

No. 17-716

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**In the Supreme Court of the United States**

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PRISM TECHNOLOGIES LLC,  
*Petitioner,*

v.

T-MOBILE USA, INC.,  
*Respondent.*

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

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**PETITIONER'S REPLY BRIEF**

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**RULE 29.6 STATEMENT**

Petitioner Prism Technologies, LLC's Rule 29.6 statement included in its petition for writ of certiorari remains accurate.

**TABLE OF CONTENTS**

RULE 29.6 STATEMENT ..... i

TABLE OF AUTHORITIES ..... iii

REPLY BRIEF FOR PETITIONER ..... 1

I. Granting the Petition is Appropriate Because  
the District Court Made Factual Determinations  
to Support its Finding of Patent Eligibility That  
Were Entitled to Clear Error Review by the  
Federal Circuit ..... 2

II. Granting the Petition is Appropriate Because  
the Panel’s Application of the Incorrect Standard  
of Review was Outcome Determinative of the  
Eligibility of the Asserted Claims ..... 6

CONCLUSION ..... 8

## TABLE OF AUTHORITIES

### CASES

<i>Alfred E. Mann Found. for Sci. Research v. Cochlear Corp.</i> , 841 F.3d 1334 (Fed. Cir. 2016) . . . . .	5
<i>Alice Corp. Pty. Ltd. v. CLS Bank Int’l</i> , 134 S. Ct. 2347 (2014) . . . . .	1
<i>Anderson v. Liberty Lobby, Inc.</i> , 477 U.S. 242 (1986) . . . . .	5
<i>City &amp; Cty. of S.F. v. Sheehan</i> , 135 S. Ct. 1765 (2015) . . . . .	4
<i>Fowler v. United States</i> , 647 F.3d 1232 (10th Cir. 2011) . . . . .	4
<i>Heiniger v. City of Phoenix</i> , 625 F.2d 842 (9th Cir. 1980) . . . . .	4
<i>Mintz v. Dietz &amp; Watson, Inc.</i> , 679 F.3d 1372 (Fed. Cir. 2012) . . . . .	5
<i>Rosen v. Bezner</i> , 996 F.2d 1527 (3d Cir. 1993) . . . . .	4
<i>Teva Pharms. USA, Inc. v. Sandoz, Inc.</i> , 135 S. Ct. 831 (2015) . . . . .	5, 7

### STATUTE AND RULE

35 U.S.C. § 101 . . . . .	1, 5, 8
Fed. R. Civ. P. 52(a)(6) . . . . .	1

**REPLY BRIEF FOR PETITIONER**

The reasons that Petitioner Prism Technologies, LLC’s (“Prism”) petition for certiorari should be granted remain straightforward and undisputed. A three-judge panel of the Federal Circuit (the “Panel”) overturned under a *de novo* standard of review the District Court’s repeated determination that the Asserted Claims are patent eligible without ever considering whether the factual findings underlying the District Court’s decision were clearly erroneous. By so doing, the Panel contradicted the longstanding and explicit precedent of this Court and the Federal Circuit itself, as well as Fed. R. Civ. P. 52(a)(6), mandating that factual determinations underlying hybrid questions of fact and patent law, like § 101 patent eligibility, must be reviewed for clear error. None of these facts or legal tenants are disputed. Thus, this case presents an opportunity for this Court to establish with certainty that the Federal Circuit must apply a clear error standard of review to a district court’s factual findings underlying a § 101 patent eligibility determination—which is an issue of critical importance to trial and appellate courts nationwide as they seek to implement the legal test for patent eligibility in the wake of this Court’s landmark decision in *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014).

Respondent T-Mobile USA, Inc. (“T-Mobile”) *does not offer a single word* addressing Prism’s question presented to this Court or its correctness—namely, confirming that factual findings underlying a § 101 patent eligibility determination must be reviewed for clear error. Rather, T-Mobile urges the Court to simply pass-up the opportunity resolve this straightforward

question based on T-Mobile's incorrect argument that the District Court did not make any factual findings regarding patent eligibility. The record is unambiguous, however, that the District Court made factual findings underlying its determination that the Asserted Claims are patent eligible after presiding over three trials, reviewing hundreds of pages of briefing, considering thousands of pages of exhibits and receiving dozens of hours of trial testimony regarding the Asserted Claims.

