No. 18-1199

In The
Supreme Court of the United States

INVESTPIC, LLC,

Petitioner,

v.

SAP AMERICA, INC.,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR REHEARING

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Pursuant to Rule 44.2, InvestPic, LLC respectfully petitions for rehearing of the Court's order denying certiorari in this case.

GROUNDS FOR REHEARING

The original certiorari petition in this case presented the vital question of what subject matter is so "abstract" that it must be excluded from patentability under 35 U.S.C. § 101 as construed by *Alice Corporation Pty. Ltd. v. CLS Bank International*, 573 U.S. 208 (2014). This question is likely the most important patent law issue of our time.

Three significant events occurred after this Court denied InvestPic's petition for certiorari that merit rehearing: (1) the full Federal Circuit expressly appealed for clarity on patent subject matter eligibility in *Athena Diagnostics, Inc. v. Mayo Collaborative Services*, No. 2017-2508, 2019 U.S. App. LEXIS 19979 (Fed. Cir. Jul. 3, 2019) (en banc); (2) Congress, after days of public hearings on the language for a draft bill regarding patent eligibility proposed by Senator Thom Tillis and Senator Chris Coons, is no closer to results, leaving urgently needed eligibility guidance to this Court; and (3) the misguided "physical realm" test for patent eligibility promulgated by the Federal Circuit in this case is expanding, as in recent cases like *Bridge & Post, Inc. v. Verizon Communications, Inc.*, No. 2018-1697, 2019 U.S. App. LEXIS 20045 (Fed. Cir. Jul. 5, 2019).

This Court, in denying certiorari in 44 patent-eligibility cases since the *Alice* decision in 2014, so far has declined to address inconsistent standards applied by the Federal Circuit and trial courts regarding what constitutes an "abstract idea" under *Alice*. *See* Eileen McDermott, *Todd Dickinson: Scotus Has Denied 42 Section 101 Petitions Since* Alice*, So It's Up to Congress*, IP WATCHDOG (June 4, 2019), https://www.ipwatchdog.com/2019/06/04/todd-todd-dickinson-congress-must-act-because-scotus-has-denied-42-section-101-petitions-since-alice/id=109957/. The inconsistency is growing, and the lower courts' newly invented standards are increasingly untethered from statute and precedent. A cardinal example is the Federal Circuit's application in this case of a test for abstractness fixated on whether an inventive concept exists in the "physical realm." The new "physical realm" analysis developed in this case presents an ideal opportunity for this Court to review the parameters for patent subject matter eligibility. Because the law of patent eligibility is an issue of national importance to our innovation-based economy, and in light of significant updates since briefing closed and this Court reached its decision, InvestPic requests that the Court consider InvestPic's petition for rehearing and grant its petition for certiorari.

THIS COURT SHOULD GRANT REHEARING TO CLARIFY PATENT ELIGIBILITY IN LIGHT OF RECENT EVENTS NOT PREVIOUSLY PRESENTED

Petitions for rehearing of an order denying certiorari are granted: (1) if a petition can demonstrate "intervening circumstances of a substantial or controlling effect"; or (2) if a petitioner raises "other substantial grounds not previously presented." R. 44.2. InvestPic's petition shows both. After this Court denied the petition for certiorari on June 24, 2019, the Federal Circuit denied en banc rehearing in *Athena Diagnostics, Inc.*, with eight separate concurring and dissenting opinions that individually and collectively implore this Court to resolve ambiguities and inconsistencies in the judicial exclusion of "abstract ideas" in post-*Alice* patent-eligibility determinations. Additionally, three days of congressional hearings in June 2019 on a draft Senate bill advanced by Senators Tillis and Coons bared many stakeholders' deep dissatisfaction with the state of post-*Alice* determinations in the courts, but also revealed that Congress is unlikely to achieve sufficient consensus to legislate about patent eligibility. Lastly, the July 5, 2019 *Bridge & Post, Inc.* decision shows that the unsupported "physical realm" analysis advanced by the Federal Circuit in this case is expanding and requires this Court's consideration.

