

No. 21-1056

---

IN THE  
**Supreme Court of the United States**

---

UNIVERSAL SECURE REGISTRY LLC,  
*Petitioner,*

*v.*

APPLE INC., VISA INC., VISA U.S.A. INC.,  
*Respondents.*

---

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

---

**RESPONDENTS' JOINT BRIEF IN OPPOSITION**

---

STEFFEN N. JOHNSON  
WILSON, SONSINI,  
GOODRICH & ROSATI, PC  
1700 K Street NW  
Washington, DC 20006

JAMES C. YOON  
WILSON, SONSINI,  
GOODRICH & ROSATI, PC  
650 Page Mill Road  
Palo Alto, CA 94304

*Counsel for Visa Inc. and  
Visa U.S.A. Inc.*

MARK D. SELWYN  
*Counsel of record*  
THOMAS G. SPRANKLING  
LIV HERRIOT  
WILMER CUTLER PICKERING  
HALE AND DORR LLP  
2600 El Camino Real, Ste. 400  
Palo Alto, CA 94306  
(650) 858-6000  
mark.selwyn@wilmerhale.com

*Counsel for Apple Inc.*

---

## **QUESTION PRESENTED**

Whether patent claims that describe using generic computer components to route personal financial information to a third-party intermediary so as to mitigate information security risks are unpatentable under 35 U.S.C. § 101 and *Alice Corp. Pty. Ltd. v. CLS Bank International*, 573 U.S. 208 (2014).

## **CORPORATE DISCLOSURE STATEMENT**

Apple Inc. has no parent company, and no publicly held corporation owns 10% or more of its stock.

Visa Inc. has no parent corporation, and no publicly held corporation owns 10% or more of its stock.

Visa U.S.A. Inc. is a wholly owned subsidiary of Visa Inc.

**TABLE OF CONTENTS**

	Page
QUESTION PRESENTED.....	i
CORPORATE DISCLOSURE STATEMENT.....	ii
TABLE OF AUTHORITIES .....	iv
INTRODUCTION .....	1
STATEMENT .....	5
A. The Patents.....	5
B. Proceedings Below.....	8
REASONS FOR DENYING THE PETITION .....	12
I. THIS COURT HAS REPEATEDLY CONCLUDED THAT THE FEDERAL CIRCUIT’S APPLICATION OF THE <i>ALICE</i> STANDARD DOES NOT MERIT REVIEW .....	12
II. THIS CASE WOULD BE A PARTICULARLY POOR VEHICLE TO RECONSIDER THE SECTION 101 ANALYSIS .....	13
A. The Patent Claims Are Strikingly Close To Those At Issue In <i>Alice</i> .....	14
B. The Decision Below Involves A Run- Of-The-Mill Application Of Law .....	15
C. USR’s Patent Claims Would Likely Be Invalidated Even If The Section 101 Ruling Were Reversed.....	20
III. THIS CASE IS FAR-REMOVED FROM—AND SHOULD NOT BE HELD FOR— <i>AMERICAN</i> <i>AXLE</i> .....	21
CONCLUSION .....	22

**TABLE OF AUTHORITIES**

**CASES**

	Page(s)
<i>Alice Corporation Party Ltd. v. CLS Bank International</i> , 573 U.S. 208 (2014).....	<i>passim</i>
<i>Ancora Technologies, Inc. v. HTC America, Inc.</i> , 908 F.3d 1343 (Fed. Cir. 2018) .....	10, 17
<i>Bilski v. Kappos</i> , 561 U.S. 593 (2010).....	14
<i>Boom! Payments, Inc. v. Stripe, Inc.</i> , 839 F. App'x 528 (Fed. Cir. 2021).....	22
<i>CLS Bank International v. Alice Corporation Party Ltd.</i> , 717 F.3d 1269 (Fed. Cir. 2014) .....	16
<i>CosmoKey Solutions GmbH &amp; Company KG v. Duo Security LLC</i> , 15 F.4th 1091 (Fed. Cir. 2021) .....	17
<i>Electronic Communication Technologies, LLC v. Shopperschoice.com, LLC</i> , 958 F.3d 1178 (Fed. Cir. 2020) .....	9-10
<i>Enfish LLC v. Microsoft Corp.</i> , 822 F.3d 1327 (Fed. Cir. 2016) .....	16
<i>Ericsson Inc. v. TCL Communication Technology Holdings Ltd.</i> , 955 F.3d 1317 (Fed. Cir. 2020) .....	13, 17
<i>Mayo Collaborative Services v. Prometheus Laboratories, Inc.</i> , 566 U.S. 66 (2012) .....	2
<i>Prism Technologies LLC v. T-Mobile USA, Inc.</i> , 696 F. App'x 1014 (Fed. Cir. 2017).....	10
<i>Prism Technologies LLC v. T-Mobile USA, Inc.</i> , 138 S. Ct. 689 (2018) .....	12

**TABLE OF AUTHORITIES—Continued**

	Page(s)
<i>Secure Mail Solutions LLC v. Universal Wilde, Inc.</i> , 873 F.3d 905 (Fed. Cir. 2017).....	9
<i>Secured Mail Solutions LLC v. Universal Wilde, Inc.</i> , 138 S. Ct. 2000 (2018).....	12-13
<i>Solutran, Inc. v. Elavon, Inc.</i> , 931 F.3d 1161 (Fed. Cir. 2019) .....	10
<i>Solutran, Inc. v. Elavon, Inc.</i> , 140 S. Ct. 2515 (2020) .....	13
<i>TecSec, Inc. v. Adobe Inc.</i> , 978 F.3d 1278 (Fed. Cir. 2020) .....	16, 17
<i>United States v. Wells</i> , 519 U.S. 482 (1997) .....	18

