

No. _____

In the Supreme Court of the United States

KAMRAN ASGHARI-KAMRANI,
NADER ASGHARI-KAMRANI,
Petitioners,
v.

UNITED SERVICES AUTOMOBILE ASSOCIATION,
Respondent.

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

PETITION FOR WRIT OF CERTIORARI

ANTIGONE G. PEYTON
Counsel of Record
PROTORAE LAW PLLC
1921 Gallows Road
Suite 1250
Tysons, VA 22182
(703) 639-0929
apeyton@protoraelaw.com

Counsel for Petitioners

QUESTIONS PRESENTED

For over 70 years, the Court has used a common law patent eligibility test that deviates from the language and plain meaning of the patent eligibility statute. *See, e.g., Funk Brothers Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127 (1948); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012); *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014). The Court’s so-called “judicial exceptions” test for eligibility is built on its own prior decisions and it has been modified and restated over time. *See Mayo*, 566 U.S. at 71 (“[p]henomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work”); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (same).

Yet throughout its history, the Court has not engaged in statutory construction to determine whether the patent eligibility statute requires use of a common law standard to fill a gap. Nor has it analyzed the “judicial exceptions” test against the Constitutional grant of power—solely to Congress—to promote the progress of science by securing to “Inventors” exclusive rights to “Discoveries” for limited times. US Const. art. I, § 8, cl. 8. The Court’s common law test explicitly excludes discoveries from the scope of subject matter that inventors may protect.

1. The first question presented is whether the Court’s “judicial exceptions” test is an unconstitutional deviation from the plain language of Section 101 of the Patent Act, the patent eligibility statute, and whether the Court has exceeded its Constitutional role as the

interpreter of statutes in crafting this conflicting judicial patent eligibility test.

The U.S. Patent and Trademark Office (PTO) has recognized the practical problems associated with application of the Court’s common law test to both issued patents involved in enforcement proceedings and pending patent applications subject to examination by the agency. In an effort to bring greater clarity, consistency, and balance to the process of analyzing patent applications for patent eligibility, the agency recently issued guidelines for examination of pending patent applications. USPTO, *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50 (Jan. 7, 2019) (“2019 Guidelines”). The 2019 Guidelines describe the patent eligibility exceptions using three specific categories of subject matter and also define “abstract idea” narrowly. But they only apply to the agency’s examination of patent applications and appeal proceedings involving issued or rejected patents.

The 2019 Guidelines are better aligned with the spirit of the patent eligibility statute, but they do not replace the “judicial exceptions” common law doctrine that has been called “incoherent” and one that “give[s] little confidence that the outcome is necessarily correct” by the very judges tasked with applying it. *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1348 (Fed. Cir. 2018) (Plager, J., concurring-in-part and dissenting-in-part); *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1376 (Fed. Cir. 2018) (rehearing *en banc* denied) (Lourie, J., concurring); *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 890 F.3d 1354, 1360 (Fed. Cir. 2018) (rehearing *en banc* denied) (Lourie, J. concurring). This misalignment of PTO and court

eligibility standards is also reflected in the lower courts' inconsistent application of the "judicial exceptions" test.

2. Assuming the Court's "judicial exceptions" test is a constitutional exercise of the Court's statutory interpretation powers, the second question presented is whether the PTO's current standard for patent eligibility is more consistent with the statute than the current Court-developed common law eligibility standards.

PARTIES TO THE PROCEEDING

The parties to the proceedings include those listed on the cover.

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PETITION FOR A WRIT OF CERTIORARI

Petitioners Kamran Asghari-Kamrani and Nader Asghari-Kamrani respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS AND ORDERS BELOW

The order denying rehearing en banc (App. 22-23) is listed as Appeal Nos. 2016-2415, 2017-2101, 2017-2191 (consolidated). The appellate panel order affirming the district court's judgement (App. 1-2) is nonprecedential. The opinion and order of the district court (App. 3-21) is unreported.

STATEMENT OF JURISDICTION

The court of appeals entered its order denying *en banc* rehearing on November 14, 2018. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY AND CONSTITUTIONAL PROVISION INVOLVED

Article I, Section 8 (Powers of Congress), and in particular Clauses 8 (the Patent and Copyright Clause) and 15, the of the U.S. Constitution reads:

The Congress shall have power . . .

cl. 8 To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; . . .

cl. 15 To make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers, and all other Powers vested by

this Constitution in the Government of the United States, or in any Department or Officer thereof.

US Const. art. I, § 8, cl. 8 and 15.

