

No. 18-1448

In The
Supreme Court of the United States

— ♦ —

GLASSWALL SOLUTIONS LIMITED,
GLASSWALL (IP) LIMITED,
Petitioners,

v.

CLEARSWIFT, LTD.,
Respondent.

— ♦ —

ON PETITION FOR WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

— ♦ —

REPLY BRIEF OF PETITIONER

— ♦ —

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RULE 29.6 STATEMENT

The statement made in the Petition for Certiorari is unchanged:

Glasswall Solutions Limited has no parent corporation and no publicly held company owns 10 percent or more of its stock.

Glasswall (IP) Limited is a wholly-owned subsidiary of Glasswall Solutions Limited

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I. INTRODUCTION

Respondent's brief in opposition ("BIO") sidesteps the fundamental questions that underscore why review on certiorari is appropriate in this matter. This Court's intervention is needed to uphold, in patent infringement litigation, the requirements Rule 12(b)(6) imposes in every other civil litigation matter: in assessing the sufficiency of a pleader's complaint, the court must accept as true all fact allegations therein. At the same time, this case presents the Court with an opportunity to put an end to the widely-acknowledged disorder in the state of Federal Circuit jurisprudence related to the treatment of questions of fact in evaluating challenges to patentable subject matter under 35 U.S.C. § 101. The Court should grant certiorari to provide guidance in each of these areas.

Respondent fails to address the question of when, in assessing a Rule 12(b)(6) motion challenging whether duly-issued patent claims cover eligible subject matter, a court may disregard well-pleaded facts by deeming them "conclusory?" Respondent offers nothing other than one more repetition of its assertion that Glasswall's pleaded allegations are "plainly conclusory." BIO at 26. But in its Amended Complaint, Glasswall alleged that the claimed invention provides improvements in computer function and explained "why:" that its invention eliminates the computer user's need to consult or update virus definition files under the then-conventional approach to anti-virus protection. And Respondent ignores altogether the many frank observations of Federal Circuit Judges that the "abstract idea" exception, indeed the Federal Circuit's

entire body of post-*Alice* Section 101 jurisprudence, lacks consistent and coherent rules for application.

II. ARGUMENT IN REPLY

A. Respondent's Opposition Offers no Argument Disputing the Merits of Review as to Petitioner's First Question.

Respondent does not dispute that Ninth Circuit precedent (followed by the Federal Circuit in this case as the procedural authority of the relevant regional circuit) requires that, when ruling on a motion to dismiss under Rule 12(b)(6), the court must assume the truth of a complaint's factual allegations and credit all reasonable inferences arising from those allegations. *Sanders v. Brown*, 504 F.3d 903, 910 (9th Cir. 2007). In the same breath, Respondent argues that it was proper for both the district court and Federal Circuit to disregard allegations pleaded in Glasswall's Amended Complaint because they are "conclusory." BIO at 18-21.

Respondent's brief offers no justification for the departure, by the courts below, from the procedure required by Rule 12(b)(6). Instead Respondent's argument mischaracterizes the fact allegations pleaded by Glasswall, and the nature of the patent claims at issue.

1. Questions of fact relate to *Alice* Step One as well as Step Two

As a threshold matter, Respondent's Opposition is at pains to assert that only "the second step of the *Mayo/Alice* test can involve questions of fact." BIO at 12. Respondent incorrectly states that

only “the second step of the analysis [is] the area where it Glasswall asserts there is conflict.” BIO at 15-16. But Glasswall’s fact allegations, taken as true as Rule 12 requires, would establish the patents as claiming non-abstract improvements to computer function during the analysis at *Alice* step one, because the claimed invention provides for secure electronic communications without the need to consult or update virus-definition files, a significant advantage over the prior art. Pet. App. 32a-33a.