A. The Federal Circuit Is Pleading for Clarity on Patent Eligibility

The full Federal Circuit is urgently imploring this Court for guidance on patent-eligibility standards. On

July 3, 2019, in *Athena Diagnostics, Inc. v. Mayo Collaborative Services, LLC*, No. 2017-2508, 2019 U.S. App. LEXIS 19979, an en banc panel of twelve judges issued ***eight*** separate opinions that highlight the uncertainty and instability of the *Alice/Mayo* patent-eligibility framework. *See, e.g.*:

- "The multiple concurring and dissenting opinions regarding the denial of en banc rehearing in this case are illustrative of how fraught the issue of § 101 eligibility . . . is. . . . But this is not a problem we can solve. As an inferior appellate court, we are bound by the Supreme Court." *Id*. at *8, *9 (Hughes, J., concurring);

- "I believe that confusion and disagreements over patent eligibility have been engendered by the fact that the Supreme Court has ignored Congress's direction to the courts to apply [§ 101] as written." *Id*. at *93 (O'Malley, J., dissenting);

- "[I]t is the Supreme Court, not this court, that must reconsider the breadth of *Mayo*. . . . [I]t would be desirable for the Supreme Court to refine the *Mayo* framework. . . ." *Id*. at *13, *16 (Dyk, J., concurring);

- "[O]ur court would benefit from the Supreme Court's guidance." *Id*. at *25 (Chen, J., concurring);

- "Your only hope lies with the Supreme Court or Congress. I hope that they recognize the importance of these technologies, the benefits to society, and the market incentives for

> American business." *Id*. at *74 (Moore, J., dissenting).

While the invention in *Athena Diagnostics* (a method for making medical diagnoses) is different than the InvestPic invention (a method and system for diagnosing the condition of investment portfolios), the Federal Circuit's statements about § 101 are not unique to the field of medical diagnostics. The muddled § 101 jurisprudence affects all inventors working with subject matter that may be deemed the subject of a judicial exclusion. As the Federal Circuit in *Athena Diagnostics* recognized, the current approach to § 101 has devastating consequences for innovation and the public welfare. *See id*. at *53, *74 (Moore, J., dissenting).

As in *Athena Diagnostics*, the Federal Circuit's application of § 101 in this case resulted in a critically important, highly innovative technology being deemed ineligible for patenting. But the consequences of letting the Federal Circuit's decision in this case stand will extend much further than the consequences of the *Athena Diagnostics* case. While the *Athena Diagnostics* decision indicates that innovation in the narrow field of medical diagnostics is patent-ineligible, the decision below threatens the patent eligibility of all software-implemented inventions, including invention in diverse fields such as diagnostic imaging, data modeling, and artificial intelligence.

The entreaty to this Court ***by all twelve*** Federal Circuit judges in *Athena Diagnostics* demonstrates the severity of the § 101 confusion. This case offers this Court its best opportunity to resolve the extant

uncertainty harming innovators and innovations throughout technology sectors.

B. A Solution from Congress Is Not Forthcoming

While the petition for certiorari was pending, Senators Tillis and Coons released proposed language for a draft Senate bill that would amend § 101.[1] Recent testimony before the Senate Judiciary Committee's Subcommittee on Intellectual Property about the Tillis-Coons draft bill highlighted the urgency and importance of providing guidance on patent eligibility.[2]

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[1] Proposed Bill Language (published online May 22, 2019), available at: https://www.tillis.senate.gov/services/files/E8ED2188-DC15-4876-8F51-A03CF4A63E26.

[2] Over the course of three days of testimony on June 4, 5, and 11, 2019, the Senate Judiciary Committee's Subcommittee on Intellectual Property heard testimony from:

- Members of the judiciary—e.g., Hon. Paul R. Michel (Former Chief Judge, Federal Circuit Court of Appeals);
- Former Directors of the U.S. Patent and Trademark Office—e.g., Todd Dickinson; David J. Kappos;
- Academics—e.g., Prof. Jeffrey A. Lefstin (Associate Academic Dean of University of California Hastings College of Law); Prof. David O. Taylor (Co-Director, Tsai Center for Law, Science and Innovation); Prof. Mark A. Lemley (Director, Program in Law, Science & Technology, Stanford University School of Law); Prof. Paul R. Gugliuzza (Professor of Law, Boston University School of Law); Prof. Joshua D. Sarnoff (Professor of Law, DePaul

University); Prof. Adam Mosoff (Professor of Law, Antonin Scalia Law School George Mason University);

