

No. 19-619

IN THE
Supreme Court of the United States

CISCO SYSTEMS, INC.,
Petitioner,

v.

SRI INTERNATIONAL, INC.,
Respondent.

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

REPLY BRIEF FOR PETITIONER

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ARGUMENT

Section 101 prohibits patenting an abstract idea like a computer algorithm or a mathematical formula, even if it improves the functioning of a computer or solves a new problem. *See Gottschalk v. Benson*, 409 U.S. 63, 64, 71-73 (1972); *Parker v. Flook*, 437 U.S. 584, 590 (1978). If that fundamental rule was not in place, a clever drafter could patent the Pythagorean Theorem, the Fibonacci Sequence, or $E=mc^2$, so long as the patent applied the equation in a new context or used it to solve a new problem. As this Court explained in *Alice*, the “prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use of [the idea] to a particular technological environment.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 222 (2014).

The Federal Circuit built upon this Court’s precedent in *Electric Power, LLC v. Alstom S.A.*, 830 F.3d 1350 (Fed. Cir. 2016), where it held that the mere collection and analysis of information is not patentable subject matter, regardless of whether it is limited to the “particular technological environment of power-grid monitoring,” *id.* at 1353-1355 (citing *Benson*, *Flook*, and *Alice*). Despite this precedent, the panel majority in this case held that patent claims describing nothing more than the abstract idea of collecting and analyzing information in the context of a computer network can survive § 101 review. That ruling cannot be squared with either *Electric Power* or the decisions from this Court upon which *Electric Power* is based. This Court’s review is thus necessary to ensure uniformity within the Federal Circuit and conformity with this Court’s own precedent.

Respondent wholly ignores *Benson* and *Flook*—binding precedent discussed in detail in the petition. See Pet. 3, 20-21 & nn. 5-6. And it dismisses *Alice* and *Electric Power* in a handful of cursory paragraphs without grappling with Petitioner’s arguments about why the Federal Circuit’s opinion in this case fundamentally clashes with those decisions. Opp. 14-15, 18-20. Instead, Respondent puts most of its eggs in a single basket, arguing this case is unfit for this Court’s review because the panel majority held that the patents describe a “specific technique” for collecting and analyzing information. See Opp. i, 1-2, 9-15, 17, 19-23. Because of this purportedly “claim-specific determination,” Respondent contends that the petition’s Question Presented—whether a patent claiming only the abstract idea of collecting and analyzing information survives § 101 review—is “made-up” and “not implicated.” Opp. 2, 9, 21.

Respondent is wrong. It notably does not dispute that the asserted patents do, in fact, claim the abstract idea of collecting and analyzing data. And neither Respondent nor the panel majority below has identified anything in the claims that goes beyond that basic idea. Indeed, Respondent’s own closing statement at trial emphasized that the claimed method does *not* have to collect or analyze information in any “special way.” See Pet. 8-9 (quoting C.A.J.A. 2934-2935). And while Respondent asserts that the claims include two “innovative” aspects, Opp. 11, the notion that a patent applies an abstract idea in a new technological context does not mean it can withstand § 101 review, see *Alice*, 573 U.S. at 222-223.

Nor does the panel’s supposedly “claim-specific determination” that the patents survive § 101 somehow immunize its decision from this Court’s review. If that

were so, this Court never would have issued its landmark rulings in *Alice*, *Mayo*, or *Myriad*—all of which arose from comparable “claim-specific” panel decisions.¹

At bottom, this case is about a divided panel’s attempt to push the bounds of patentable subject matter beyond the limits already set by both this Court and the Federal Circuit. This Court should grant certiorari to reaffirm that case law and to make clear that the abstract idea of collecting and analyzing information, standing alone, is not patentable—even if it purports to improve computer functioning or to solve a technological problem.