**DOCKETED CASES**

<i>American Axle &amp; Manufacturing, Inc. v. Neapco Holdings LLC</i> , No. 20-891 (U.S.) .....	4, 21, 22
<i>Apple Inc. v. Universal Secure Registry LLC</i> , Nos. 20-1222, 20-1234, 20-1330 (Fed. Cir.) .....	20
<i>Apple Inc. v. Universal Secure Registry LLC</i> , IPR2018-00067 (PTAB) .....	20
<i>Apple Inc. v. Universal Secure Registry LLC</i> , IPR2018-00809 (PTAB) .....	20
<i>Apple Inc. v. Universal Secure Registry LLC</i> , IPR2018-00813 (PTAB) .....	20
<i>Athena Diagnostics, Inc. v. Mayo Collaborative Services, LLC</i> , No. 19-430 (U.S.) .....	13

**TABLE OF AUTHORITIES—Continued**

	Page(s)
<i>Hikma Pharmaceuticals USA Inc. v. Vanda Pharmaceuticals Inc.</i> , No. 18-817 (U.S.) .....	13
<i>HP Inc. v. Berkheimer</i> , No. 18-415 (U.S.) .....	13
<i>Visa Inc. v. Universal Secure Registry, LLC</i> , No. 20-1662 (Fed. Cir.).....	20
<i>Yu v. Apple Inc.</i> , No. 21-811 (U.S.).....	12

**STATUTORY PROVISIONS**

35 U.S.C. § 101 .....	1, 8
-----------------------	------

**OTHER AUTHORITIES**

Ning, Sunnie, Note, <i>Stabilizing Alice for Abstract Ideas: A Case for Federal Circuit to Turn to USPTO Guidance</i> , 34 Harv. J.L. & Tech. 3 (2021) .....	12
Perry, Mark A. & Jaysen S. Chung, <i>Alice at Six: Patent Eligibility Comes of Age</i> , 20 Chi.-Kent J. Intell. Prop. 64 (2021) .....	12

IN THE  
**Supreme Court of the United States**

---

No. 21-1056

---

UNIVERSAL SECURE REGISTRY LLC,  
*Petitioner,*

*v.*

APPLE INC., VISA INC., VISA U.S.A. INC.,  
*Respondents.*

---

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

---

**INTRODUCTION**

Eight years ago, this Court unanimously held that a “computer-implemented scheme for mitigating ... the risk that only one party to a financial transaction will pay what it owes ... by using a third-party intermediary” describes a “patent-ineligible abstract idea” under 35 U.S.C. § 101. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 212 (2014). Although *Alice* stated that patent claims that “purport to improve the functioning of the computer itself” might survive Section 101 scrutiny, claims that “amount to ‘nothing significantly more’ than an instruction to apply [an] abstract idea ... using ... generic computer” components do not. *Id.* at 225-226.

Since *Alice*, this Court has denied dozens of petitions for certiorari asking this Court to clarify, modify,



or overturn the principles established in *Alice* and *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), including in three of the cases that the court below cited in support of its decision. But even apart from these repeated denials of certiorari, this case would be an especially poor vehicle to break from this Court’s practice of allowing Section 101 doctrine to develop in the lower courts. Universal Secure Registry’s (“USR”) patent claims recite nothing more than the type of abstract concept that this Court and the Federal Circuit have long held patent-ineligible—regardless of the test applied.

Specifically, the patents describe the “secure verification of a person’s identity,” Pet. App. 40a, a basic practice as old as banking and commerce itself. Financial institutions and payment systems have always needed a way to confirm that the person seeking to access an account is entitled to do so—by using, for example, personal information like a birth date, signature, or photo identification. The patent claims here do not provide a technological advance over longstanding practices that accomplish this end. Even the claim that USR identifies as “illustrative” (Pet. 7) boils down to “receiving a transaction request, verifying the identity of a customer and merchant, [and] allowing a transaction”—sweeping language that provides no specific technique or otherwise unconventional way of performing the claimed function. Pet. App. 12a.

As the unanimous panel below recognized, these claims fall squarely under this Court’s ruling in *Alice*. Just as *Alice* invalidated “a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate ... risk[s],” 573 U.S. at 219, this case “[s]imilarly” involves claims that “allow[] a financial transaction between two parties using a

third-party intermediary to mitigate information security risks,” Pet. App. 14a. And as *Alice* confirms, using generic computer components for “sending data to a third party as opposed to the merchant” is simply re-routing information, not a patentable improvement to computer security. *Id.*

USR contends that the Federal Circuit blurred the lines between *Alice*’s first and second steps. In reality, the court applied each step to each representative claim, discussing at length both the relevant passages of the specification and each claim, and carefully comparing them to claims analyzed in prior cases. Pet. App. 9a-12a. Moreover, USR itself acknowledged below that “there is significant overlap between step one and step two considerations,” and it repeatedly advanced the same basic points as arguments that could “[a]lternatively” be adopted at either step. C.A. Opening Br. 26, 31, 40, 46, 51.