Section 101 of Chapter 35 of the United States Code (the “Patent Act”) provides:

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

INTRODUCTION

The U.S. Constitution grants the power to create laws that promote the progress of science solely to Congress. It also associates inventors with discoveries, though it does not tell Congress how it should legislate advances to promote the progress of science. Since 1790, Congress has legislated to promote scientific progress and in doing so, it has identified the scope of subject matter that should be considered eligible for protection through our patent regime, by statute. This is often referred to as the patent eligibility statute, and the current version states:

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

35 U.S.C. § 101 (emphasis added). By its plain meaning, Section 101 promotes the progress of science by a grant securing an exclusive right to either an invention *or a discovery*, which are both terms used in the patent and copyright clause of the Constitution. US Const. art. I, § 8, cl. 8.

From the first patent eligibility statute to the current one, Congress has maintained its support for patent eligibility that extends to both inventions and discoveries. Proper application of the term “discoveries” matters because some of the most significant innovations that progress science have been based on real-world application of the way things work in nature. At some level of abstraction, all science involves application of the laws of nature or other basic tools of science and technology.

This Court’s judicial test, however, has superseded the patent eligibility statute and has caused harm to inventors, including the Petitioners, who have lost valid patents covering “meritorious inventions” as a result of this unconstitutional inquiry. *See Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 3225 (Fed. Cir. 2015) (Linn J., concurring) (concluding that given the unnecessarily sweeping language of the *Mayo* opinion, the court was constrained to conclude the patent claims are ineligible for protection), *cert. denied, Sequenom Inc. v. Ariosa Diagnostics, Inc.*, 136 S. Ct. 2511 (2016). As of August 2018, since the Court’s *Alice* decision issued in 2014, the district courts have issued approximately 480 patent invalidity decisions based on Section 101, with 74% of them occurred at the pleading stage. Meredith Addy, *Alice at Age Four: Time to Grow Up*, IPWatchdog.com (noting the Federal

Circuit has reversed or vacated only 9 cases appealed to it from an invalidity judgment on Section 101 grounds since the Alice decision issued), <https://www.ipwatchdog.com/2018/09/18/alice-age-four-grow-up/id=101447/> (Sept. 18, 2018).

Even if the Court determines that “judicial exceptions” are necessary additions to the eligibility criteria found in Section 101, its guidance on the appropriate analysis of the eligibility issue is sorely needed. The PTO’s new framework for analyzing the eligibility question found in the 2019 Guidance materials is on a collision course with the varying standards the courts have used in enforcement proceedings to evaluate the same issue. In this case, for example, the PTO concluded that the claims of several members of the same patent family are patent eligible *after* the district court came to a different decision on the patent-at-issue here. This Court’s review and reevaluation of its current patent eligibility test is needed to realign the patentability analysis with the statute and the PTO’s narrower application of the “judicial exceptions” standard to a limited category of subject matter.

This Court should grant review and reaffirm that patent eligibility is a question governed by the language of Section 101, not a judicial body of law providing court-devised exceptions to patent eligibility.

STATEMENT

A. The Secure Authentication Patent Claims

U.S. Patent No. 8,266,432 (the “432 patent”) issued from an application filed September 15, 2008 and is titled “Centralized Identification and Authentication System and Method.” App. 25. This patent has a priority date of August 29, 2001.¹ App. 25. The ’432 patent is directed towards solving the specific technological problem of authenticating users who are engaged in an electronic transaction over an electronic communication network (e.g., the Internet). This communication system gave rise to the problem that the ’432 patent solves because, unlike face-to-face activities, it was not built or designed to provide verified identities for people who access information across the network of computers that communicate with each other. Thus, by default, anyone can use a computer to access information across the Internet without sharing their identity.

A number of “solutions” have been proposed and commercialized by security and technology companies dealing with this authentication issue—including use of public key protocols (PKIs), smart cards, digital certificates, hardware tokens, and use of biometric information—however, all have significant drawbacks that have impeded widespread consumer adoption. Many of these tools were expensive and required

¹ On August 29, 2001, Messrs. Asghari-Kamrani *pro se* applied for the first of several patents on their technological solution, without any outside financial support.

expertise beyond the technical capabilities of the average Internet user to implement. Others required preregistration with long lag times, hardware that had to be carried by the person at all times, or were limited to a single site—necessitating potentially hundreds of site-specific verification methods. Having worked on data access, data management, and network architecture issues faced by medical centers, U.S. Government branches and institutions, and corporate projects, the Inventors saw the need for a simple, technical solution that would be faster, better, and easier than the existing identity verification and authentication technologies, without compromising the security or integrity of activities conducted using the communication system.

