

No. 17-716

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IN THE  
**Supreme Court of the United States**

PRISM TECHNOLOGIES LLC,

*Petitioner,*

v.

T-MOBILE, USA, INC.,

*Respondent.*

**On Petition For A Writ of Certiorari To The  
United States Court of Appeals For The Federal Circuit**

**BRIEF IN OPPOSITION**

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## **QUESTION PRESENTED**

Whether the Federal Circuit correctly decided as a matter of law that claims directed to the generic computerized implementation of an abstract and age-old idea are ineligible for patent protection, where the district court made no factual findings and the Federal Circuit rejected the patent owner's claim to an inventive concept based on disclosures in the patents-in-suit.

**RULE 29.6 STATEMENT**

T-Mobile USA, Inc., a Delaware corporation, is a wholly owned subsidiary of T-Mobile US, Inc. T-Mobile US, Inc., also a Delaware corporation, is a publicly traded company listed on the New York Stock Exchange (NYSE: TMUS).

Deutsche Telekom Holding B.V., a limited liability company (besloten vennootschap met beperkte aansprakelijkheid) organized and existing under the laws of the Netherlands (“DT B.V.”), owns more than 10% of the shares of T-Mobile US, Inc.

DT B.V. is a direct wholly owned subsidiary of T-Mobile Global Holding GmbH, a limited liability company (Gesellschaft mit beschränkter Haftung) organized and existing under the laws of the Federal Republic of Germany (“Holding”).

Holding is, in turn a direct, wholly owned subsidiary of T-Mobile Global Zwischenholding GmbH, a limited liability company organized and existing under the laws of the Federal Republic of Germany (“Global”). Global is a direct, wholly owned subsidiary of Deutsche Telekom AG, an Aktiengesellschaft organized and existing under the laws of the Federal Republic of Germany (“Deutsche Telekom”).

The principal trading market for Deutsche Telekom’s ordinary shares is the Frankfurt Stock Exchange. Deutsche Telekom’s ordinary shares also trade on the Berlin, Düsseldorf, Hamburg, Hannover, München, and Stuttgart stock exchanges in Germany. Deutsche Telekom’s American Depositary Shares, each representing one ordinary share, trade on the OTC market’s highest tier, OTCQX International Premier (ticker symbol: “DTEGY”).

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## **BRIEF IN OPPOSITION**

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Respondent T-Mobile USA, Inc. respectfully submits that the petition for a writ of certiorari should be denied.

### **STATEMENT OF THE CASE**

Prism Technologies LLC is a non-practicing entity that holds roughly 50 patents and whose sole source of revenue is litigation. Prism acquired the patents-in-suit when it purchased the assets of Prism Resources, a small and short-lived Omaha-based company that had not found a wide commercial audience for its purported inventions.

T-Mobile is one of the largest wireless carriers in the United States, serving over 70 million customers and employing about 50,000 people. T-Mobile's earliest predecessor, VoiceStream Wireless PCS, began operating in 1994. In that same year, VoiceStream adopted in its standards the subscriber-device-authentication process which T-Mobile still uses today, and which Prism accused of violating patents claiming priority to a 1997 patent application.

Prism has sued a wide variety of defendants for allegedly infringing its patents. On the suite of patents-in-suit—Prism's '155 patent and '345 patent—Prism sued the country's five leading wireless carriers, including T-Mobile. Before the present case went to trial against T-Mobile, Prism had settled with AT&T on the eve of a jury verdict, and had prevailed at trial against Sprint.

The Prism patents at issue relate to controlling access to protected computer resources by authenticating identity data. Prism's patents claim systems

and methods for controlling access to “protected computer resources” available over a public network—for example, controlling access to subscription-only sections of a publicly available website.

Claim 1 of the '345 patent is representative, and recites:

A method for controlling access, by at least one authentication server, to protected computer resources provided via an Internet Protocol network, the method comprising:

receiving, at the at least one authentication server from at least one access server, identity data associated with at least one client computer device, the identity data forwarded to the at least one access server from the at least one client computer device with a request from the at least one client computer device for the protected computer resources;

authenticating, by the at least one authentication server, the identity data received from the at least one access server, the identity data being stored in the at least one authentication server;

authorizing, by the at least one authentication server, the at least one client computer device to receive at least a portion of the protected computer resources requested by the at least one client computer device, based on data associated with the requested protected computer resources stored in at least



one database associated with the at least one authentication server; and

permitting access, by the at least one authentication server, to the at least the portion of the protected computer resources upon successfully authenticating the identity data and upon successfully authorizing the at least one client computer device.

'345 patent at 34:17–42 (Pet. App. 2–3).

T-Mobile argued on summary judgment that Prism's claims are ineligible for patent protection under *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014), because they are directed to the abstract idea of restricting access to resources, and because they lack any inventive concept, as they instruct a user merely to perform the abstract idea using generic computer technology that functions in its well-understood, routine, and conventional manner. No. 8:12-cv-00124-LES-TDT (D. Neb.), Dkt. 310 at 5–15. Prism, in response, argued that its claims cover “concrete, tangible and specific inventive subject matter.” D. Ct. Dkt. 341 at 2.

