

No. 21-1056

IN THE
Supreme Court of the United States

UNIVERSAL SECURE REGISTRY LLC,
Petitioner,

v.

APPLE INC., ET AL.,
Respondents.

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

**BRIEF OF PAUL R. MICHEL AS *AMICUS CURIAE*
IN SUPPORT OF PETITIONER**

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INTEREST OF *AMICUS CURIAE*¹

Amicus curiae Paul R. Michel is a former U.S. Circuit Judge of the U.S. Court of Appeals for the Federal Circuit, appointed in 1988. He served as Chief Judge until his retirement in 2010. Since his retirement, *Amicus* has remained active in patent policy discussions, working to help ensure that U.S. patent laws and policy are geared to achieving the proper balance between incentivizing innovation and allowing free-market competition.

The present case is of concern to *Amicus* because it represents a continuing trend in rulings that appear to be the product uncertainty attributable to the current trend in patent-eligibility jurisprudence. The outcome here is one example, and it will likely yield practical negative ramifications that threaten to undermine the innovation-promoting goals of U.S. patent law. Innovation is an increasingly important factor for the United States to remain competitive in the global marketplace, and the Nation's patent laws should be applied in a manner that maximizes the U.S. innovation ecosystem.

SUMMARY OF ARGUMENT

Federal courts, the U.S. Patent and Trademark Office, and patent lawyers alike have become

¹ Pursuant to Supreme Court Rule 37.2, the parties were given timely notice of the intent to file this brief, and all parties provided written consent to its filing. Pursuant to Supreme Court Rule 37.6, no counsel for any party authored this brief in whole or in part and that no entity or person, aside from *Amicus Curiae* and his counsel, made any monetary contribution toward the preparation or submission of this brief.

fundamentally inured to the two-step test for patent eligibility under 35 U.S.C. § 101 that was established by *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), and *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014). Whenever patent eligibility is mentioned, the two-part test is reflexively invoked, without any further consideration of the test’s foundation. But at the ten-year mark since the Court decided *Mayo*, it is time to ask more careful questions about the two-part test. And the present case is a proper vehicle for asking those questions.

The importance of improving patent eligibility law cannot be overstated. Section 101 is now the *de facto*, critical barrier to reliable patent protection for critical 21st-century technologies, including medical diagnostics, clean and sustainable energy, artificial intelligence, cutting-edge medical and biotechnology innovation, such as gene therapy. To support and foster the necessary innovation and investment, U.S. patent laws need to provide reliable and predictable protections for innovation. But as one leading law professor (among many others) has noted, “[t]he law of patentable subject matter is a mess.” It needs to be fixed.

This Court can and should fix the current situation with patent eligibility law under § 101. The best way to fix the law is to accurately assess the legal underpinnings of the now-prevalent *Mayo/Alice* test. *Amicus* respectfully suggests that the Court use the current case to reign in the appeals court’s overly broad application of the *Mayo/Alice* test and its continued overexpansion of that test—an overextension

that has led to a conflation of the requirements of patentability and patent eligibility.

ARGUMENT

I. Patentability Versus Eligibility

Both *Mayo* and *Alice*, decided just two years apart, were unanimous. Through those decisions, this Court created the now ubiquitous two-part test that has since been applied in hundreds, if not thousands, of cases decided by the Federal Circuit and the federal district courts. Furthermore, ten years have elapsed since *Mayo* and eight years since *Alice*, which extended *Mayo* to all technologies. Some may question why there is a need to examine the *Mayo/Alice* test's foundation at this late date.

The reason is simple: If the now-ubiquitous *Mayo/Alice* test's foundation is lacking or shaky, the test should be reassessed and is a fair candidate to be applied in a manner that stays truer to the Constitution's goal of promoting the progress of the useful arts. This reassessment does not—and need not—require an overruling of the *Mayo/Alice* test, but it would allow a more faithful application of Supreme Court precedent to respect the objective of the Constitution's Patent Clause.