USR’s assertion that the decision below introduced new and unfounded specificity, unconventionality, and unexpected results requirements is equally untenable. The Federal Circuit’s recognition that computer-related inventions must claim specific asserted improvements in computer capabilities rather than an abstract process for which computers are merely invoked as a tool flows logically from *Alice*’s holding that “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” 573 U.S. at 223. The same is true of the court’s passing references to “unconventionality” and “unexpected results.” Indeed, USR repeatedly argued below that the claims satisfied Section 101 precisely because they purport to “improve[] the functionality of prior art conventional electronic transaction systems in a specific and unconventional way.” USR C.A. Reply

Br. 5-6 (discussing the illustrative claim). The court of appeals cannot be faulted for rejecting USR's argument using USR's own terminology.

Moreover, even if this Court were to take up and reverse the Section 101 ruling below, the underlying patent claims would likely be invalidated on other grounds. Although USR strongly implies (at 33) that the asserted claims have survived all possible validity challenges, many were invalidated by the Patent Office and the handful that remain are the subject of Federal Circuit appeals that have been stayed pending the resolution of this case.

The weakness of the asserted claims, coupled with their similarity to the claims in *Alice*, confirms that this case should not be held for *American Axle & Manufacturing, Inc. v. Neapco Holdings LLC*, No. 20-891. *American Axle* involves wholly distinct claims—to a concrete process for developing an improved automobile drive shaft—as well as distinct legal questions and a controversial decision that evenly split the *en banc* Federal Circuit and prompted five separate opinions concerning whether to rehear the case *en banc*. The panel decision below, in contrast, was unanimous and did not even prompt a call for a response to USR's *en banc* petition, let alone a vote on *en banc* review.

In sum, the unanimous decision below applied Section 101 in a wholly uncontroversial manner that is in line with the longstanding precedent of this Court and the Federal Circuit. The petition for a writ of certiorari should be denied.

**STATEMENT****A. The Patents**

1. USR’s four patents—U.S. Patent Nos. 8,856,539 (“539 patent”), 8,577,813 (“813 patent”), 9,100,826 (“826 patent”), and 9,530,137 (“137 patent”)—have the same inventor and share large portions of their specifications. As the court below explained, all four patents “are directed to similar technology—securing electronic payment transactions.” Pet. App. 2a-3a.

The patents all describe a generic database called a “Universal Secure Registry,” which they characterize as “a universal identification system ... used to selectively provide information about a person to authorized users.”<sup>1</sup> The Universal Secure Registry database is designed to “take the place of multiple conventional forms of identification,” and thus to minimize the incidence of fraud in financial transactions.<sup>2</sup>

As the patents explain, the Universal Secure Registry database “may be any kind of database”<sup>3</sup> and can be implemented using “a general-purpose computer system” using “a commercially available microprocessor” running “any ... commercially available operating

---

<sup>1</sup> C.A.J.A.80(3:65-4:10); C.A.J.A.138(4:8-11); C.A.J.A.193(3:53-66); *see also* C.A.J.A.234 (3:5-9).

<sup>2</sup> C.A.J.A.80(4:12-20); C.A.J.A.86(15:54-61, 16:44-51); C.A.J.A.138(4:23-31); C.A.J.A.145(17:36-49, 18:27-34); C.A.J.A.193(4:10-18); C.A.J.A.200(17:14-27, 18:4-12); C.A.J.A.234(3:22-30, 44-54); C.A.J.A.238(11:21-34, 12:11-18).

<sup>3</sup> C.A.J.A.83(10:24-26); C.A.J.A.142(12:1-3); C.A.J.A.197(11:52-54); C.A.J.A.235(6:18-20).

system.”<sup>4</sup> The types of information that can be stored in the Universal Secure Registry are all also conventional: (1) algorithmically generated codes, such as a time-varying multicharacter code, (2) “secret information,” such as a PIN or password, and/or (3) “biometric information”—an expansive term that includes not only voiceprints, iris or facial scans, or DNA analysis, but also fingerprints, signatures, and photographs.<sup>5</sup>

The asserted patents also describe an “electronic ID device,” which is “used generally to refer to any type of electronic device that may be used to obtain access to the USR database.”<sup>6</sup> In other words, as the court below observed, this device “may be a smart card, cell phone, pager, wristwatch, computer, personal digital assistant, key fob, or other commonly available electronic device.” Pet. App. 8a-9a.

**2.** USR acknowledges that claim 22 of the ’539 patent is “illustrative” of all other asserted claims. Pet. 7.

Briefly, claim 22 recites a method for providing information to a merchant to enable transactions between the merchant and the purchaser where each purchas-

---

<sup>4</sup> C.A.J.A.50(Fig. 1); C.A.J.A.83(10:1-16); C.A.J.A.109(Fig. 1); C.A.J.A.142(11:45-59); C.A.J.A.164(Fig. 1); C.A.J.A.197(11:30-44); C.A.J.A.219(Fig. 1); C.A.J.A.235(5:63-6:10); *see also* C.A.J.A.83(9:35-38); C.A.J.A.142(12:34-36); C.A.J.A.197(12:18-20); C.A.J.A.235(6:51-53).

<sup>5</sup> C.A.J.A.52(Fig. 3); C.A.J.A.84(12:19-31); C.A.J.A.99(42:29-36); C.A.J.A.111(Fig. 3); C.A.J.A.143(13:62-14:7); C.A.J.A.158(44:54-61); C.A.J.A.166(Fig. 3); C.A.J.A.198(13:46-58); C.A.J.A.213(43:52-59); C.A.J.A.221(Fig. 3); C.A.J.A.234(4:4-12); C.A.J.A.236(8:10-54); *see also* C.A.J.A.92(27:43-47); C.A.J.A.151(29:39-44); C.A.J.A.206(29:3-7).