In a brief, conclusory order, the district court denied T-Mobile's motion for summary judgment of patent ineligibility and granted Prism's cross-motion for summary judgment of patent eligibility. The court concluded that Prism's patents are directed to eligible subject matter under Section 101. Pet. App. 28–35. The court recognized that controlling access to protected resources was an abstract idea under *Alice*, but concluded that the claims “include inventive concepts” because they “modify the way the

Internet functions to provide secure access over a protected computer resource.” Pet. App. 27.

Prism did not ask for, and the court did not make, any factual findings to support the conclusion that Prism’s claims were patent-eligible. *See* Pet. App. 22–28.

The case proceeded to trial, during which the district court heard argument relevant to the eligibility question. Explaining the invention to the jury, Prism’s counsel highlighted the simple and generic function of the patent claims by likening them to a computerized implementation of a hotel check-in process:

I walk up to the front desk. I say I’m Paul Andre, I’d like to get access to my room, the protected computer resources, a nice comfortable bed. I walk up and they go, well, prove you’re Paul Andre. I pull out my ID, maybe give them my credit card. They go, okay. They’ve authenticated me.

D. Ct. Dkt. 604 at 2278:10–15.

Prism introduced no evidence that its patents contain an inventive concept that improves the abstract idea of protecting access to resources.

A unanimous jury returned a verdict for T-Mobile on all asserted claims, separately finding non-infringement as to every one of the thirty infringement questions submitted to it. Although the jury heard extensive evidence that the claims are invalid, the court instructed the jury not to decide validity issues if it reached a non-infringement verdict. Pet. App. 33.

After the verdict, T-Mobile moved for judgment as a matter of law under Rule 50(b), arguing (among other things) that Prism's claims are ineligible for patent protection. D. Ct Dkt. 615 at 3–9. T-Mobile contended that the evidence and argument presented at trial established that the claims are directed to an abstract idea and lack any inventive concept. T-Mobile cited as an example Prism's repeated comparison of the invention to the basic process of checking into a hotel to demonstrate that Prism's patent claims are nothing more than a generic computerized implementation of a familiar, unpatentable idea. *Id.* at 6–7.

In response, Prism argued simply that the court had already rejected T-Mobile's arguments at summary judgment. *See* D. Ct. Dkt. 632 at 3–6. As in its summary-judgment briefing, Prism did not propose any factual findings. *Id.* Nor did the district court make any such findings in its conclusory order denying both parties' post-trial motions. The court stated only that “[n]o new evidence was presented at trial to make the Court change its decision from the previous orders.” Pet. App. 14–15.

Prism appealed from the judgment of non-infringement, and T-Mobile cross-appealed from the Section 101 eligibility rulings. On appeal, the Federal Circuit in a unanimous and non-precedential decision reversed the district court's ruling on patent eligibility, holding the two Prism patents-in-suit ineligible, and dismissed Prism's appeal of the non-infringement verdict as moot.

The Federal Circuit's determination that the patents-in-suit claimed ineligible subject matter was based on the functional, results-driven language of the patent claims. The court's determination that

the claims lacked an inventive concept was based on the fact, confirmed by the common specification, that the claims recite “no more than the sort of ‘perfectly conventional’ generic computer components employed in a customary manner that [are] insufficient to transform the abstract idea into a patent-eligible invention.” Pet. App. 7–8 (citing *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1321 (Fed. Cir. 2016)).

The Federal Circuit did not base its decision on factual findings or its standard of review of factual findings. In fact, the Federal Circuit did not mention factual findings at all.

The Federal Circuit denied Prism’s petition for en banc rehearing and its motion to withhold issuance of the mandate without calling for a response from T-Mobile in either case.

### **REASONS FOR DENYING THE PETITION**

The Federal Circuit’s unanimous, non-precedential decision was a straightforward application of *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014). The Federal Circuit panel in this case was not asked to, and did not, address any open or controversial legal issue under Section 101; it simply evaluated T-Mobile’s and Prism’s case-specific arguments about abstractness and inventiveness, accepting T-Mobile’s and rejecting Prism’s arguments based on the language of the claims and the specification. The Federal Circuit’s decision followed inescapably from the court’s prior, correct decisions applying *Alice*. See, e.g., *FairWarning IP, LLC v. Iatric Sys., Inc.*, 839 F.3d 1089, 1092 (Fed. Cir. 2016) (holding patent-ineligible claims directed at “ways to detect fraud and misuse by identifying unusual pat-

terns in users' access of sensitive data"); *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307 (Fed. Cir. 2016) (method of identifying and screening out junk email); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015) (method of testing various prices and selecting the most favorable one).