Moreover, contrary to T-Mobile's misrepresentation, Prism explicitly detailed in its Petition how the Federal Circuit's application of the incorrect standard of review was outcome determinative of the patent eligibility of the Asserted Claims in this matter because the Federal Circuit's factual determinations are irreconcilable with those of the District Court. Pet. Br. at 26-28. Thus, T-Mobile's opposition, which is wrought with factual inaccuracies and mischaracterizations of the trial record, fails to provide any reason that Prism's petition for certiorari should not be granted.

**I. Granting the Petition is Appropriate Because the District Court Made Factual Determinations to Support its Finding of Patent Eligibility That Were Entitled to Clear Error Review by the Federal Circuit**

The record is unambiguous that the District Court made factual findings to support its judgment that the Asserted Claims are patent eligible. As detailed in Prism's Petition, the District Court considered the unrebutted factual evidence and expert opinion Prism offered and made factual findings including, by way of example, that:

- the Asserted Patents “addressed an inventive concept that solved the problem of delivering resources over an untrusted network”;
- credited the evidence presented by Prism’s expert, Dr. Lyon, that: “the patents’ inventive use of identity associated with the client computer to control access to resources over an untrusted network was an improvement over the current technology of that time”;
- the Asserted Patents “modify the way the Internet functions to provide secure access over a protected computer resource”;
- the problems addressed by the Asserted Patents are ones that “arose uniquely in the context of the Internet”; and
- the solution proposed by the Asserted Patents was a specific method of solving that problem.”

Pet. App. 14-15, 26-27.

The District Court explicitly confirmed in its summary judgment order that it based its ruling on the undisputed factual evidence Prism presented: “After reviewing the claims, evidence and various arguments, the Court finds that [the] asserted claims do include inventive concepts to ensure that patents in practice are more than just patents on restricting access to resources.” Pet. App. 27. After presiding over a twelve-day jury trial and considering approximately two-hundred-forty-three pages of judgment as a matter of law (“JMOL”) briefing and over forty exhibits, the District Court found that the facts presented confirmed that the Asserted Claims contain inventive concepts

and are patent eligible. Pet. App. 14-15 (“No new evidence was presented at trial to make the Court change its decision from the previous orders.”).

T-Mobile in its opposition brief ignores the procedural posture of this case, which involved judgments of patent eligibility at both the summary judgment and JMOL stages. Instead, T-Mobile relies exclusively on cases that have nothing to do with the resolution of hybrid issues of fact and patent law and **none** of which involve proceedings where, as here, a District Court made factual findings in granting judgment as a matter of law. See T-Mobile Opp. at 7-8 (citing *City & Cty. of S.F. v. Sheehan*, 135 S. Ct. 1765, 1773 (2015) (Americans with Disabilities Act case in which petitioner raised in merits briefing before this Court new issue not asserted in petition for certiorari or argued below); *Fowler v. United States*, 647 F.3d 1232, 1239 (10th Cir. 2011) (Federal Tort Claims Act where issue was whether district court’s purported factual findings for purposes of summary judgment were based on undisputed facts); *Heiniger v. City of Phoenix*, 625 F.2d 842, 843 (9th Cir. 1980) (employment discrimination case involving appeal of summary judgment, not JMOL); *Rosen v. Bezner*, 996 F.2d 1527 (3d Cir. 1993)) (Chapter 7 bankruptcy case involving appeal of summary judgment, not JMOL)).

This distinction is critical because since the District Court renewed its finding that the Asserted Claims are patent eligible in denying T-Mobile’s motion for JMOL, the JMOL review standard applies, not a summary judgment review standard. And T-Mobile does not dispute the fundamental correctness of Prism’s resolution of the question presented on appeal—



namely, that findings of fact underlying a judgment of § 101 patent eligibility must be reviewed for clear error.