I. THE FEDERAL CIRCUIT’S DECISION CREATED AN INTRA-CIRCUIT SPLIT, WITH FAR-REACHING CONSEQUENCES

The decision below cannot be squared with the Federal Circuit’s ruling in *Electric Power*. See Pet. 12-18. *Electric Power* held invalid patents that—like those at issue here—merely claimed “gathering and analyzing information of a specified content” without also providing “a specific improvement” beyond that abstract idea. 830 F.3d at 1354; see App. 34a (Judge Lour-

¹ See *CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 685 F.3d 1341, 1353, 1353 (Fed. Cir. 2012) (panel “consider[ing] the scope and content of the [asserted] claims” and concluding they were “directed to statutory subject matter under § 101”); *Prometheus Labs., Inc. v. Mayo Collaborative Servs.*, 628 F.3d 1347, 1355 (Fed. Cir. 2010) (panel noting claims were patent-eligible because they “recite specific treatment steps” and “involve a particular application” of a natural law); *Association for Molecular Pathology v. PTO*, 689 F.3d 1303, 1330-1331 (Fed. Cir. 2012) (panel concluding claims that described “isolated DNA molecules” were patent-eligible because they “have a markedly different chemical structure compared to native DNAs”).

ie noting in dissent that the claims in this case are “hardly distinguishable” from *Electric Power*).

Respondent’s primary argument is that this case is distinguishable from *Electric Power* because the claims do in fact describe a “specific technique” for improving computer functioning. Opp. 14-15. Respondent, however, has no answer to one of Petitioner’s central points: the panel never identified what that purported specific technique was. *See* Pet. 15.² And while Respondent (at 11-12) identifies two aspects of its technology that it asserts are “innovative,” it notably does not claim that these aspects transform the patent claims into something beyond an abstract idea. This silence gives the game away, as it is well-established that “groundbreaking, *innovative*, or even brilliant discovery does not by itself satisfy the § 101 inquiry.” *Association for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 591 (2013) (emphasis added); *accord SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018) (“No matter how much of an advance in the finance field the claims recite, the advance lies entirely in the realm of abstract ideas, with no plausible ... innovation in the non-abstract application realm.”).³

² This disposes of Respondent’s assertion (at 10) that Petitioner failed to “directly acknowledge[]” the panel’s statement that there was a specific technique claimed.

³ As the petition explained, moreover, one of the named inventors on the asserted patents testified that the same two aspects of the patents that Respondent claims were innovative—the specific “network traffic data ... categories” and “hierarchical network monitors”—were both previously known by others and therefore *not* invented by him or the other named inventor. C.A.J.A. 1553-1554; *see* Pet. 7. Respondent (at 13-14) now apparently denies these points, but it offers no explanation for its own inventor’s testimony.

Respondent’s reticence is understandable, as neither purported “innovation” transforms the asserted claims into patentable subject matter. Respondent emphasizes (at 11) that the asserted claims describe a “*hierarchical*” system of network monitoring. But this is just jargon for the same concept as a police officer going out on her daily beat and reporting information up the chain of command. Pet. 4, 6, 18-19. Respondent also puts weight on the fact that the representative claim lists the categories of network traffic data to be monitored. But as noted above, the mere fact that an abstract idea is applied to “a particular technological environment” does not render it patentable. *See Alice*, 573 U.S. at 223; *accord Electric Power*, 830 F.3d at 1353-1355. Otherwise, a clever drafter could patent the Pythagorean theorem as a new surveying technique. *See* Pet. 21; *see also supra* p. 1.⁴

Respondent relatedly contends (at 9, 12, 17, 21) that whether the asserted claims actually claim an abstract idea is a “fact-bound” issue not appropriate for this Court’s review. This is incorrect on two levels. First, whether the patent is directed to an abstract idea is undisputedly a *legal* question, not a factual one. *See* Pet. 9 n.2. Second, *all* of this Court’s recent § 101 decisions rest heavily on a careful parsing of the claims at issue—presumably because explaining why one catego-

⁴ Respondent also relies (at 11-12) on a portion of the district court’s analysis. But the cited passage is not about whether the asserted claims are directed to an abstract idea. Rather, it involves the secondary question of whether the patents nevertheless claim an “inventive concept”—an issue the Federal Circuit did not reach. *See* App. 51a-52a; *see also infra* pp. 10-11. Regardless, the district court’s analysis makes the same legal error as Respondent—an abstract idea does not transform into patentable subject matter just because it is applied in a specific context.

ry of claim is permissible and another is not helps articulate broader legal principles. *See, e.g., Alice*, 573 U.S. at 221 (holding that patent claimed an abstract idea because “there is no meaningful distinction between the concept of risk hedging in *Bilski* and the concept of intermediated settlement here”). Indeed, the Court granted review in *Myriad* only to narrowly hold that one type of DNA was patentable under § 101 while another was not. *See* 569 U.S. at 580 (“[W]e hold that a naturally occurring DNA segment is a product of nature and not patent eligible ... but that cDNA is patent eligible because it is not naturally occurring.”).