- Research, policy, and advocacy groups—e.g., Patrick Kilbride (Senior Vice President, Global Innovation Policy Center, U.S. Chamber of Commerce); Michael Rosen (Adjunct Fellow, American Enterprise Institute); Charles Duan (Director of Technology & Innovation and Senior Fellow, R. Street Institute); Kate Ruane (Senior Legislative Counsel, American Civil Liberties Union); Robert A. Armitage (Consultant, IP Strategy and Policy); Sherry M. Knowles (Principal, Knowles Intellectual Property Strategies); Henry Hadad (President, Intellectual Property Owners Association); David Jones (Executive Director, High Tech Inventors Alliance); Phil Johnson (Chair, Steering Committee for Coalition for 21st Century Patent Reform); Dr. William G. Jenks (Principal, Jenks IP Law on behalf of Internet Association); Christopher Mohr (Vice President for Intellectual Property and General Counsel, Software and Information Industry Association); Hans Sauer (Vice President of Intellectual Property, and Secretary, Fallbrook Technologies on behalf of Innovation Alliance); Alex Moss (Staff Attorney, Electronic Frontier Foundation); Stephanie Martz (Senior Vice President, General Counsel, National Retail Federation on behalf of United for Patent Reform); Jeffrey A. Birchak (General Counsel, Vice President of Intellectual Property, and Secretary, Fallbrook Technologies on behalf of Innovation Alliance);
- Industry members—e.g., Manny Schecter (Chief Patent Counsel, IBM); Laurie Self (Senior Vice President and Counsel, Government Affairs Qualcomm); Byron Holz (Senior Intellectual Property Rights Licensing Counsel, Nokia); Robert Deberadine (Chief Intellectual Property Counsel, Johnson & Johnson); Paul Morinville (President, U.S.

Inventor); Kim Chotkowski (Vice President, Head of Licensing Strategy and Operations, InterDigital); Sean Reilly (Senior Vice President and Associate General Counsel, The Clearing House Payments Company); Laurie Hill (Vice President, Intellectual Property, Genentech); Sean George (Chief Executive Officer, Invitae); Gonzalo Merino (Vice President and Chief Intellectual Property Counsel, Regeneron Pharmaceuticals); Peter O'Neill (Executive Director, Cleveland Clinic Innovations); David Spetzler (President and Chief Scientific Officer, Caris Life Sciences); Michael Blankstein (Senior Vice President and Deputy General Counsel—Patents and Licensing, Scientific Games); Corey Salsberg (Vice President, Global Head IP Affairs, Novartis); Nicolas Dupont (CEO and Executive Chairman, Cyborg, Inc.); Jeff Francer (General Counsel, Association of Accessible Medicines); Natalie M. Derzko (Of Counsel, Covington & Burling LLP on behalf of Pharmaceutical Research and Manufacturers of America); Rick Brandon (Associate General Counsel, The University of Michigan on behalf of Association of American Universities and the Association of University Technology Managers); and

- Members of the bar—e.g., Barbara Fiacco (Partner, Foley Hoag and President-Elect, American Intellectual Property Law Association); Scott Patridge (Immediate Past Chair, Intellectual Property Law, American Bar Association); John D. Vandenberg (Partner, Klarquist Sparkman, LLP).

Senate Judiciary Committee Hearings, Subcommittee on Intellectual Property, *The State of Patent Eligibility in America: Parts I, II, and III* (held on June 4, 5, 11, 2019), available at: https://www.judiciary.senate.gov/meetings/the-state-of-patent-eligibility-in-america-part-i, https://www.judiciary.senate.gov/meetings/the-state-of-patent-eligibility-in-america-part-ii, and https://www.judiciary.senate.gov/meetings/the-state-of-patent-eligibility-in-america-part-iii.

However, congressional action on this issue is far from certain. *See* Ryan Davis, *Fed. Cir. Pleads for Patent Eligibility Clarity: What Now?*, LAW 360 (July 10, 2019), http://www.law360.com/articles/1176454 (reporting that congressional action is "doubtful in this environment"); *see also* Lionel M. Lavenue, R. Benjamin Cassady, and Michael Liu Su, *STRONGER Patents Act Is Likely Too Ambitious to Pass*, LAW 360 (June 30, 2017), available at: https://www.finnegan.com/en/insights/stronger-patents-act-is-likely-too-ambitious-to-pass.html (describing the obstacles to bring a patent reform bill to a vote).