In addition, not only are the cases T-Mobile cites substantively inapposite, but they do not stand for the proposition that a district court can never make findings of fact in the context of summary judgment. Indeed, this Court in *Anderson v. Liberty Lobby, Inc.*, a case relied on by T-Mobile, explicitly recognizes that findings of fact made by a district court at summary judgment, though not required, are often “extremely helpful to a reviewing court.” 477 U.S. 242, n.6 (1986). T-Mobile’s argument that courts cannot make factual findings on disputed issues at the summary judgment stage is similarly devoid of merit not only because T-Mobile did not dispute Prism’s factual allegations at summary judgment, but this Court and the Federal Circuit have mandated that subsidiary factual findings regarding patent law issues are entitled to deference—even at the summary judgment stage. *Mintz v. Dietz & Watson, Inc.*, 679 F.3d 1372, 1375 (Fed. Cir. 2012) (Federal Circuit held that a district court’s factual findings regarding obviousness made at the summary judgment stage must be reviewed for clear error); *see also Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015) (Federal Circuit must review for clear error district court’s subsidiary factual findings regarding claim construction); *Alfred E. Mann Found. for Sci. Research v. Cochlear Corp.*, 841 F.3d 1334, 1341 (Fed. Cir. 2016) (Federal Circuit must review for clear error district court’s subsidiary factual findings regarding indefiniteness).

Thus, T-Mobile's contention that Prism's petition for certiorari should not be granted because the District Court's patent eligibility determination was purportedly not premised on factual findings is demonstrably wrong.

## **II. Granting the Petition is Appropriate Because the Panel's Application of the Incorrect Standard of Review was Outcome Determinative of the Eligibility of the Asserted Claims**

The outcome determinative nature of the Panel's application of the incorrect standard of review further confirms the need to grant Prism's petition. T-Mobile's assertion that Prism did not contend in its Petition that the Federal Circuit's error changed the outcome of this case is an outright misrepresentation.

Prism explicitly detailed in its Petition the outcome determinative nature of the Panel's error. Petition at 26-28. For example, Prism explained that the District Court concluded that the Asserted Claims include inventive concepts because they "modify the way the Internet functions to provide secure access over a protected computer resource" and "the problems addressed by Prism's claims are ones that 'arose uniquely in the context of the Internet, and the solution proposed was a specific method of solving that problem.'" Pet. App. 27. The Panel, however, rejected without explanation the District Court's findings and substituted its own view of the Asserted Claims to find that the Asserted Claims do not contain an inventive concept. Pet. App. 6-8. The Panel also disregarded the District Court's finding that the Asserted Claims addresses a specific method for solving a problem that

arose “uniquely in the context of the Internet,” as well as the credit the District Court gave to Prism’s expert, Dr. Lyon, who confirmed that the patents’ “inventive use of identity [data] associated with the client computer to control access to resources over an untrusted network was an improvement over the current technology of that time.” Pet. App. 27 (citation omitted).

Despite these factual findings by the District Court, the Panel reached an independent and contrary factual conclusion, without granting any deference to the District Court’s findings or citation to the record, that the Asserted Claims’ use of identify data, such as hardware identifiers, was “conventional” in nature. Pet. App. 7. The Panel’s factual determinations are irreconcilable with those of the District Court.

Indeed, T-Mobile concedes that the Panel simply substituted its own view of the inventive concepts of the Asserted Claims for that of the District Court—entirely disregarding the District Court’s factual findings and without identifying any support in the record for its conclusion that the claims at issue use only conventional technology. This is the precise conduct by the Federal Circuit that this Court admonished in *Teva*. 135 S. Ct. at 842-43 (Federal Circuit’s rejection of expert testimony credited by the district court without first making a clearly erroneous finding was “wrong”).

Finally, resolution of this issue is anything but an “academic” endeavor, as T-Mobile incorrectly contends, and demonstrates the urgent need to resolve this important issue of patent law and to correct the real consequences engendered by the Panel’s nullification of

the extensive efforts undertaken by the District Court by failing to afford any deference whatsoever to the District Court's factual findings following trial. Moreover, the fact that Prism presented at trial factual evidence and expert opinion that confirmed the eligibility of the Asserted Claims only supports that the Panel should have granted deference to the District Court's decision through post-trial JMOL motions that again found the Asserted Claim patent eligible.

Thus, granting Prism's petition for writ of certiorari is necessary because had the Panel applied the correct clear error standard of review to the District Court's factual findings, it would have found the Asserted Claims patent eligible.

### **CONCLUSION**

For the foregoing reasons, granting Prism's petition for a writ of certiorari is both warranted and necessary, as it provides an opportunity for the Court to definitively answer in a manner consistent with its prior precedent an urgent question in patent law—namely, to confirm that clear error is the correct standard of review applicable to findings of fact underlying a district court's § 101 patent eligibility determination.

Respectfully submitted,

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