<sup>6</sup> C.A.J.A.85(13:5-8); C.A.J.A.143(14:50-53); C.A.J.A.198(14:33-35).

er's account data are stored in the Universal Secure Registry and each purchase is identified by a time-varying multicharacter code. C.A.J.A.242; *see also* Pet. App. 9a-10a. Notably, the sweeping functional language of claim 22 is not limited to any particular type of device, and the '539 patent admits that a time-varying multicharacter code was already known prior to the invention. C.A.J.A.236(8:17-24).

Although claim 22 is wordy, it has just six basic steps: (1) receiving a request from the merchant that includes the purchaser's time-varying code, (2) comparing the time-varying code with the time-varying code stored in the Universal Secure Registry, (3) determining whether the merchant is in compliance with any access restrictions for that purchaser's account, (4) if the merchant is in compliance, accessing the relevant account identifying information regarding the purchaser's account, (5) providing that information (e.g., credit card number) to a third party who will determine whether to authorize the buyer's purchase, and then (6) enabling or denying the transaction without providing the account identifying information to the merchant. C.A.J.A. 242(20:4-32).

Claim 10 of the '826 patent adds the requirement that the method be performed using a wireless-capable "handheld device" and uses "biometric information" (e.g., a signature or photo) rather than a time-varying multicharacter code to identify the user's account information. C.A.J.A.214; *see also* Pet. App. 21a (noting that "Claim 10 is representative of the '826 patent claims"). The claim also requires "second authentication information," i.e., some other piece of information on the second device used to verify the user's identity. C.A.J.A.214.

Claim 12 of the '137 patent is a system claim. It uses a “time varying value,” similar to the time-varying multicharacter code of claim 22 of the '539 patent. C.A.J.A.159-160; *see also* Pet. App. 25a (“Claim 12 ... is representative of the '137 patent claims”). Claim 12 adds the use of wireless transmission and a biometric sensor and includes additional “secret information,” such as a PIN or code, as part of the authentication process. C.A.J.A.159-160.

Finally, claim 1 of the '813 patent is an apparatus claim for an “electronic ID device” and adds limitations relating to a “user interface” and communication with a generic Point of Sale terminal. C.A.J.A.104; *see also* Pet. App. 15a-16a (“Claim 1 of the '813 patent is representative” of the patent’s claims).

## **B. Proceedings Below**

USR sued Apple and Visa, alleging they infringed its four patents. Respondents moved to dismiss, contending the asserted patent claims were patent-ineligible under 35 U.S.C. § 101. Pet. App. 3a. The magistrate judge initially recommended denying the motion, explaining that she believed the claims were directed to a non-abstract improvement in computer functionality. *Id.* The district court rejected that recommendation and granted respondents’ motion to dismiss. *Id.* 3a-4a.

Addressing all asserted claims, the district court held that “the patents are directed to an abstract idea—the secure verification of a person’s identity.” Pet. App. 40a.<sup>7</sup> The court rejected the magistrate

---

<sup>7</sup> USR’s assertion (at 11) that the district court provided “various[] characteriz[at]ions” of the abstract idea is misleading. Although the district court used slightly different phrasing when

judge’s proposed finding that the asserted claims described an improvement in computer functionality. *Id.* The court noted both that (1) USR had not raised that argument in front of the magistrate judge and (2) “neither the patents nor their written descriptions disclose ‘concrete and useful improvements’ to ‘technical challenges associated with digital security and authentication.’” *Id.* Finally, the court analyzed each patent in turn, explaining why each was directed to an abstract idea and failed to state an inventive concept. *Id.* 40a-47a.

The Federal Circuit unanimously affirmed. It began by summarizing the two-step test laid out in *Alice*. Pet. App. 5a. “The first step,” the court stated, is “to determine whether the claims at issue are directed to a patent-ineligible concept, such as an abstract idea.” *Id.* (citing *Alice*, 573 U.S. at 218). If so, “the second step of the *Alice* test requires a court to ... ‘determine whether [the claim] contains an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application.’” *Id.* (quoting *Alice*, 573 U.S. at 221). The court then summarized the facts and holdings of four Federal Circuit decisions involving similar technology, observing that each one had “turned on whether the claims” fell under the “improvement to computer functionality” concept articulated in *Alice*. Pet. App. 5a-8a (citing *Secure Mail Sols. LLC v. Universal Wilde, Inc.*, 873 F.3d 905 (Fed. Cir. 2017); *Electronic Commc’ns Techs., LLC v. Shopperschoice.com, LLC*, 958

---

discussing individual patents, it clearly stated that, at their root, all claims were directed to “the secure verification of a person’s identity.” Pet. App. 40a; *see also id.* 4a (panel stating that the district court “explained that the claimed invention [of the representative claims] was directed to the abstract idea of ‘the secure verification of a person’s identity’”).



F.3d 1178 (Fed. Cir. 2020); *Solutran, Inc. v. Elavon, Inc.*, 931 F.3d 1161 (Fed. Cir. 2019); *Prism Techs. LLC v. T-Mobile USA, Inc.*, 696 F. App'x 1014 (Fed. Cir. 2017)).