The '432 patent claims an authentication and identity verification technique involving development and use of a digital identity to verify the identity of a “user.” A “central-entity” uses that digital identity to provide authentication services to an “external-entity” computer system across an electronic communication network so that the “user” can verify they are who they say they are for the purpose of engaging in an electronic transaction with the “external entity,” which is a computer system for the offering of goods or services.

B. Proceedings Below

This is an appeal from the district court’s grant of USAA’s Rule 12(b)(6) motion to dismiss, holding that the patent-in-suit is invalid and directed towards patent-ineligible subject matter. App. 3-21. The district court decision issued two and a half years ago, before the Federal Circuit’s decisions in *Berkheimer* and

Aatrix. Petitioners appealed the invalidity ruling to the Federal Circuit, which reviewed the judgement without deference and issued an order affirming it without a written opinion reflecting the basis for its decision, under Rule 36. App. 1-2.

In this case, the Federal Circuit upheld the trial court's determination that a patented software-based process for authenticating users on a communication network is not patent eligible based on the Court's current two-step framework for determining whether an invention is eligible for patenting under 35 U.S.C. § 101 (the so-called *Alice/Mayo* framework). After the trial court invalidated the patent, and before the Federal Circuit upheld its decision, five members of the same patent family cleared the patent eligibility hurdle at the PTO.²

The Petitioners then filed a request for rehearing *en banc*, noting that the decision below conflicted with other Federal Circuit decisions holding that the patentability issue involves a question of fact and urging review of the appropriate "judicial exceptions" test for patentability by the full court. On November 14, 2018, the Federal Circuit denied panel rehearing and rehearing *en banc*. App. 22-23.

The Petitioners now respectfully petition the Court for certiorari.

² U.S. Patent App. 13/606,538, 13/633,680, 15/833,909, and 15/614,164; *see also* U.S. Patent Appl. No. 15/639,020 (currently on appeal from Final Rejection under Section 103, on obviousness grounds).

REASONS FOR GRANTING THE PETITION

It is the Court’s responsibility to apply the language of Section 101 to the facts of each case involving a patent eligibility question. Yet for decades, the Court has used its own common law standard for patent eligibility that has replaced the statute Congress enacted. This “judicial exception” test has expanded in scope and it has even been replaced several times as the Court has confronted eligibility questions involving new types of inventions or discoveries in previously undeveloped industries. All of these court-made exceptions strike through the Constitutional power granted to Congress to protect “discoveries.” *See Ass’n of Molecular Pathology v. Myriad*, 569 U.S. 579 (2013) (concluding that “brilliant discovery does not by itself satisfy the § 101 inquiry”).

I. The Supreme Court’s Replacement of the Patent Statute’s Standard for Patent Eligibility with a “Judicial Exceptions” Eligibility Test is Unconstitutional

It is Congress’s job to create law to promote scientific progress. In fulfilling that role, Congress enacted the Patent Act, which by its plain language, provides patent eligibility for both “discoveries” and inventions. 35 U.S.C. § 101. This Court, in contrast, is responsible for interpreting the patent statutes. *See Connecticut Nat'l Bank v. Germain*, 503 U.S. 249, 253-254 (1992). In describing its statutory construction duties, the Court has repeatedly confirmed that where the statute’s language is plain, its sole function is to enforce the statute according to its terms, including the grammatical structure of sentences. *Hartford Underwriters Ins. Co. v. Union Planters Bank, N.A.*,

530 U.S. 1, 6 (2000); *Caminetti v. United States*, 242 U.S. 470, 485 (1917).

There is no statutory or constitutional basis for the Court’s “judicial exceptions” to the patent eligibility standard under the Patent Act. *See Henry Schein, Inc. v. Archer & White Sales, Inc.*, No. 17-1272 (U.S. Jan. 8, 2019). Specifically, there is no language in the Patent Act that supports the Court’s determination that laws of nature and natural phenomenon, abstract ideas, mathematical concepts, and mental processes as per se patent ineligible. Instead, the Court has repeatedly cited its own prior cases as controlling precedent as it built a significant body of law around its judicial exception to patentability. *Parker v. Flook*, 437 U.S. 584 (1978) (“The holding that the discovery of that [Gottschalk] method could not be patented as a process forecloses a purely literal reading of 101.”); *Diamond v. Chakrabarty*, 447 U.S. 303, 303-304 (1980).