As explained in more detail elsewhere, the *Mayo* and *Alice* opinions rely on pre-1952 cases, but those earlier cases seemed to be analyzing patentability, not patent eligibility. These earlier decisions employ the word “patentable” throughout. They contain no reference to “eligibility.”

More tellingly, *Mayo* relies on *Parker v. Flook*, 437 U.S. 584 (1978), and its invocation of “inventive concept.” When we scrutinize *Flook*, however, it uses the term only twice and without quoting or even citing any precedent. The opinion of the Court, written by Justice Stevens, says simply: “Even though a phenomenon of nature or a mathematical formula may be well known, an inventive application of the principle may be patented. Conversely, the discovery of such a phenomenon cannot support a patent unless there is some other inventive concept in its application.” *Flook*, 437 U.S. at 594.

The Supreme Court precedent cited in *Flook* is similarly silent about the “inventive concept” paradigm. None of the older cases—*Funk Brothers Seed Co. v. Kalo Co.*, 333 U.S. 127 (1948), and *Mackay Radio & Telegraph Co. v. Radio Corp. of America*, 306 U.S. 86 (1939)—mentioned “inventive concept.” The same is true for *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972), which states that “one may not patent an idea,” but does not employ the “inventive concept” test. Thus, we are left with a line of cases offering almost no support for *Flook*’s reliance on “inventive concept.”

On that shaky ground we next have the Court’s decision in *Diamond v. Diehr*, 450 U.S. 175 (1981), decided three years after *Flook*. The Supreme Court in *Diehr* clearly held that the concept of “inventiveness” has no place in the eligibility analysis. In fact, Justice Stevens—the author of a 6-3 *Flook* majority—complains in his 4-5 *Diehr* dissent that the Court is “trivializing” *Flook*’s “inventive concept.” Along with *Diehr*’s condemnation of improper dissecting of

claims, one can readily conclude that *Diehr* overruled at least this aspect of *Flook*'s reasoning.

Notwithstanding this shaky foundation, Justice Breyer (as author of the *Mayo* opinion) repeatedly relied on the idea of "conventional" as a synonym for a lack of "inventive concept." Thus was "inventive concept" resurrected from *Flook* after its burial in *Diehr*. Yet, the *Mayo* decision purported to follow *Diehr* as well as *Flook*, which it expressly recognized as the closest precedents.

The conclusion therefore seems inescapable: "inventive concept" as a key requirement for establishing patent eligibility finds little support in the precedent. The shaky ground must be considered by courts when applying the *Mayo/Alice* test.

Furthermore, *Mayo* misapplied a second, separate rationale within *Flook*. *Mayo* overlooked the other *Flook* holding (which *Diehr* did not reject): a claim is "directed to" an exemption only if the claim essentially covers the exemption "itself." In other words, the § 101 judicial exemptions apply only when the claim is to nothing less or more than the natural phenomenon or is to the abstract idea, such as a mathematical formula.

II. The Current Patent-Eligibility Law Is Unreliable And Is Adversely Affecting Innovation

Some might respond to the above analysis by arguing that it is merely an academic issue, but it is much more than that. The ubiquitous and overly broad application of the "inventive concept" requirement is a barrier to patent eligibility that lacks solid

precedential support. This “inventive concept” barrier is causing substantial harm to inventors and innovators, and it is thus extremely detrimental to the U.S. innovation economy.

In fact, the case law on patent eligibility is so confusing, complex, unclear, inconsistent, and unpredictable that it cannot be soundly applied by the system’s vast number of users. They number in the many, many thousands, even hundreds of thousands: 260 PTAB judges; 8,200 patent examiners; many, many thousands of patent prosecutors; thousands of litigators; hundreds of thousands of inventors who file the half a million patent applications per year; innumerable licensing executives, venture-capital investors, bankers, private equity fund leaders, and corporate executives; and hundreds of district court judges.

These participants in the patent system and the innovation economy all need clarity and predictability. But it is absent. They cannot decipher the case law even if the judges of the Federal Circuit and the various district courts have a better handle on the law. The result, unavoidably, is less innovation. Why? Because all these commercial actors follow the simple caution: when in doubt, do not commit time and money in high-risk endeavors, which is what innovation always is.