Notwithstanding the efforts of individual members of Congress such as Senators Tillis and Coons, Congress as a whole has shown an unwillingness to disentangle the post-*Alice* morass. Recent congressional attempts to reform patent law have failed to gain momentum. The Support Technology and Research for Our Nation's Growth (STRONG) Patents Act of 2015, Senate Bill 632, died in the Senate Judiciary Committee. Despite bipartisan support, the Support Technology and Research for Our Nation's Growth and Economic Resilience (STRONGER) Patents Act of 2017, Senate Bill 1390, also languished, as did the reintroduction of the STRONGER Patents Act in the House in 2018. No signs indicate that the Tillis-Coons draft bill will fare any better. Indeed, as the nation heads into an election year, the likelihood of a legislative fix for patent-eligibility confusion seems even more remote.

U.S. Patent and Trademark Office Director Andrei Iancu reflected on the problem of waiting for Congress

to address this issue earlier this year: "[A]s we know, legislation takes a long time at best. It's unpredictable. You don't know what's going to come out at the end, you don't know if anything will come out at the end. . . . The legislators will do what they do, but in the meantime, we have a system to operate every day." *See* Ryan Davis, *Courts Can Resolve Patent Eligibility Problems, Iancu Says*, LAW 360 (Apr. 11, 2019), https://www.law360.com/articles/1149185/courts-can-resolve-patent-eligibility-problems-iancu-says. This Court cannot continue to wait for Congress.

C. Lower Courts Continue to Drift Further Away from a Constitutional Approach to Patent Eligibility

By sidelining itself from the debate about patent eligibility, this Court is missing an opportunity to ensure judicial fidelity to the Constitution and to constitutional legislation. Without this Court's guidance, lower courts are replacing tests for patent eligibility rooted in constitutional and legislative principles with imagined bright-line rules that ignore the foundational principles of the patent system.

For instance, § 101 jurisprudence no longer reflects the congressional intent behind § 101. As this Court once acknowledged, when Congress drafted the Patent Act of 1952, it "employed broad general language in drafting § 101 precisely because . . . inventions are often unforeseeable. . . . Congress intended statutory subject matter to 'include anything under the

sun that is made by man.'" *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980). Instead, today, § 101 has been corroded by judicial exceptions not created by Congress that are stifling the patent system.

In addition to dramatically narrowing the intentionally broad scope of the Patent Act, lower courts also defy this Court's historic insistence on evaluating the preemption risks of patent subject matter. This Court's 165-year-old focus on preemption is based on the Constitution's mandate that the patent system "promote the progress of science and useful arts." U.S. CONST., art. I, § 8, cl. 8; *Le Roy v. Tatham*, 55 U.S. 156, 175 (1853). Tests like the Federal Circuit's "physical realm" test, in contrast, have no basis in a preemption analysis or the Constitution. Were mere physicality the test for patent eligibility, Samuel Morse would have received his claimed patent for all improvements involving use of an electric current. *O'Reilly v. Morse*, 56 U.S. 62 (1854).

Unfortunately, the erroneous "physical realm" analysis developed in the decision below has continued to see adoption in other cases. In a decision issued this month, the Federal Circuit stated that "claims, whose focus is 'not a physical-realm improvement but an improvement in a wholly abstract idea,' are not eligible for patenting." *Bridge & Post, Inc. v. Verizon Commc'ns, Inc.*, No. 2018-1697, 2019 U.S. App. LEXIS 20045, at *15 (Fed. Cir. July 5, 2019). *Bridge & Post, Inc.* is the

most recent case to demonstrate the need for this Court to weigh in before the harmful "physical realm" test spreads beyond control.

CONCLUSION

The "physical realm" test devised by the Federal Circuit in this case wrongly remains the law of the land. Events since this Court's denial of InvestPic's petition for certiorari prove a substantial need for this Court's intervention. InvestPic's petition for rehearing should be granted.

Respectfully submitted,

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July 19, 2019

CERTIFICATE OF COUNSEL

I hereby certify that this petition for rehearing is presented in good faith and not for delay, and that it is restricted to the grounds specified in Supreme Court Rule 44.2.

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WILLIAM F. ABRAMS