“With this precedent in mind” (i.e., *Alice* and the four similar Federal Circuit decisions), the court applied both steps of *Alice* to each representative claim. For example, in analyzing illustrative claim 22 of the '539 patent under *Alice* step 1, the court (1) spent several pages summarizing the relevant passages of the specification and the claim, (2) compared the claim to those invalidated in *Prism Technologies* and *Solutran*, and (3) concluded that “like the claims at issue in *Prism*, claim 22 is directed to an abstract idea.” See Pet. App. 9a-12a.

The court also rejected USR’s argument that the claim was not directed to an abstract idea because its “recitation of a time-varying multicharacter code ... constitutes a specific technique that departs from earlier approaches to solve a computer problem.” Pet. App. 12a; *cf.* USR C.A. Reply Br. 14 (arguing that “improving security ... can be a non-abstract computer-functionality improvement if done by a specific technique that departs from earlier approaches to solve a specific computer problem”). As the court explained, although prior Federal Circuit precedent had concluded that an invention that “identified a specific technique for addressing the vulnerability of license-authorization software to hacking in an unexpected way” was not directed to an abstract idea, the claims here merely described the abstract idea of “a method for verifying the identity of a user to facilitate an economic transaction, for which computers are merely used in a conventional way.” Pet. App. 12a-13a (citing *Ancora Techs., Inc. v. HTC Am., Inc.*, 908 F.3d 1343 (Fed. Cir. 2018)).

At *Alice* step 2, the court considered whether either of the two purported inventive concepts identified by USR was sufficient to survive Section 101 scrutiny. Pet. App. 13a-14a. The panel rejected USR’s argument that “time-varying codes” constituted an inventive concept, explaining that “the patent itself acknowledges that the claimed step of generating time-varying codes for authentication of a user is conventional and longstanding.” *Id.* 13a. The court was similarly unpersuaded by USR’s assertion that “sending [financial] data to a third-party as opposed to the merchant” was an inventive concept. *Id.* 13a-14a. As the panel explained, *Alice* itself held both that “the use of a third-party intermediary in a financial transaction [is] an ineligible abstract idea” and that “an abstract idea ... cannot serve as an inventive concept.” *Id.* 14a (citing *Alice*, 573 U.S. at 219-220, 223-224).

The court repeated this same mode of analysis for the three remaining patents. For each patent, it:

- summarized the relevant passages of the specification and representative claim, *see* Pet. App. 14a-16a (’813 patent); *id.* 20a-22a (’826 patent); *id.* 24a-26a (’137 patent);
- considered whether the representative claim was directed to an abstract idea under Federal Circuit and this Court’s precedents, *id.* 17a-18a (’813 patent); *id.* 22a-23a (’826 patent); *id.* 26a-28a (’137 patent); and
- considered whether the representative claim stated an inventive concept that was distinct from that abstract idea, *id.* 18a-20a (’813 patent); *id.* 23a-24a (’826 patent); *id.* 29a-30a (’137 patent).

USR subsequently sought panel rehearing and rehearing *en banc*. The petition was denied without a single Federal Circuit judge requesting a response to the petition or a formal vote on rehearing. Pet. App. 79a.

### **REASONS FOR DENYING THE PETITION**

#### **I. THIS COURT HAS REPEATEDLY CONCLUDED THAT THE FEDERAL CIRCUIT’S APPLICATION OF THE *ALICE* STANDARD DOES NOT MERIT REVIEW**

USR spends a half-dozen pages (at 26-32) arguing that the proper interpretation of Section 101 presents an “exceptionally important issue of patent law,” but leaves out a crucial detail: This Court “has consistently denied” every petition raising a Section 101 issue since *Alice* issued in 2014. Perry & Chung, *Alice at Six: Patent Eligibility Comes of Age*, 20 Chi.-Kent J. Intell. Prop., 64, 90 & App. A (2021). As of last spring, this Court had “turned down *over fifty* petitions on *Alice*.” Ning, Note, *Stabilizing Alice for Abstract Ideas: A Case for Federal Circuit to Turn to USPTO Guidance*, 34 Harv. J.L. & Tech. 3 (2021) (emphasis added). Indeed, just five weeks ago, this Court declined to review *Yu v. Apple Inc.*, No. 21-811, which USR asserts applied “the same flawed analysis” as the decision below, supposedly creating “similar confusion,” *see* Pet. 23 n.2, 26 n.3.

This Court’s long list of Section 101 denials includes numerous cases that invalidated patents involving technology comparable to the patents here. For example, this Court declined to review three of the decisions involving “authentication technology” that the panel cited in support of its ruling. *See supra* pp. 9-10; *see also Prism Techs. LLC v. T-Mobile USA, Inc.*, 138 S. Ct. 689 (2018) (denying certiorari); *Secured Mail Sols. LLC*

v. *Universal Wilde, Inc.*, 138 S. Ct. 2000 (2018) (same); *Solutran, Inc. v. Elavon, Inc.*, 140 S. Ct. 2515 (2020) (same). Similarly, this Court recently denied certiorari in a case involving a patent claim that “secur[ed] mobile phones against improper access by apps.” See *Ericsson Inc. v. TCL Commc’n Tech. Holdings Ltd.*, 955 F.3d 1317, 1325, 1331 (Fed. Cir. 2020), *cert. denied*, 141 S. Ct. 2624 (2021).

