

No. 18-252

IN THE
Supreme Court of the United States

REAL ESTATE ALLIANCE LTD.,

Petitioner,

v.

MOVE, INC., *et al.*,

Respondents.

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

REPLY BRIEF

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INTRODUCTION

In its opposition to REAL's Petition, Move has asserted that all of the judges of the Court of Appeals for the Federal Circuit agree that step 2 of the *Alice* invalidity analysis involves a question of fact. Move is wrong.¹ As set forth in REAL's Petition, at least some judges of the Federal Circuit improperly rule on step 2 of *Alice* as a matter of law. In addition, were Move correct, the record below would contain a finding of fact clearly stating that as of a date certain, persons having ordinary skill in the art knew, based on record evidence, the claimed elements of the Tornetta patents to be ordinary, routine and conventional. The record is devoid of such findings of fact and of any analysis based thereon. This case was wrongly decided. Judge Lourie is correct in his plea for higher intervention, and this Court should now set a clear standard for the Federal Circuit, the District Courts and the Patent Office.

1. See Yar R. Chaikovsky & David T. Okano, *Berkheimer and Aatrix En Banc Denial: a Divided Federal Circuit on Alice Step Two* ([https://www.paulhastings.com/docs/default-source/PDFs/stay-current-berkheimer-and-aatrix-en-banc-denial-a-divided-federal-circ-_\(3\).pdf](https://www.paulhastings.com/docs/default-source/PDFs/stay-current-berkheimer-and-aatrix-en-banc-denial-a-divided-federal-circ-_(3).pdf)), June 4, 2018; Matthew B. Hershkowitz, *Patently Insane for Patents: A Judge-by-Judge Analysis of the Federal Circuits Post-Alice Patentable Subject Matter Eligibility of Abstract Ideas Jurisprudence*, 28 Fordham Intell. Prop. Media & Ent. L. J. 109, 133-162 (2017) (discussing methodologies of 11 Federal Circuit judges in determining patent eligibility issues).

REASONS FOR GRANTING CERTIORARI

I. Facts Matter

In the present case, the Federal Circuit prefaced its § 101 analysis by noting that, “patent eligibility under § 101 is a question of law and *may* involve underlying questions of fact” (emphasis added) (Pet. app. 16a). This statement goes to the heart of REAL’s Petition: this Court should make it clear that in order to hold that a claimed invention is ordinary, routine and conventional, the record *must* contain findings of fact sufficient to establish, at a minimum, what was known, by whom, and when. The record here contains no such findings, and the lower courts must not be free to substitute conclusions of law for findings of fact.

The Federal Circuit, in ignoring the facts of record here (as well as the lack of necessary evidence) has disregarded a bedrock principle of patent law: “Specifications teach. Claims claim.” *SRI Int’l v. Matsushita Elec. Corp. of Am.*, 775 F.2d 1107, 1121 n. 14 (Fed. Cir. 1985.) Patent counsel rely on this rule in drafting. The Patent Office relies on this rule during examination.² Courts, too, should remember

2. On September 24, 2018, USPTO Director Andre Iancu, in a speech to the Intellectual Property Owners Association (IPO) said regarding the state of § 101,

...IPO and AIPLA have joined forces recently and proposed new statutory language. ... As we all know, however, any legislative effort takes a long time, and the result is uncertain. In the meantime, the USPTO cannot wait. We have thousands of examiners who struggle with these issues on a daily basis. *Our examiners need additional guidance now. And so*

that the function of patents is to disclose inventions to those of skill in the art, in return for limited periods of exclusivity. Refusal by courts to properly consider the entire disclosure in order to justify summary invalidation of patents eviscerates all incentive to disclose, destroying the patent system.

The Federal Circuit stated, “Further, the claim language does not explain what is inventive about the zoom feature or explain how it is accomplished. REAL also has not pointed us to any portion of the specification

do patent applicants, patent owners, and the public.

Whether through legislation or otherwise, there is a growing consensus that the issue must be promptly addressed. In fact, several Federal Circuit judges have recently filed concurrences or dissents explaining the uncertain nature of the law and calling for change. In order to “work its way out of what so many in the innovation field consider are §101 problems,” Judge Lourie—in an opinion joined by Judge Newman—appealed to a higher authority. “Resolution of patent-eligibility issues requires higher intervention, hopefully with ideas reflective of the best thinking that can be brought to bear on the subject.” Judge Plager, in another case, noted that “the state of the law is such as to give little confidence that the outcome is necessarily correct.” He explained that, given current §101 jurisprudence, it is “near impossible to know with any certainty whether the invention is or is not patent eligible.” And he concluded that we currently have an “incoherent body of doctrine.” And Judge Linn explained that the abstract idea test is “indeterminate and often leads to arbitrary results.”