Worse yet, the law keeps changing so observers cannot keep up, much less predict future nuances and shifts. Indeed, take the following explanation of “inventive concept”: “An inventive concept reflects something more than the application of an abstract idea using well-understood, routine, and conventional activities previously known to the industry.” *Cellspin*

Soft, Inc. v. Fitbit, Inc., 927 F.3d 1306, 1316 (Fed. Cir. 2019). How are innovators to have any clue as to what “something more” means?

We also see the § 101 analysis growing like an amorphous blob, serially incorporating more notions arising from distinct sections of the Patent Act. Section 101 started as a threshold, separate analysis. Then we see § 101 sounding more like an obviousness analysis under § 103 or a novelty analysis under § 102. Then we see cases where § 101 steals concepts from § 112(a) and (b). Soon enough, we will need only § 101 to decide all aspects of patentability.

David Kappos (former Director of the U.S. Patent and Trademark Office) called patent-eligibility law “a mess” in his June 2019 Senate testimony.² As the lead-off witness at the same hearing, the present *Amicus* called out the “chaos” that is the *Mayo/Alice* regime, as applied by the lower courts and the Patent Office. The uncertainty unfortunately continues, to the detriment of so many innovators, technology entrepreneurs, and others.

A recent decision exemplifies the problem. We are now in a place where a claim directed to “an improved digital camera” is not even eligible for patent protection—without any consideration of the invention’s novelty, nonobviousness, and usefulness. *Yu v. Apple Inc.*, 1 F.4th 1040, 1046 (Fed. Cir. 2021) (holding that claims to “an improved digital camera” were not

² Hearing Before the Subcomm. on Intellectual Prop. of the S. Comm. on the Judiciary, 116th Cong. (2019) (statement of David J. Kappos).

patent-eligible under 35 U.S.C. § 101), *cert. denied* (Feb. 22, 2022).

Anyone with a little knowledge of patent law history will appreciate the irony of the outcome in *Yu*. It was not all that long ago when Polaroid won one of the largest patent infringement judgments against Kodak for instant photography. Just as instant photography revolutionized consumer access to photographs, so have advances in digital photography. But now the law has been so transmogrified that a digital photography innovation is deemed to lack an “inventive concept.”

This Court has denied all petitions raising issues under § 101 since *Mayo* upended the law in 2012. Congress has failed to act during that same time, even though numerous Congressmembers and witnesses at Congressional hearings have identified harm to innovation being caused the current legal uncertainty. This Court must rationalize the law of patent eligibility to ensure that innovation is being properly rewarded. If the law is not rationalized, the consequences for the U.S. innovation community (including inventors and investors) are extremely worrisome. Inventions that are ineligible here are eligible in Europe and Asia, including China—now the main economic rival to the United States. And China threatens to overtake U.S. leadership in all the advanced technologies of the 21st century and is massively investing, while U.S. investments in patent-dependent technologies have stalled.

III. The Present Case Appears To Be Symptomatic Of The Flawed Underpinnings of the *Mayo/Alice* Test And The Incorrect Revival Of “Inventive Concept” As A Requirement For Patent Eligibility

The case of the present petition for certiorari appears to be another victim of the shaky “inventive concept” requirement. Petitioner has aptly raised several problems with the decision of the appeals court, and *Amicus* believes that Petitioner correctly identifies the several problems with the Federal Circuit’s analysis. The Court should reconcile the law with respect to each flaw identified by Petitioner.

Here, though, *Amicus* focuses on a particularly troublesome requirement now imposed by the Federal Circuit: a “specificity” requirement to break through the *Mayo/Alice* patent-eligibility barrier. The novel “specificity” requirement is a further imposition beyond the questionable “inventive concept” paradigm taken from *Mayo*.