USR notes that the Solicitor General has “be-moaned the current state of § 101 case law,” and that this Court recently sought the Solicitor General’s guidance on whether to grant review in another case. Pet. 1, 3, 26-27, 37. But USR ignores that this Court has previously declined to heed the Solicitor General’s advice. Just two years ago, this Court denied review in two cases where it called for the views of the Solicitor General (*HP Inc. v. Berkheimer*, No. 18-415, and *Hikma Pharmaceuticals USA Inc. v. Vanda Pharmaceuticals Inc.*, No. 18-817), and rejected a third petition that the Solicitor General expressly urged it to grant (*Athena Diagnostics, Inc. v. Mayo Collaborative Services, LLC*, No. 19-430). The Solicitor General even highlighted the same purported confusion in Section 101 law that USR cites, asserting that *Athena* had resulted in “multiple separate [Federal Circuit] opinions articulating different understandings of [this Court’s precedent]” and seeking this Court’s intervention. See U.S. Br. 22-23, *Hikma Pharmaceuticals*; cf. Pet. 26-28. The Court was apparently unpersuaded.

## **II. THIS CASE WOULD BE A PARTICULARLY POOR VEHICLE TO RECONSIDER THE SECTION 101 ANALYSIS**

In any event, USR is flat wrong that this case is “an ideal vehicle to clarify” *Alice*. Pet. 32-36. For at least three reasons, this case would be an abysmal

vehicle: (1) the patents here are so similar to the patent in *Alice* that they would not survive Section 101 review under any standard, (2) the panel’s ruling was a straightforward application of law that does not raise any novel issues, and (3) the underlying patents would likely be invalidated on other grounds in any event.

**A. The Patent Claims Are Strikingly Close To Those At Issue In *Alice***

One reason that this case is an especially poor vehicle to “clarify” *Alice* is that the underlying patent claims are so close to those at issue there that this Court would likely invalidate them regardless of the precise test applied.

This Court’s unanimous decision in *Alice* did not “labor to delimit the precise contours” of the Section 101 analysis because its “prior cases, and *Bilski* [v. *Kappos*, 561 U.S. 593 (2010)] in particular,” were sufficiently on point that additional analysis was unnecessary. 573 U.S. at 219, 221. Specifically, the case could be resolved by “recogniz[ing] that there is no meaningful distinction between the concept of risk hedging in *Bilski* and the concept of intermediated settlement” in *Alice*. *Id.* at 221. Both concepts were “fundamental economic practice[s] long prevalent in our system of commerce” and “building block[s] of the modern economy.” *Id.* at 219-220. And since the *Bilski* claims did not survive Section 101 review, neither could the claims in *Alice*. *Id.* at 221.

The same basic principle governs here. As the court below explained, the “illustrative” claim 22 of the ’539 patent (Pet. 7) is “[s]imilar” to the claims invalidated in *Alice*. Pet. App. 14a. Just as the claims in *Alice* involved the “use of a third-party intermediary in a

financial transaction,” the claims here involve “sending [financial] data to a third-party as opposed to the merchant.” *Id.* And just as the claims in *Alice* described “a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk,” “the claims here involve allowing a financial transaction between two parties using a third-party intermediary to mitigate information security risks.” *Id.* (quoting *Alice*, 573 U.S. at 219-220). Here, as in *Alice*, USR’s patents claim “an abstract idea” that “cannot serve as an inventive concept.” *Id.*

Indeed, that conclusion “follows from” not only *Alice* itself, but from this Court’s “prior cases.” *Alice*, 573 U.S. at 219. And since the invalidity of USR’s patents is clear even apart from *Alice*, there would be little point in granting review to consider the scope of that decision (*see* Pet. i). In short, “there is no meaningful distinction between” the claims in *Alice* and “prior cases” and the claims “here.” 573 U.S. at 219, 221.

### **B. The Decision Below Involves A Run-Of-The-Mill Application Of Law**

This case would also be a poor vehicle to consider the outer bounds of Section 101 because, contrary to USR’s assertions, the court below did not *sua sponte* create three new tests (specificity, unconventionality, unexpected results) and eliminate the distinction between *Alice* step 1 and step 2. *See* Pet. 16-26. Rather, the court applied longstanding legal principles in a manner consistent with this Court’s precedent and USR’s own arguments below.

**1. Specificity, Unconventionality, Unexpected Results.** In holding that patent claims that “simply recite [an abstract concept] as performed by a generic

computer” are invalid under Section 101, the Court in *Alice* suggested that the analysis might be different if the claims had “improve[d] the functioning of the computer itself.” 573 U.S. at 225. As the Federal Circuit has long recognized, this inquiry “often turns on whether the claims focus on specific asserted improvements in computer capabilities or instead on a process or system that qualifies an abstract idea for which computers are invoked merely as a tool.” *TecSec, Inc. v. Adobe, Inc.*, 978 F.3d 1278, 1292-1294 (Fed. Cir. 2020) (collecting cases; internal quotation marks omitted). Contrary to USR’s repeated suggestion (e.g., Pet. 17), this inquiry *narrows* rather than broadens Section 101’s scope. Recognizing that *Alice* did *not* “broadly hold that all improvements in computer-related technology are inherently abstract,” the law “ask[s] whether the claims are directed to an improvement in computer functionality versus being directed to an abstract idea, even at the first step of the *Alice* analysis.” *Enfish LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016).