The legislative history of Section 101 and prior versions of the eligibility statute confirm that Congress repeatedly amended the patent eligibility statute—from its first enactment in 1790 to the latest patent law overhaul in 2011—to reflect its commitment to reward both inventions and discoveries. Sherry Knowles and Anthony Prosser, *Unconstitutional Application of 35 U.S.C. § 101 by the U.S. Supreme Court*, 18 J. Marshall Rev. Intell. Prop. L. 144, 147-153 (2018) (tracing the origin of the patent eligibility statute and all amendments and replacements, incorporating legislative history references to demonstrate the intention to maintain eligibility for discoveries). The first Patent Act of 1970 used the disjunctive “invented or discovered” in the patent

eligibility statute. *Id.* at 147. Except for a few early reenactments, the disjunctive use of both terms has been used consistently over 230 years and over 30 amendments to the Patent Act. *Id.*

In 1952, Congress overhauled patent law. Before this occurred, Congress created a commission in 1948 to study the definition of “invention” the Court had applied to recent cases and its dicta in at least one case suggesting that a process using an old composition of matter was not eligible for patenting. Importantly, in response to comments seeking removal of “discoveries” from the patent eligibility sphere as inconsistent with Supreme Court decisions, which were provided during debate preceding the passage of the 1952 Patent Act, Congress kept discoveries within the scope of patentable subject matter. H.R. Rep. No. 82-3760, 1st Sess., 94 (1951); *see also* Knowles, *supra*, at 151-153. Other testimony raised the concern that the Court’s decision in *Funk Brothers Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127 (1948) required new statutory language to make clear to the Court that an invention in the nature of a “discovery” that is embodied in one of the categories listed in the statute may be patented. H.R. Rep. No. 82-3760 at 116-124 (statement of Mr. Fellner of Salsbury Laboratories). Related Congressional statements demonstrate that Congress intended to meet this concern by adding “discoveries” into the new definition of “invention,” in Section 100 of the Patent Act. H.R. Rep. No. 82-3760 at 117, 120 (statements of Congressman Willis); Knowles, *supra*, at 152-153. “The term ‘invention’ means invention or discovery.” 35 U.S.C. § 100. This definition is unchanged current Patent Act.

In the 1952 Patent Act, Congress made it clear that a process claim using an old material is eligible for patenting. Congress also broadened Section 101 to overrule inconsistent Court precedent, eliminate the *Funk Brothers* problem, and eliminate subjective tests of “invention” that the Supreme Court had created prior to passage of the 1952 Patent Act. That subjective test was replaced with an objective test for patentability, which led to adoption of new Section 103. It also split out the conditions of patentability and codified the substantive requirements for obtaining a patent in separate sections of the Patent Law—Sections 102 and 103. The text of new Section 101(b) further pushed home the disapproval of prior Court pronouncements on process inventions: “The term ‘process’ means process, art or method, and includes a *new use of a known process, machine, manufacture, composition of matter, or material.*” 35 U.S.C. § 101(b) (emphasis added). The overhauled statute also identified the defenses to patent infringement as “conditions of patentability” (Sections 102 and 103), and a few others including equitable defenses. 35 U.S.C. § 282. Section 101 is not listed in Section 282; nor is it considered a “condition of patentability.”

As this background demonstrates, Congress did not seek to give the terms “invention” “discovery” and “new” in Section 101 substantive effect to limit the scope of discoveries that could be considered patent eligible. It explicitly stated that a process claim that used something old is to be considered a patent-eligible “process” under the Patent Act. The Court’s adoption of a set of “judicial exceptions” to the statute is not based

in any power granted by the Constitution or any statute and is unconstitutional.

II. The PTO’s 2019 Guidance On 101 Describes A More Appropriate Patent Eligibility Test Compared To The Current Common Law One

The 2019 Guidance explains that courts have been comparing patent claims considered to those previously determined to be directed to abstract ideas in determining how patent eligibility should be applied in any particular case. *See also Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1334 (Fed. Cir. 2016). “While that approach was effective soon after *Alice* was decided, it has since become impractical.”

The 2019 Guidance makes two specific changes to how patent examiners apply the first step of the U.S. Supreme Court’s *Alice / Mayo* test to determine whether a claim is “directed to” a judicial exception. Initially, it extracts and analyzes key concepts the courts conclude are abstract ideas and uses them to explain that the abstract idea exception includes three basic groupings of subject matter: mathematical concepts, certain methods of organizing human activity, and mental processes. Under the 2019 Guidance, claims that do not fall within one of these categories cannot be characterized as reciting an abstract idea unless approved by the Technology Center Director, and it requires a “justification for why such claim limitation is being treated as reciting an abstract idea.”