As the Petition aptly identifies, the decision of the appeals court begins by imposing a “specificity” analysis. *See* Pet. 16 (quoting the Federal Circuit’s decision: “In cases involving authentication technology, patent eligibility often turns on whether the claims provide sufficient specificity to constitute an improvement to computer functionality itself.”). Like “inventive concept,” a “specificity” requirement is nowhere to be found in § 101. Despite the lack of support in the statute, the Federal Circuit doubled down on this alleged requirement of “specificity” for patent eligibility, for example, by holding that the “claims do not include sufficient specificity.” App. 22a. How are

users to know what “sufficient specificity” is in the context of patent eligibility?

It is no exaggeration to say that, no more than ten years ago, if anyone involved in patent law had read the phrase “the claims do not include sufficient specificity,” the only section of Title 35 one would think of would be § 112, for the definiteness requirement. It is amazing and shocking how, despite *Diehr*, the separate statute provisions, such as §§ 102, 103, and 112, are now being imported into patent eligibility.

As noted, the Petition ably identifies other issues with the panel’s opinion that warrant rehearing. For instance, the Petition carefully explains why the appeals court’s decision improperly imposes an “unexpected results” requirement on the patent-eligibility analysis. Pet. 20–22. “Unexpected results” is a concept used for obviousness. *See Graham v. John Deere Co.*, 383 U.S. 1, 17–18 (1966). If the “unexpected results” requirement, the “specificity” requirement, and the other new eligibility requirements are allowed to stand, then we will see only further confusion and uncertainty in patent law.

To that point, nary a week passes without another decision that highlights the confusion and uncertainty in patent-eligibility law. One recent decision is *CosmoKey Solutions GmbH & Co. KG v. Duo Security LLC*, 15 F.4th 1091 (Fed. Cir. 2021). There, the court unanimously held as eligible claims directed to “an authentication method that is both low in complexity and high in security.” *Id.* at 1093. The holding in *CosmoKey*, on its face, appears difficult to reconcile with the opposite outcome in the present case. Petitioner’s

invention and the invention in *CosmoKey* both involve conducting computer-based secure transactions.

Perhaps more important, though, is that even the panel in *CosmoKey* could not agree on the proper analysis under *Alice*. In his concurrence, Judge Reyna explained that he found “nothing in *Alice* that provides for skipping the first step or for conflating the two steps into one,” as the majority did. *Id.* at 1100; *see id.* (“Nor does the majority cite any authority that specifically permits skipping step one.”).

Another recent decision similarly adds confusion through its application of the apparent “specificity” requirement. In *Mentone Solutions LLC v. Digi International Inc.*, No. 2021-1202, 2021 WL 5291802 (Fed. Cir. Nov. 15, 2021) (non-precedential), the Federal Circuit reversed the district court’s holding that the claim at issue was not patent eligible. There, the claim was directed to a “multiple access communication method in a mobile station.” *Id.* at *2. The Federal Circuit concluded that the claim was patent eligible. In doing so, the court relied on precedent that required “specific asserted improvements” as a focus of the claim. *Id.* at *3 (“In cases involving software, step one often ‘turns on whether the claims focus on specific asserted improvements in computer capabilities or instead on a process or system that qualifies [as] an abstract idea for which computers are invoked merely as a tool.’” (quoting *Uniloc USA, Inc. v. LG El-ecs. USA, Inc.*, 957 F.3d 1303, 1306–07 (Fed. Cir. 2020))).

Again the result is an uncertain application of this new “specificity” requirement in the context of patent eligibility. On the one hand, we have a positive

outcome for the inventor in the non-precedential *Mentone Solutions* case. But at the same time, Petitioner here is left without patent protection when applying the same specificity requirement.

These recent cases are particularly troubling given the apparent importance of the invention at issue in this case. The invention allows users to conduct secure transactions on their personal hand-held devices using biometric, touch, or click input. Pet. 5. This type of innovation is precisely the type that should be *eligible* for U.S. patent protection. Whether Petitioner's claimed invention satisfies the other requirements for patent protection—namely, novelty, nonobviousness, and utility—is and should be a separate analysis.

CONCLUSION

For the foregoing reasons, *Amicus Curiae* the Honorable Paul R. Michel (ret.) respectfully submits that the Court should grant the petition.

Respectfully submitted,

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