo* implied through its recognition of "overlap" between eligibility and novelty: that eligibility under the current two-part test is dependent on underlying factual determinations, and is therefore inappropriate for resolution at the Rule 12 stage.

The Federal Circuit continues to approve the practice of deciding eligibility at the Rule 12 stage on the basis that eligibility is a pure question of law. *See*,

e.g., *Secured Mail Solutions LLC v. Universal Wilde, Inc.*, 873 F.3d 905, 912-13 (Fed. Cir. 2017). However, as a panel of judges from the PTAB recently recognized, “if the question of patent-eligibility is a question of law based on underlying facts, then underlying facts have the potential of controlling the ultimate determination.” *IBQ LLC v. Trading Technologies International, Inc.*, 2017 WL 3394060, at *12-13 (PTAB Aug. 7, 2017) (disagreeing with “the view that the question of patent-eligibility is a pure question of law” and basing its decision on factual “evidence of what was routine and conventional”).

Numerous commentators agree that § 101 analysis under *Mayo* requires a factual inquiry.²¹ According to one, “a more coherent way forward might be for the Federal Circuit to explicitly recognize the factual underpinnings of the eligibility inquiry, rather than simply reciting that ‘[p]atent eligibility under § 101 is an issue of law,’ as is the court’s current habit.”²² “[E]xplicitly acknowledging the factual components of the eligibility analysis would nudge courts to more carefully apply the *Twombly* and *Iqbal* framework,” and “dismissal would be appropriate only if there is no plausible argument that the patent satisfies the eligibility requirement.”²³ Another scholar has compared eligibility to claim construction—regarding which this

²¹ See, *e.g.*, Gugliuzza, *supra* note 3, at 44-45; Holbrook & Janis, *supra* note 2, at 377 n. 143; Mercado, *supra* note 2, at 330-31; Snyder, *supra* note 8, at 450-54.

²² Gugliuzza, *supra* note 3, at 44 (citation omitted).

²³ *Id.* at 45.

Court has recognized “subsidiary fact-finding is sometimes necessary”²⁴—and to obviousness under § 103.²⁵ Two others have questioned “the designation of the eligibility inquiry as a question of law” and suggested that “courts might be better off recognizing that eligibility determinations as well may turn on matters that are best deemed to be underlying technical facts.”²⁶

All of these considerations were present in the Federal Circuit’s now-vacated *Ultramercial* opinion, which may serve as a fruitful starting point for this Court’s decision in this case. There is no reason to interpret this Court’s GVR in *Ultramercial* as a repudiation of that decision in its entirety—particularly when it is more consistent with *Mayo* than the Federal Circuit’s present approach.

“[T]he current fad of ineligibility motions has . . . gotten ahead of itself,” one district court has observed, and “courts should make such determinations on a proper record.” *Verint Systems Inc. v. Red Box Recorders Ltd.*, 2016 WL 7156768, at *1 (S.D.N.Y. Dec. 7, 2016). To ensure this, the Court must grant certiorari, and clarify that eligibility under *Mayo* is dependent on underlying factual determinations that cannot be resolved on the pleadings.

II. THIS COURT SHOULD GRANT CERTIORARI BECAUSE “PLEADING INVALIDATIONS” STRAY FROM THIS

²⁴ *Teva*, 135 S. Ct. at 838 (2015).

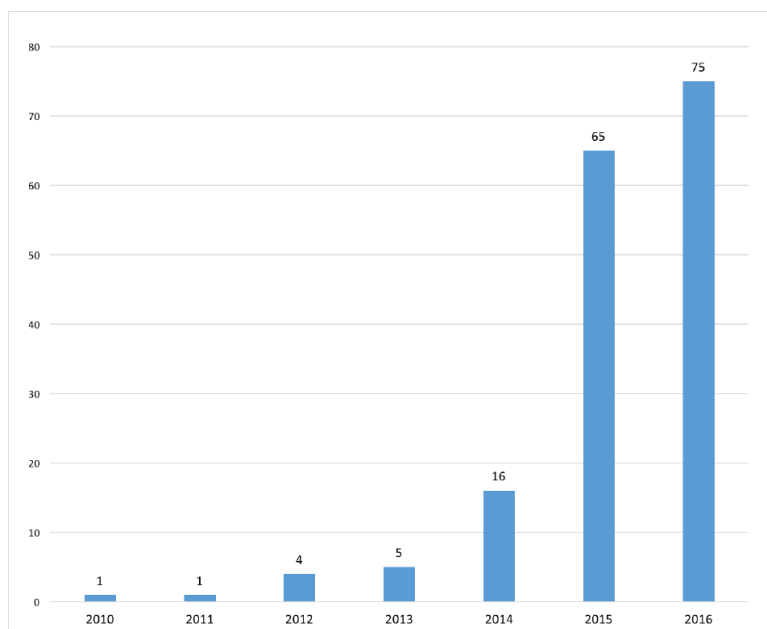
²⁵ Mercado, *supra* note 2, at 330-31.

²⁶ Holbrook & Janis, *supra* note 2, at 377 n. 143.