Respondent also argues that there is no intra-circuit split between this case and *Electric Power* because the panel majority’s analysis relies on two *other* Federal Circuit decisions. Opp. 16-17 (citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016); *DDR Holdings, LLC, v. Hotels.com, L.P.*, 773 F.3d 1245 (Fed. Cir. 2014)). But both of these decisions predate—and are discussed in—*Electric Power*, which explained that they involved patents that claimed, respectively, (1) a new type of data structure that improved the way a computer stores and retrieves memory and (2) a novel way of displaying websites. Pet. 20-21 nn.5-6; *see Electric Power*, 830 F.3d at 1354-1355. *DDR* and *Enfish* are thus far removed from this case, as the claims at issue here include no similar, tangible improvements. Moreover, if those two decisions are read in the maximalist manner advocated for by the panel majority here, they cannot be squared with *Benson* or *Flook*. Pet. 20-21 nn.5-6. Respondent, tellingly, has no answer to this point.

Finally, Respondent asserts (at 15) that there can be no real intra-circuit split because the panel below did not expressly disagree with the legal principles laid out

in *Electric Power*. But the only supposed distinction from *Electric Power* that the majority could muster—that it involved the use of a computer as a tool rather than an improvement to the functionality of computers, App. 14a—is illusory. As discussed above, there is nothing in the asserted claims here that lists specific means for improving the functionality of a computer; rather, they simply implement on a computer the well-known concept of collecting and analyzing data. See *supra* pp. 3-4; *accord* App. 32a (Lourie, J., dissenting).

Indeed, following the panel majority’s decision, other actors in the patent system have been unable to draw a unified explanation for why *Electric Power* comes out one way and this case the other. The Patent Office, for example, has concluded that the *Electric Power* rule applies when claim limitations can be performed in the human mind and the *SRI* rule applies when they cannot—a distinction that makes little sense. See Pet. 16-17. And district courts have divided on whether to adopt the panel majority’s explanation for *Electric Power*, the Patent Office’s explanation, or a hybrid approach.⁵

Respondent has no real explanation for this burgeoning confusion. Its only argument is that it is not novel to distinguish between claims that recite a mental

⁵ See *Blackbird Tech v. Uber Techs., Inc.*, 2020 WL 58535, at *7 (D. Del. Jan. 6, 2020) (relying on panel’s computer-as-a-tool distinction); *Gracenote, Inc. v. Free Stream Media Corp.*, 2019 WL 5684491, at *7 (D. Del. Nov. 1, 2019) (same); *United Servs. Auto. Ass’n v. Wells Fargo Bank, N.A.*, 2019 WL 5551429, at *7-8 (E.D. Tex. Oct. 28, 2019) (relying on PTO’s human-mind distinction); *Linksmart Wireless Tech., LLC v. Caesars Entm’t Corp.*, 2019 WL 7116101, at *5-6 (D. Nev. Dec. 23, 2019) (decision below—and not *Electric Power*—governed because the claims required a specific machine that could not be replicated in the human mind).

process and those that cannot practically be performed in the human mind. Opp. 17-18. That is true, but irrelevant. The point is that the Patent Office has had to come up with a different doctrinal explanation than the panel majority below used for how to reconcile *Electric Power* with this case—and neither the panel majority’s distinction nor the Patent Office’s ultimately holds water. See Pet. 17.

II. AS RESPONDENT FAILS TO DENY, THE FEDERAL CIRCUIT’S DECISION CANNOT BE SQUARED WITH THIS COURT’S SECTION 101 CASE LAW

The decision below requires this Court’s review for a second reason: it cannot be reconciled with *Alice* or its predecessors *Benson* and *Flook*. Pet. 18-22. *Alice* holds that “simply implementing a mathematical principle” like an algorithm “on a physical machine ... is not a patentable application of that principle”—a patent must improve on an “existing technological process.” 573 U.S. at 222-224. *Benson* and *Flook* clarify that an abstract idea does not become patentable simply because it improves computer functioning or solves an important problem. Pet. 20-21. *But see* App. 14a (panel majority distinguishing *Alice* because claims “improve[] the technical functioning of [a] computer”).