<https://www.uspto.gov/about-us/news-updates/remarks-director-iancu-intellectual-property-owners-46th-annual-meeting>

that fills this gap.” (Pet. App. 24a) The file histories of the patents-in-suit are part of the intrinsic record, and are universally relied-upon when interpreting any patent. As REAL detailed in its Petition, during oral argument REAL’s counsel specifically directed the Federal Circuit to the 218 page Appendix in the file history. (Pet. 20) The Federal Circuit’s refusal to consider the intrinsic record is clear error.

The District Court and the Federal Circuit ignored the extensive teaching contained in the specifications, the figures, and the appendices to the applications which matured into the patents-in-suit about the improvement in graphical user interface technology claimed in the Tornetta patents. What was said of the graphical user interface invention in *Trading Techs. Int’l. v. CQG, Inc.* should also have been said here, “[T]he graphical user interface system of these two patents is not an idea that has long existed, the threshold criterion of an abstract idea and ineligible concept.” *Trading Techs. Int’l. v. CQG, Inc.*, No. 2016-1616, slip op. at 4 (Fed. Cir. Jan. 18, 2017). The record here contains nothing that disproves this. Quite to the contrary, the prosecution history shows that the graphical user interface was, in the mid-1980s, a new method for using real estate information contained in a database.

Rather than examine the claims as a whole in light of the specification including the appendix, the District Court invalidated the ‘989 Patent by mere unsupported analogy to, “using a series of related maps that provide progressively greater detail...” (Pet. App. 67a) This approach, however, flies in the face of the Federal Circuit’s earlier construction of the claims, which *required* that the

zooming to display a higher level of detail step take place on a computer screen. This zooming step, as detailed in many pages of program flow charts in the appendix, does not use a “series of related maps” but instead generates the maps for display from digital cartographic data, displaying higher levels of detail, and thereby providing a superior graphical user interface to the database of properties. Both the Federal Circuit and the District Court recognized that printed maps are incapable of zooming, as described and claimed in the Tornetta patents. This improved graphical computer user interface is the essence of the Tornetta invention.

Moreover, the uncontroverted testimony of Dr. Shasha regarding his own experience and knowledge of the state of the art at the time the invention was made should, in the context of a motion for summary judgment, have been sufficient to create a genuine issue of material fact, thus precluding a grant of summary judgment. That both the District Court and the Federal Circuit *said* that they believed Dr. Shasha is belied by their refusal to actually credit his testimony. The judgments of courts must be measured by their outcomes, not merely by the lip service they afford.

II. Every Argument Advanced By REAL is Integral to the Question Presented

Move has taken the position that duly issued patents may be invalidated under *Alice* step 2 without factual findings about what is ordinary, routine and conventional. The ‘576 Patent was invalidated simply because it *appeared* to the District Court, without analysis, findings of fact or conclusions of law, that the ‘576 Patent was similar to the

'989 Patent. This Court should make it clear that *Alice* step 2 requires District Courts to make findings of fact sufficient to establish what was known, by whom and when in order to hold a claimed invention ordinary, routine and conventional.

The District Court's consolidation of REAL's suit into Move's declaratory judgment action is precisely the type of consolidation addressed in *Hall v. Hall*, 584 U.S. ____ (2018) (Pet. 24). Move argues that REAL had to concede invalidity of the '576 Patent in order to appeal. (Br. Opp. 14) This argument runs directly counter to the holding in *Hall*, that, "Rule 42(a) did not purport to alter the settled understanding ... that when one of several consolidated cases is finally decided, a disappointed litigant is free to seek review of that decision in the court of appeals." *Id.* REAL did not intend, nor did it concede invalidity of the 576 Patent. Under the holding in *Hall v. Hall*, REAL had the immediate right to appeal its case against the primary defendants and to proceed against the secondary defendants, and that right was abridged by the District Court's improper surprise invalidation of the '576 Patent, made evident only upon entry of judgment.

CONCLUSION

Federal Circuit Judge Plager has perhaps best expressed the frustration that Inventor Tornetta feels regarding the summary invalidation of his patents under § 101 without record findings of fact: “This emperor clearly has no clothes; we need not wait for our children to tell us this.” *Interval Licensing LLC v. AOL, Inc.*, No. 201602501, 2018 WL 3485608, at *9 (Fed. Cir. July 20, 2018) (Plager, J., dissenting-in-part).

For all of the foregoing reasons and those set forth in its Petition, Petitioner earnestly solicits this Court to grant its petition for a writ of certiorari to the Court of Appeals for the Federal Circuit, to vacate the decision of the Federal Circuit, and to remand for proceedings to establish sufficient facts upon which to properly decide all issues.

October 12, 2018 Respectfully submitted,
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