The Federal Circuit’s opinion deemed Glasswall’s claims to be directed to “conventional” activity during its analysis of abstractness at *Alice* step one: “the claims are framed in wholly functional terms, with no indication that any of these steps are implemented in anything but a conventional way. The use of a conventional white-list of approved application specific functions instead of a conventional black-list of virus definitions does not change the nature of the claims.” Pet. App. 2a-3a. The Federal Circuit opinion did not turn to *Alice* step two until the last of its opinion, Pet. App. 5a, and that brief paragraph makes no reference to conventionality. There can be no doubt that the Federal Circuit made its determination of “conventionality” during its analysis of whether the asserted claims were directed to abstract subject matter under *Alice* step one.

However, as Respondent acknowledges, under Federal Circuit precedent, where patent claims are directed to an improvement in computer function, the claims are not inherently abstract under *Alice* step one. BIO at 15. *See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016) (“plain focus of

the claims is on an improvement to computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity,” hence claims not abstract); *Finjan, Inc. v. Blue Coat Sys.*, 879 F.3d 1299, 1304 (Fed. Cir. 2018) (software-based innovations can make non-abstract improvements to computer technology and thus be deemed patent-eligible at step one).

The issue of whether Glasswall’s patent claims are directed to a “conventional” solution presents a question of fact relevant to the assessment of abstractness under *Alice step one*¹. “*Berkheimer* and *Aatrix* stand for the unremarkable proposition that whether a claim element or combination of elements would have been well-understood, routine, and conventional to a skilled artisan in the relevant field at a particular point in time is a question of fact.” *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1370 (Fed. Cir. 2018) (“*Berkheimer II*”) (concurring in denial of rehearing en banc).

2. There was no evidence that the invention claimed was a “conventional” solution to the problem identified

Respondent recognizes this matter presented a question of fact as to whether Glasswall’s patents claimed a conventional solution to drawbacks in the

¹ Contrary to Respondent’s assertion, Glasswall does not suggest that every Section 101 challenge includes questions of fact, see BIO at 13. But in this matter, Respondent’s Rule 12(b)(6) motion contradicted fact allegations related to Glasswall’s contention that the invention claimed provided improvements to computer function, raising an issue of fact.

prior art, but Respondent argues the Federal Circuit “considered sufficient evidence” to resolve that fact question. BIO at 23. However, there was no evidence, much less clear and convincing evidence, from which the Federal Circuit could have determined Petitioner’s claimed invention to be “conventional” as of its priority date.

The intrinsic evidence does not support, and in fact contradicts, the Federal Circuit’s determination. The specification describes the operation and disadvantages of then-conventional virus-scanning software. C.A. App. 020, col. 1, l. 60-col. 2, l. 26². The specification then explains that the invention claimed in the patents “takes an entirely different approach” to protection against unwanted code. *Id.*, col. 2, ll. 27-28. The specification goes on to explain that an embodiment of the invention operates to analyze each received file and reconstitute from it a substitute file “generated using a generator routine which can generate only ‘clean’ code and data. It is therefore incapable of generating unwanted code matching any code in a received file.” *Id.*, col. 2, l. 47-49.

Next, the specification states that the invention “operates in a fundamentally different manner to known anti-virus programs.” C.A. App. 021, col. 3, ll. 15-17. It teaches multiple disadvantages in known anti-virus programs, including that they “always fail to protect the user from the greatest danger; namely, that of unknown viruses. Each new virus that is launched must already have infected a number of computers before it

² In this Reply, as in Glasswall’s Petition, reference to column and line numbers are to the ’283 Patent specification.

comes to the attention of the anti-virus companies.” *Id.*, col. 3, ll. 19-23.

Whereas the Federal Circuit concluded that the claims are directed to abstract filtering of files and data, Pet. App. 2a, the specification draws a distinction between the operation of the disclosed invention and then-conventional file filtering, explaining that in a preferred embodiment the invention “may operate alongside a filter that is arranged to filter files by source.” C.A. App. 021, col. 4, ll. 16-19.