Tellingly, Respondent does not mention *Benson* or *Flook*—not even once—even though the petition discussed them at length. See Pet. 3, 20-21 & nn. 5-6. Nor does Respondent bother to address Petitioner’s explanation for why *Alice* cannot reasonably be read to hold that an abstract idea that improves computer functioning, without more, is patentable. Compare Pet. 19-20, with Opp. 18-21.

Respondent’s only argument for why *Alice* does not apply—beyond its irrelevant (and inaccurate) contention that the asserted claims are specific and innovative, *see supra* pp. 4-5—is that the claims have survived separate invalidity challenges under the anticipation and obviousness doctrines. Opp. 19-20; *see* 35 U.S.C. § 102 (anticipation); 35 U.S.C. § 103 (obviousness). (Respondent also insinuates (at 4-5) that the District of Delaware, the Federal Circuit, and the Patent Office have all upheld the validity of the asserted patents, but none of those decisions involved a § 101 challenge.)

The reference to anticipation and obviousness is nothing more than a diversion. This Court has long held that those two doctrines are analytically distinct from patent-eligibility under § 101. *E.g.*, *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 91 (2012) (“declin[ing] ... to substitute §§ 102 [and] 103 ... inquiries for the better established inquiry under § 101”). This rule makes good sense—basic concepts like the Pythagorean theorem or collecting and analyzing data, even if applied in a new and nonobvious context, are not patentable under § 101 precisely because they are the kind of “building blocks of human ingenuity” that no one should have ownership over. *See Alice*, 573 U.S. at 216.

III. THIS CASE IS AN EXCELLENT VEHICLE TO REAFFIRM THE SCOPE OF SECTION 101

This case is a strong vehicle to make clear that a patent directed to collecting and analyzing information claims nothing more than an abstract idea. Pet. 22-23. *First*, the issue is outcome determinative—if this Court concludes that the asserted claims are invalid under § 101, this litigation is over. *Second*, the decision below is published and provides its (flawed) reasoning in de-

tail. *Third*, the question presented will not benefit from further percolation in the Federal Circuit.

Respondent makes three basic arguments in response, all of which are flawed. *First*, Respondent contends that if certiorari were granted, there would be no dispute over the principle that collecting and analyzing data is an unpatentable, abstract idea. Opp. 21. This is simply incorrect. Respondent is defending the ruling below, which cannot be squared with that basic principle or with this Court’s decisions in *Alice*, *Benson*, and *Flook*. See *supra* pp. 8-9.

Second, Respondent points to the “manner in which petitioner has litigated this case,” asserting that Petitioner used “aggressive litigation tactics.” Opp. 22-23 n.5. This accusation is both irrelevant and inaccurate. It is irrelevant because whether certiorari should be granted turns on the merits of the § 101 ruling rather than party conduct. See S. Ct. R. 10. And it is inaccurate because Respondent’s lone citation for “aggressive” tactics below is to a quote from the district court’s ruling on attorney’s fees. Opp. 23. Respondent misleadingly leaves out that the Federal Circuit panel *vacated* the district court’s award of enhanced damages and attorneys’ fees, on the grounds that both were based in part on the jury’s erroneous finding that Petitioner had willfully infringed. App. 27a-29a.⁶

Finally, Respondent urges that the § 101 issue is not “outcome-determinative” because the panel did not

⁶ Respondent’s unexplained assertion (at 23) that the § 101 issue is a “late-bloomer” is a non-sequitur. Respondent has never argued that the § 101 issue is waived; nor could it. See Dist. Ct. Dkt. 9 at 5 (Petitioner’s Answer raising § 101 as affirmative defense); App. 38a-39a (district court noting that Petitioner raised § 101 issue in summary judgment motion).

address whether, even if the asserted claims are directed to an abstract idea under step one of the *Alice* framework, they also claim a patent-eligible inventive concept under *Alice* step two. Opp. 22. As explained in the petition, however, this is a straightforward question of law that could and should be resolved by this Court in the first instance. *See* Pet. 22 n.7. At a minimum, any clarification of the legal standard for *Alice* step one could be addressed on remand to the Federal Circuit, where Petitioner could receive full relief. To be clear, there is no doctrine or ruling beyond the § 101 issue that stands in the way of a litigation victory for Petitioner.

CONCLUSION

This Court should grant the petition for writ of certiorari.

Respectfully submitted.

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