By narrowly identifying certain conceptual groups of subject matter as properly qualifying for characterization as *abstract ideas*, the PTO is

effectively defining what is and what is not an abstract idea. This concept, which is found in the Court’s law but not in the patent eligibility statute, has been left ambiguous by both the Court and the Federal Circuit. It is *the* critical term in the Court’s common law patent eligibility test using the *Alice / Mayo* framework. So the 2019 Guidance fills the gap where the courts’ failure to define the term *abstract idea* has led to subjective and seemingly contradictory rulings involving patent eligibility analysis of similar technologies. *See, e.g., Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016) (patent claims directed to collecting data, analyzing it, and displaying certain results of the collection and analysis are ineligible); *Data Engine Technologies LLC v. Google LLC*, No. 2017-1135 (Fed. Cir. 2018) (dependent patent claims to electronic spreadsheets with tabs that include objects that enable access to and evaluation of data are patent eligible).

The 2019 Guidance also provides a two-prong inquiry for whether a claim is “directed to” a “judicial exception” to patent eligibility. In the first prong, the PTO evaluates whether the claim recites a “judicial exception” and if so, it will evaluate the second prong. In the second prong, the PTO evaluates whether the claim recites additional elements that integrate the identified judicial exception into a practical application. If it is integrated into a real-world application, it is patent eligible. But if a claim both recites a judicial exception and fails to integrate that exception into a practical application, then the claim is “directed to” a judicial exception. In those situations, further analysis using the second step of the *Alice/Mayo* test is required.

III. At A Minimum, The Court Should Hold This Petition Pending Resolution Of The Petition In *HP Inc. v. Berkheimer*, No. 18-415, Or Make It A Companion Case

Certiorari is also warranted to address the question of whether the Court’s “judicial exceptions” test—assuming it is an appropriate analysis to apply to questions of patent eligibility—includes any underlying factual issues. This question was presented to the courts below, and it is also presented in the pending petition for certiorari in *HP Inc. v. Berkheimer*, No. 18-415. Should the Court grant certiorari in *Berkheimer*, it should consider this case to be a companion case that should be evaluated at the same time. The *Berkheimer* petition explores whether the inquiry into claim elements or combinations of elements are well understood, routine, or conventional to a skilled artisan in the relevant field is a factual one. This issue was also briefed in this case below. Furthermore, this petition also presents issues relating to the constitutionality of the entire “judicial exceptions” body of common law and suggests adoption of the patentability test reflected in the PTO’s 2019 Guidance on 101 that issued on January 7, 2019, in the alternative, if any common law standard is appropriate after statutory construction occurs.

At the very least, this Court should grant certiorari here as well, vacate the decision below, and remand for further consideration in light of its *Berkheimer* opinion.

IV. This Case Is An Appropriate Vehicle for Court Review

This appeal is the right vehicle for the full Court to resolve the tension between the patent eligibility statute and the competing common law test applied by the courts and the PTO. Proper analysis and application of the statute is outcome determinative in this case. The '432 patent is one of eight issued patents in the family, and five other family members with the same specification and similar claim language and terms overcame the patentability hurdle after the Examiner considered the district court's invalidity ruling against the '432 patent. While each set of patent claims should be evaluated individually, the PTO's determination that other family members' claims are patentable highlights the uncertainty and inconsistency resulting from application of the current "judicial exceptions" test.

Additionally, under the PTO's recently released 2019 Guidance, the patent claims do not fall into any of the prescribed subject matter groupings of abstract ideas. Particularly, the claimed limitations are not mathematical concepts, certain methods of organizing human activity, or mental processes, as those terms are defined in the 2019 Guidance. Finally, even if one or more of the limitations could be considered abstract, the trial court failed to conduct sufficient analysis to determine whether the claims nevertheless contain an "inventive concept"—under Step 2B of the *Alice* test—that transform them into a patent-eligible application.

For at least these reasons, the judgment that the present claims are ineligible for patent protection is

improper, and Petitioners respectfully request that the Court grant their petition to fix this error.

CONCLUSION

For the foregoing reasons, the Court should grant the writ of certiorari. Alternatively, the Court should hold the petition pending its disposition of the petition in *Berkheimer*.

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Antigone G. Peyton
Counsel of Record
PROTORAE LAW PLLC
1921 Gallows Road
Suite 1250
Tysons, VA 22182
(703) 639-0929
apeyton@protoraelaw.com

Counsel for Petitioners