COURT’S DECISION IN *MAYO* AND POSE AN IMPORTANT AND RECURRING THREAT TO THE VITALITY OF THE PATENT SYSTEM, WHICH THIS CASE IS AN EXCELLENT VEHICLE FOR RESOLVING.

The problem of pleading invalidations is an important and recurring one for the patent system. As may be seen from the chart below from a forthcoming paper by Professor Paul Gugliuzza, the number of pleadings-stage eligibility decisions has risen from 5 in 2013 (the year after *Mayo*) to 75 in 2016 alone—an increase of 1500%:

Figure 1. Pleadings-Stage Eligibility Dismissals



Source: Gugliuzza, *supra* note 3, at 37.

Another source, counting eligibility challenges brought as both motions for judgment on the pleadings as well as motions to dismiss,²⁷ has tallied 278 such early-stage challenges since this Court’s decision in *Alice* in mid-2014.²⁸

Eligibility itself was, as a defense, “virtually unknown twenty years ago,” but today it is easily the “most successful” way to challenge a patent’s validity.²⁹ When decided on the pleadings, without the benefit of factual evidence that *Mayo*’s own test for eligibility requires, “judges are improperly resolving these cases in a vacuum, substituting their own perspective for that of the skilled artisan and ignoring critical fact issues.”³⁰

This case presents an excellent vehicle for resolving these issues, since Petitioner attempted below to present factual evidence from both the PTAB and testimonial evidence from its expert, each of which would have been decisive in its favor and in any event is the sort of evidence necessary to the § 101 inquiry under *Mayo*. See Cert. Pet. 26, n. 20 & 32.

Contrary to the suggestion of the Federal Circuit below, Petitioner did *not* concede the conventionality of

²⁷ Given that there is little practical difference between challenges to eligibility under Rule 12(c) or as motions to dismiss under Rule 12(b)(6)—since both are to be decided solely on the pleadings—there seems no reason not to group them together.

²⁸ See Sachs, *supra* note 4 and accompanying text.

²⁹ John R. Allison et al., *Understanding the Realities of Modern Patent Litigation*, 92 Tex. L. Rev. 1769, 1785 & 1801 (2014).

³⁰ Mercado, *supra* note 2, at 250.

its claims. Pet. App. 5a. Rather, Petitioner specifically argued that the “arrangements” of known components “were unconventional,” an argument that was improperly determined—without a factual basis in contravention of *Mayo*—on the pleadings. See Plaintiff-Appellant’s Corrected Reply Brief, *Evolutionary Intelligence, LLC v. Sprint Nextel Corporation*, No. 16-1188, 2016 WL 5415937, at *21 (Fed. Cir. Sep. 20, 2016). Petitioner’s point below was that its claims, like those in *Diamond v. Diehr*, 450 U.S. 175, 177-178 (1981), may have employed “well-known” components, but they did so in an “unconventional” way and were therefore eligible under *Mayo*. Variants of Petitioner’s argument have been approved in many cases finding patents eligible under § 101, and should be here—or else deferred until a fuller factual record had been developed. See, e.g., *Finjan, Inc. v. Blue Coat Systems, LLC*, 2016 WL 7212322, at *11 (N.D. Cal. Dec. 13, 2016) (finding inventive concept in “spatial” advance over prior art, where known structure was arranged unconventionally “in between” other components); *Tatcha, LLC v. Landmark Technology LLC*, 2017 WL 951019, at *3-6 (N.D. Cal. Mar. 10, 2017) (denying motion on the pleadings because “a more developed record and claim construction will be helpful” in deciding whether patent claims “an unconventional arrangement” of known hardware).

Finally, although the Federal Circuit’s decision below was non-precedential, this should not stop this Court from granting certiorari because this case is an example of an important and recurring trend that is being recapitulated daily by district courts and the Federal Circuit. “[This] Court grants certiorari to review unpublished and summary decisions with some frequency.” Eugene Gressman, et al., *Supreme Court*

Practice 4.11 (9th ed. 2007) (citing decisions). Indeed, this Court recently granted certiorari in *Oil States* where the Federal Circuit did not even issue a written opinion, much less a precedential one. See *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, 137 S.Ct. 2239 (Jun. 12, 2017). And one former Justice of this Court has wisely “tend[ed] to vote to grant more on unpublished opinions, on the theory that occasionally judges will use the unpublished opinion as a device to reach a decision that might be a little hard to justify.” J. Cole & E. Bucklo, *A Life Well Lived: An Interview with Justice John Paul Stevens*, 32 *Litigation* 8, 67 (Spring 2006). All these things counsel a grant of certiorari here.

In sum, the decision in this case has strayed from a proper interpretation of *Mayo*, and cannot be justified. Neglect of this Court’s jurisprudence has led to an explosion of pleadings-stage patent invalidations that have no basis in a factual record, as required by *Mayo*. This Court should grant certiorari to clarify the factual underpinnings of § 101 analysis under the test set forth in *Mayo*, and put an end to this disturbing trend.

CONCLUSION

For the foregoing reasons, the Court should grant the petition.

Respectfully submitted,

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