Prism does not meaningfully challenge the Federal Circuit's application of the *Alice* standard to the patent claims at issue, but instead asks this Court to grant certiorari on the question whether factual findings by a district judge in connection with a Section 101 eligibility determination should be given deference. However, the district court's patent-eligibility decisions were not premised on any factual findings, nor did the Federal Circuit even mention this issue in its opinion. Thus, even if Prism's proposed question regarding the Federal Circuit's standard of review of factual findings related to eligibility determinations were certworthy in the abstract, it cannot be presented in this case. See *City & Cty. of S.F. v. Sheehan*, 135 S. Ct. 1765, 1773 (2015) ("The Court does not ordinarily decide questions that were not passed on below.").

1. The district court's summary-judgment decision certainly includes no factual findings; to the contrary, courts do not (and cannot) make factual findings at summary judgment on disputed matters of fact. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249–50 (1986). Summary judgment can be premised only on undisputed facts, not on the factual findings of a district court. See Fed. R. Civ. P. 56(c); *Fowler v. United States*, 647 F.3d 1232, 1239 (10th Cir. 2011) ("'factual findings,' to the extent they were made, were inappropriate for summary judgment");

*Heiniger v. City of Phoenix*, 625 F.2d 842, 843 (9th Cir. 1980) (“Findings of fact on summary judgment perform the narrow functions of pinpointing for the appellate court those facts which are undisputed and indicating the basis for summary judgment; they are not findings of fact in the sense that the trial court has weighed the evidence and resolved disputed factual issues.”).

T-Mobile vigorously contested the ineligibility question at summary judgment, including all the factual claims Prism made in its summary-judgment papers. Prism’s expert purported to show only that practicing the patent claims could yield some benefit, *not* that the claims disclose an inventive concept. D. Ct. Dkt. 345 at 11–13. The district court (incorrectly) disagreed with T-Mobile, and granted summary judgment to Prism. But that decision was a legal determination that there were no material disputes of fact, not a finding agreeing with Prism’s recitation of the facts. *See Rosen v. Bezner*, 996 F.2d 1527, 1530 n.2 (3d Cir. 1993) (on summary judgment, “any purported ‘factual findings’ of the [lower] court cannot be ‘factual findings’ as to disputed issues of fact, but rather are conclusions as a matter of law that no genuine issue of material fact exists”). That summary-judgment decision is unquestionably reviewed *de novo*.

Prism’s petition identifies what it claims are factual findings by the district court in its summary-judgment order. Pet. 9–10. Although the court used the word “find[]” in its order (Pet. App. 27), the conclusions it drew were not factual findings. For instance, the court ostensibly “found” that Prism’s “claims do include inventive concepts” (*id.*), but that is not a fact to be found, but rather a legal conclusion

to be drawn. See *Alice*, 134 S. Ct. at 2357–59; *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1293 (Fed. Cir. 2016). The court similarly “found” “that the claims are directed toward an abstract idea” (Pet. App. 25)—again, a legal determination, not a factual finding.

In its post-trial order, the district court considered anew T-Mobile’s Section 101 eligibility arguments, and there too made nothing approximating a factual finding. Regarding patent-eligibility, the court said simply that “[n]o new evidence was presented at trial to make the Court change its decision from the previous orders.” Pet. App. 14–15. In connection with Prism’s opposition to T-Mobile’s Rule 50(b) motion, Prism did not propose factual findings for the district court. Nothing in Prism’s briefing or supporting papers asked the court to find any facts, and the court did not do so.

2. The Federal Circuit properly determined that Prism’s claims are ineligible for patent protection based on the four corners of the patents themselves, and not on any factual findings—the same approach this Court followed in *Alice*. 134 S. Ct. at 2355–59; see also *Bilski v. Kappos*, 561 U.S. 593, 609–12 (2010); *Diamond v. Diehr*, 450 U.S. 175, 183–92 (1981).

Reviewing the language of the claims, the Federal Circuit concluded that Prism’s “claims merely recite a host of elements that are indisputably generic computer components,” such as an “authentication server,” “access server,” “Internet Protocol network,” “client computer device,” and “database.” Pet. App. 6–7. The Federal Circuit also noted that even a hardware identifier that Prism argued was inventive was entirely conventional, as “[t]he patents-in-suit

themselves demonstrate”; the specification of the ’345 patent, for example, provides that a wide range of objects could serve as hardware identifiers, including a purpose-built “USB Smart Token device,” as well as “a credit card, a key, [and] an ATM card.” *Id.*; Fed. Cir. Appx112.

The Federal Circuit’s decision was therefore based on the claim language itself and the lack of any inventive concept disclosed by those claims. The Federal Circuit at no point determined that the eligibility determination was fact-dependent, or suggested that its decision was based on any implicit or explicit findings.

Prism argues in the abstract that appellate courts should defer to the factual findings of district courts, and that eligibility is no different from other validity questions in this regard. But nowhere in its petition does Prism contend that the Federal Circuit’s alleged error changed the outcome of this case. In other words, although Prism raises the question of the appropriate standard of review in eligibility cases—a question that is entirely academic in this case—it does not actually challenge the Federal Circuit’s eligibility analysis.

Prism’s request that this Court opine on a question that was not properly presented or decided below, and that would not and could not alter the outcome in this case, should be rejected.



**CONCLUSION**

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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