Indeed, drawing all reasonable inferences in Glasswall’s favor (as required of a Rule 12(b)(6) motion to dismiss), the skilled artisan would understand that file regeneration does not involve “inhibiting . . . a portion of the data;” but that instead, conforming content data are extracted and all content is generated afresh in the correct file format. This is as described in the specification, for example at C.A. App. 022 col. 6, ll. 40-58; C. A. App. 025 col. 12, ll. 17-20. Because the generator routine can generate only clean code and data, regeneration as taught in the specification creates a wholly new file, a “substitute regenerated electronic file”, providing a high level of security because it does not pass any of the original file unless pre-approved by the recipient, C.A. App. 027 col. 16, ll. 57-61. The reasonable inference to be drawn from this teaching is that a skilled artisan would understand this approach to be fundamentally different from conventional file filtering, and does not preempt “the concept of a whitelist to filter content,” contrary to Respondent’s suggestion, BIO at 19.

The specification also contradicts the Federal Circuit’s conclusion that “[u]nlike in *Finjan*, the claims here do not filter based on *behavior*, but based on the allowable form of information within a file” Pet. App. 4a-5a. But the specification explains that the invention “can operate by detecting conformity with file standards, and typical user behavior, rather than by detecting viruses” C.A. App. 021, col. 4, ll. 29-31. Thus it is reasonable to infer that the skilled artisan would understand that assessment of non-conforming data would indeed be based on assessment of behavior, i.e. would include assessment of data that did not conform to typical user behavior.

Respondent likewise mischaracterized the fact allegations Glasswall pleaded in its Amended Complaint. Respondent suggests it only “contains two paragraphs directed towards Section 101.” BIO at 18. In fact, Glasswall’s Amended Complaint alleged that its technology provides for secure exchange of electronic information through real-time sanitization of electronic documents, and where those may contain contaminated content, regenerates a benign file. C.A. App. 077, ¶9. It alleged the invention claimed in the patents solves technical problems unique to electronic communications such as viruses or unauthorized scripting; C.A. App. 078-79, ¶15, and 084-85, ¶32; and that these technical solutions improve the functioning of computers, by eliminating code that may perform unwanted operations on the user’s computer, and avoiding the need to consult or update virus definition files, *id.* Nowhere in the Amended Complaint was there any suggestion that the technical solutions claimed were conventional.

What is more, the Amended Complaint attached and incorporated the two asserted patents, including the statements in the specification summarized above. These allegations and statements raised questions of fact that, when resolved in Glasswall's favor as Rule 12(b)(6) requires, precluded dismissal of the causes of action in Glasswall's Amended Complaint.

B. Respondent's Assertion That the Federal Circuit Applies a Clear Standard to Patent-Eligibility Issues on Motions to Dismiss is Contrary to That Court's Own View

1. *Berkheimer* and *Aatrix* spotlight a deep rift within the Federal Circuit

Respondent suggests the second question presented in Glasswall's Petition need not be addressed on certiorari review, arguing the Federal Circuit is consistent in its analysis of Section 101 challenges. BIO at 13. But the contention that all members of the Federal Circuit agree on how they should treat Section 101 challenges, where those challenges involve underlying questions of fact, is belied by the words of the judges themselves. It is "near impossible to know with any certainty whether [an] invention is or is not patent eligible," *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1348 (Fed. Cir. 2018) (Plager, J., concurring-in-part and dissenting-in-part); the abstract idea exception is "almost impossible to apply consistently and coherently." *Smart Sys. Innovations, LLC v. Chi. Transit Auth.*, 873 F.3d 1364, 1377 (Fed. Cir. 2017) (Linn, J., dissenting-in-part and concurring-in-part);

the consequences of the *Berkheimer* decision are “staggering and wholly unmoored from our precedent.” *Berkheimer II*, 890 F.3d at 1380 (Reyna, J., dissenting from denial of petition for rehearing en banc.)