The Federal Circuit’s analysis flows logically from *Alice*, which held that “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” 573 U.S. at 223. Indeed, after noting that the claimed methods “simply recite the concept of intermediated settlement as performed by a generic computer” rather than a means of “improv[ing] the functioning of the computer itself,” this Court quoted Judge Lourie’s concurrence in *Alice*, which noted that “[t]here is no *specific* or limiting recitation of ... improved computer technology.” *Id.* at 225 (quoting 717 F.3d 1269, 1285 (Fed. Cir. 2013) (Lourie, J., concurring) (emphasis added)). In other words, computer-related patents must do something more

than “[s]tating an abstract idea while adding the words ‘apply it with a computer.’” *Id.*

The court of appeals’ passing references to “unconventionality” and “unexpected results” go to the same basic idea—that a computer-related patent claim cannot satisfy Section 101 if it merely implements a theoretical idea using generic computer components. For example, the Federal Circuit has held patent claims ineligible under Section 101 where they “did not ‘claim a new method of virus screening or improvements thereto,’ and merely claimed use of *conventional* virus-screening software to carry out the abstract virus-screening idea.” *TecSec*, 978 F.3d at 1294 (citing *Ericsson*, 955 F.3d at 1328) (emphasis added). On the other hand, the Federal Circuit has held that Section 101 is satisfied where a patent claim “specifically identifies how” an improvement in computer functionality “is effectuated in an assertedly *unexpected* way”—e.g., using the “modifiable part of the BIOS memory ... to store ... information.” *Ancora Techs., Inc. v. HTC Am., Inc.*, 908 F.3d 1343, 1345-1348 (Fed. Cir. 2018) (emphasis added).<sup>8</sup>

In any event, the court’s discussion of the “specificity” or “unconventionality” of the claims asserted here could not have come as a surprise to USR. USR argued below that “illustrative” claim 22 of the ’539

---

<sup>8</sup> USR and its amici half-heartedly suggest that the panel’s decision “is difficult to reconcile” with *CosmoKey Solutions GmbH & Company KG v. Duo Security LLC*, 15 F.4th 1091 (Fed. Cir. 2021). Pet. 36 n.12; *see also* Intertrust Br. 12-13; Michel Br. 10-11. But *CosmoKey* expressly distinguished this case, explaining that USR’s patents “were simply directed to combining ... long-standing, well-known authentication techniques to achieve the expected result of increased security no greater than the sum of the security provided by each technique alone.” 15 F.4th at 1096.



patent satisfied Section 101 precisely because it “improves the functionality of prior art conventional electronic transaction systems in a *specific and unconventional* way.” USR C.A. Reply Br. 5-6 (emphasis added); *id.* 13 (asserting the “specific and unconventional technique ... recited in claim 22”); *accord* USR C.A. Opening Br. 22 (asserted claims “use[] specific, unconventional techniques”); *id.* at 23 (“even conventional components can be patentable where combined in an unconventional manner”). The Federal Circuit did not err in framing its rejection of USR’s arguments using USR’s own terminology. Even if the court had erred (and it did not), this kind of “invited error” would weigh against granting review. *See United States v. Wells*, 519 U.S. 482, 488-489 (1997).

**2. Distinguishing Between *Alice* Step 1 and *Alice* Step 2.** Although *Alice* did not need to “delimit the precise contours of” the Section 101 analysis, it did reaffirm at least one clear limitation: An abstract idea cannot be an inventive concept. 573 U.S. at 221, 225-226; *accord* Pet. App. 14a. That is because, by definition, *Alice* step 2 is the “search for an inventive concept—i.e., an element that is sufficient to ensure that the patent in practice amounts to *significantly more* than a patent upon the ineligible concept itself.” 573 U.S. at 217-218 (emphasis added; quotation marks omitted).

This legal principle—which USR itself recites (at 14)—explains why the court of appeals’ step 2 analysis occasionally incorporated or cross-referenced reasoning from its step 1 analysis. For each claim, USR’s briefing below repeatedly made the same basic arguments at both steps. For example, USR argued that if its claims were not directed to an improvement in computer functionality at step 1, that same purported improvement

could “[a]lternatively” be treated as an inventive concept. *See, e.g.*, USR C.A. Opening Br. 31, 40, 46, 51; *see also id.* 26 (arguing that “there is significant overlap between step one and step two considerations”). Likewise, USR argued that illustrative claim 22 of the ’539 patent satisfied Section 101 because its “unconventional use of time-varying multicharacter codes”—“[w]hether analyzed under *Alice* step one or step two”—“renders the claim patent-eligible.” *Id.* 34. USR made similar arguments for each representative claim.<sup>9</sup>

In contrast, the court below directly addressed USR’s step 2 arguments when they were distinct from those raised at step 1. Again, using illustrative claim 22 of the ’539 patent as an example, the court expressly rejected USR’s argument that the claim included an inventive concept because it recited “(1) time-varying codes and (2) sending data to a third-party as opposed to the merchant.” Pet. App. 13a-14a; *supra* p. 11. USR falsely suggests (at 25) that the court stated without explanation that claim 22 failed *Alice* step 2 solely because the claim’s method is “conventional and longstanding.” The court rejected only the time-varying code argument on that ground, and it did so because the “patent itself acknowledges that the claimed

---

<sup>9</sup> *See* USR C.A. Opening Br. 40 (“Whether considered as part of *Alice* step one or step two, th[e] improvements [described in claim 12 of the ’137 patent] confirm that the claim satisfies Section 101.”); *id.* 46 (arguing that claim 1 of the ’813 patent “adds an inventive concept” because it “discloses technical improvements to an electronic transaction system” “[a]s described above” in the *Alice* step 1 analysis); *see also* USR C.A. Reply Br. 28-30 (arguing that claim 10 of the ’826 patent is not directed to an abstract idea because it claims “two separate user authentications” and that it states an inventive concept because it “authenticates based on two forms of information”).

step of generating time-varying codes for authentication of a user” was known in the prior art. Pet. App. 13a.