Simply put, as Judge Plager observed: “[t]here is little consensus among trial judges (or appellate judges for that matter) regarding whether a particular case will prove to have a patent with claims directed to an abstract idea, and if so whether there is an ‘inventive concept’ in the patent to save it.” *Interval Licensing LLC*, 896 F.3d at 1354-55 (Plager, J., concurring-in-part and dissenting-in-part).

Indeed, Respondent makes the case, BIO at 15, that disposition of a Section 101 challenge may be appropriate where there are no disputed facts material to the issue of patentability, citing *Interval Licensing LLC*, 896 F.3d at 1342 n.4. But that footnote makes clear that “[o]ur court recently held that disposition on § 101 is inappropriate at the summary judgment stage when there are genuine issues of material fact as to whether elements of the challenged claims are ‘well-understood, routine and conventional to a skilled artisan in the relevant field,’” citing *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018), petition for cert. filed 2018 U.S. S. Ct. Briefs LEXIS 3613 (U.S. Sept. 28, 2018) (No. 18-415), emphasis added. And the same footnote makes clear that “resolution at the Rule 12(b)(6) or Rule 12(c) stage is similarly inappropriate where claim elements are adequately alleged to be more than well-understood, routine, or conventional.” *Id.*, quoting *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1128 (Fed. Cir. 2018).

Respondent's assertion, BIO at 12, that *Berkheimer* and *Aatrix* do not represent a recent change in outlook at the Federal Circuit is at odds with the frank observations of that court's own judges.

2. It is manifest that the Federal Circuit's § 101 jurisprudence is in tension with § 282

Respondent disputes Glasswall's contention that the widespread invalidation of duly-issued patents by motions under Rule 12(b)(6) is inconsistent with the statutory presumption of patent validity specified in 35 U.S.C. § 282. BIO at 17, n. 3. This Court's precedent is unambiguous: a challenger must prove invalidity by clear and convincing evidence. *Microsoft Corp. v. i4i Ltd. Partnership*, 564 U.S. 91, 95 (2011). Respondent asserts that the Federal Circuit opinion in this matter was based on its consideration of evidence, including the patents' specification. BIO at 23-24. Consideration of a motion to dismiss under Rule 12(b)(6) precludes any balancing of evidence, much less any assessment of whether the evidentiary record meets the clear and convincing standard.

This further underscores the merit in Glasswall's Petition for review on certiorari.

C. This Case is a Suitable Vehicle for The Important Questions Presented

Last, Respondent argues that a different case might present a better vehicle for resolution of the questions presented. BIO at 26. But Respondent offers nothing in support other than to amplify the

disputed contentions that “in this case, generic-purpose computers are simply being used as tools to filter content . . .” and “Glasswall’s allegations are plainly conclusory.” *Id.*

Respondent has it the wrong way around. This case is a suitable candidate, indeed an excellent candidate, for review on certiorari precisely because both the district court and the Federal Circuit, in invalidating the patents at issue, bypassed the procedural requirements imposed by Rule 12(b)(6). In doing so both courts failed to accept as true the factual allegations Glasswall pleaded, or to consider how the skilled artisan would interpret the claims of both patents in the context of the specification’s teachings.

“Rule 12(b)(6) does not countenance . . . dismissals based on a judge’s disbelief of a complaint’s factual allegations.” *Iqbal*, 556 U.S. at 696 (Souter, J., dissenting), citing *Neitzke v. Williams*, 490 U.S. 319, 327 (1989). Yet in this case (as in other Section 101 evaluations following *Berkheimer* and *Aatrix*, Pet. at 13-17) allegations of fact in the Amended Complaint and in the patent specification were disregarded, and the claimed invention simply deemed “conventional.”

This case presents a clear opportunity for the Court to bring clarity to the current state of disorder in the application of Section 101, and to restore procedural application of Rule 12(b)(6) in patent matters to the standard used in other areas of civil litigation. Petitioner respectfully urges the Court to grant certiorari.

June 28, 2019 Respectfully submitted,

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