**C. USR’s Patent Claims Would Likely Be Invalidated Even If The Section 101 Ruling Were Reversed**

Finally, this case would make a poor vehicle to revisit Section 101 law because there is a high probability that this Court’s ruling would make no difference to the ultimate outcome. Most of USR’s asserted claims have already been held unpatentable by the Patent Office in a series of *inter partes* review (“IPR”) rulings that USR did not appeal.<sup>10</sup> As to the handful of claims that the agency did not invalidate outright, Respondents have appealed those decisions, and each of those appeals was fully briefed and argued in the Federal Circuit. Although the Federal Circuit concluded that those appeals were moot in light of the decision finding the claims patent-ineligible, it agreed to stay issuance of the mandate pending disposition of this petition.<sup>11</sup> If USR were somehow to prevail on Section 101, those appeals would spring back to life and in all likelihood result in the claims being invalidated on other grounds.

---

<sup>10</sup> See *Apple Inc. v. Universal Secure Registry, LLC*, IPR2018-00809, Paper 51 (Oct. 8, 2019); *Apple Inc. v. Universal Secure Registry, LLC*, IPR2018-00067, Paper 59 (May 28, 2019); *Apple Inc. v. Universal Secure Registry, LLC*, IPR2018-00813, Paper 46 (Oct. 8, 2019).

<sup>11</sup> See, e.g., *Apple Inc. v. Universal Secure Registry LLC*, Nos. 20-1222, 20-1234 (Fed. Cir.), ECF No. 62; *Apple Inc. v. Universal Secure Registry, LLC*, No. 20-1330 (Fed. Cir.), ECF No. 55; *Visa Inc. v. Universal Secure Registry, LLC*, No. 20-1662, ECF No. 60.

Remarkably, USR does not just ignore the existence of the parallel IPR proceedings. Instead, it actively disclaims them, asserting that the underlying patents “have survived multiple post-issue challenges to their validity in the Patent Office.” Pet. 33. This assertion is at best misleading. Every agency decision upholding a patent claim in IPR was appealed, and—even if USR were to prevail on patent-eligibility under Section 101—those appeals would still be highly likely to invalidate the claims on other grounds. This case is accordingly a very poor vehicle for review.

### **III. THIS CASE IS FAR-REMOVED FROM—AND SHOULD NOT BE HELD FOR—*AMERICAN AXLE***

In a final effort to avoid the denial of certiorari, USR argues—without meaningful explanation—that this Court should hold this case pending resolution of *American Axle*. Pet. 37. But beyond the bare fact that both cases cite Section 101, they could not be less alike. Holding this case for the possibility of a grant and reversal in *American Axle* would only delay the inevitable.

First, the technology is drastically different. *American Axle* involves a concrete process for developing an improved automobile drive shaft, *American Axle* Pet. i, 6-10, while this case—in USR’s own words—involves the use of “computers, software, electronic signal processing and communication networks,” Pet. 32.

Second, the questions presented are different. *American Axle* asks this Court to review whether the Federal Circuit applied the correct standard for determining whether an invention is directed to a natural law, *American Axle* Pet. i, while USR’s petition (again,

in its own words) asks this Court to review whether Section 101 requires considering “‘specificity,’ ‘unexpected results,’ and ‘unconventionality,’” Pet. i.

Finally, the decisions have (tellingly) drawn wholly different reactions from the Federal Circuit. In *American Axle*, “the active judges of the Federal Circuit were evenly divided, 6-6, on whether to grant rehearing *en banc*” and ultimately issued “five [separate] opinions” setting out that “their fractured views.” *American Axle* Pet. 15-17. Here, there was no dissent whatsoever. The panel was unanimous, and not a single Federal Circuit judge urged rehearing *en banc*—or even called for a response to USR’s *en banc* petition. See *supra* p. 12; see also *Boom! Payments, Inc. v. Stripe, Inc.*, 839 F. App’x 528, 532-533 (Fed. Cir. 2021) (panel of three different Federal Circuit judges invalidating as “reminiscent of [the claims] at issue in *Alice*” virtually identical claims that “combine[d] the concept of escrow—using a third party to hold payment until a condition is satisfied—with the idea” of using a transaction-specific “identification code only known to the buyer and the third party”). That is for good reason: The decision below was an entirely uncontroversial application of settled precedent, and “there is no meaningful distinction between” the invention claimed here and the inventions invalidated in *Alice* and “prior cases.” 573 U.S. at 219.

### CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be denied.

Respectfully submitted.

STEFFEN N. JOHNSON  
WILSON, SONSINI,  
GOODRICH & ROSATI, PC  
1700 K Street NW  
Washington, DC 20006

JAMES C. YOON  
WILSON, SONSINI,  
GOODRICH & ROSATI, PC  
650 Page Mill Road  
Palo Alto, CA 94304

*Counsel for Visa Inc. and  
Visa U.S.A. Inc.*

MARK D. SELWYN  
*Counsel of record*  
THOMAS G. SPRANKLING  
LIV HERRIOT  
WILMER CUTLER PICKERING  
HALE AND DORR LLP  
2600 El Camino Real, Ste. 400  
Palo Alto, CA 94306  
(650) 858-6000  
mark.selwyn@wilmerhale.com

*Counsel for Apple Inc.*

APRIL 2022