

No. 18-1223

**In the
Supreme Court of the United States**

MARIO VILLENA AND JOSE VILLENA
Petitioners,

v.

**ANDREI IANCU, DIRECTOR, UNITED STATES
PATENT AND TRADEMARK OFFICE,**
Respondent.

*On Petition for Writ of Certiorari from
the United States Court of Appeals for the Federal
Circuit*

Petition for Rehearing

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Revised Question Presented Upon Rehearing

In *Hewlett Packard, Inc. v. Berkheimer*, Case No. 18-415, Petitioner Hewlett Packard asked the question as to whether patent eligibility is a question of law based on the scope of the claims or a question of fact based on the state of the art at the time of the patent, e.g., whether evidence is necessary to determine whether additional claim limitations constitute well-understood, routine, and conventional activity under *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 79 (2012)?

The issue in *Hikma Pharmaceuticals v. Vanda Pharmaceuticals.*, Case No. 18-817, is more muddled than the particular question set forth to the Supreme Court by *Hikma*. Indeed, the actual issue appears to be whether or not a specific method of treatment developed by the respondent is patent eligible with the Federal Circuit majority treating the additional claim elements under step two of the *Alice/Mayo* test in a completely different manner than the Federal Circuit dissent.

This split in how the additional claim limitations are treated by the Federal Circuit is an issue central to *Villena*. See, e.g., pp. i-ii and 24-26 of the *Villena* Petition. Because the present case shares the same issue set forth in *Berkheimer* that raised interest in this Court, Petitioners narrow the scope of their question to this Court to ask:

Is patent eligibility a question of law based on the scope of the claims or a question of fact based on the state of the art at the time of the patent?

As an optional second question Petitioners ask:

Are claims covering computer-based processes that do naught but receive and process data to produce useful information patent ineligible as an issue of law?

I. Reasons to Grant Certiorari

Certiorari should be granted because the lower courts' *Alice/Mayo* jurisprudence has devolved into a set of contradictions. In *Berkheimer* a panel of Federal Circuit judges held for patent eligibility based on a lack of evidence to support any assertion that limitations beyond the abstract idea were well-understood, routine, and conventional. As *Villena* and other cases demonstrate, *Berkheimer* was dead letter jurisprudence a month after the Federal Circuit affirmed the *Berkheimer* decision *en banc*. However, the failures of the Federal Circuit to issue consistent opinions should not result in a failure by this Court to consistently address the exact same issue presented in *Berkheimer* and *Villena*.

This lack of consistency has drawn the attention of the United States Senate. For instance, on June 4, 2019, the (retired) honorable Judge Paul Michel testified before the U.S. Senate Subcommittee on the Judiciary stating:

“[R]ecent changes to patent case law have produced unending chaos. Uncertainty, unpredictability, inconsistent results and undue and harmful exclusions of new technologies abound. Consequently, patents are considered unreliable by the very people -- business executives and innovation investors like venture capital firms -- who make the

necessary, but risky, investments. The results point to decreased formation of start-ups, flight of investments to less risky sectors than science and useful arts, migration of innovation investments to foreign jurisdictions with broader eligibility, and many other harms. Together these dynamics threaten our economic growth, productivity increases, job creation, global competitiveness, scientific leadership and even national security.

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In my view, recent cases are unclear, inconsistent with one another and confusing. I myself cannot reconcile the cases. . . .If I, as a judge with 22 years of experience deciding patent cases on the Federal Circuit's bench, cannot predict outcomes based on case law, how can we expect patent examiners, trial judges, inventors and investors to do so?"¹

Judge Michel's comments are reflected by other distinguished members of the patent community. For example, former Director of the USPTO David Kappos commented "Our current patent eligibility law truly is a mess."² Similarly, former Director of the USPTO Todd Dickenson commented that current eligibility

¹ <https://www.judiciary.senate.gov/imo/media/doc/Michel%20Testimony.pdf> at pp. 3 et seq.

² <https://www.judiciary.senate.gov/imo/media/doc/Kappos%20Testimony.pdf> at p.1.

standards and analytic frameworks “are ambiguous and difficult to apply consistently.”³

Berkheimer and *Villena* are an example of (in Judge Michel’s words) outcomes that are “inconsistent with one another and confusing.” Clarity is needed by this Court to address the “mess” made by the USPTO and the lower courts.

In light of the single, narrow issue that Petitioners now present for consideration, Petitioners Mario and Jose Villena ask for no more than the exact same consideration this Court provides to the fortune one-hundred enterprise of Hewlett Packard, Incorporated. Petitioners also assert that the advice that this Court requested from the Department of Justice in *Berkheimer* is no less relevant to *Villena*.

As a second grounds justifying rehearing, the very same Senate hearings discussed above confirmed an issue Petitioners described as policy, but the Department of Justice inadvertently believed was mere error and thus beneath this Court’s review. Specifically, it is now clear to the Senate and the entire legal community that the lower courts abrogated this Court’s repeated direction to analyze claims as a whole when reviewing patent eligibility.

Not a single patent eligibility rejection from the USPTO has been reversed by the Federal Circuit in over five years. No one (including Federal Circuit judges) understands the Federal Circuit’s conflicting case law.

³ <https://www.judiciary.senate.gov/imo/media/doc/Dickinson%20Testimony.pdf> at p. 4.

II. It Is the USPTO's Professional Opinion That Five Separate Claim Limitations Were Unknown and Nonobvious Prior to Villena's Application

On December 19, 2017, the USPTO's Patent Trial and Appeal Board (PTAB) issued an initial decision. See Pet.App. 14a et seq. In this decision, the PTAB reversed several § 102 and § 103 rejections stating, *inter alia*, that there was no evidence or even a remote suggestion of any previously known method or system that: (1) periodically updated an AVM value or an appraisal value (Pet.App. 22a), (2) determined an AVM value or appraisal without requiring a user query (Pet.App. 22a), (3) displayed AVM values on a map-like display (Pet.App. 24a), (4) automatically updated AVM values (Pet.App. 23a), and (5) ever pre-processed a single AVM value before a user requested it. Pet.App. 24a-25a.

That is, *there are five separate nonobvious limitations* in representative claim 57 the PTAB expressly held *that never existed before Villena's application*. Thus, when treated as an issue of fact it is clear that there can be no evidence that Villena's claims as a whole, ordered combination are well-understood, routine, and conventional under step two of the *Alice/Mayo* test. On the other hand, when treated as an issue of law, i.e., all software claims that receive and process data are patent ineligible, Villena is patent ineligible. See, e.g., Pet.App. 10a-12a.

In *Berkheimer*, the Federal Circuit treated the additional limitations in step two of *Alice/Mayo* as an issue of fact. In *Villena*, the additional limitations under *Alice/Mayo* were treated as issues of law that

were improperly dismissed with naught more than conclusory remarks.

Villena provides an informative example to the question in *Berkheimer* as to what happens when the USPTO and lower courts treat step 2 of *Alice/Mayo* as an issue of pure law versus an issue involving some form of factual inquiry.

III. Unlike *Mayo*, There Is No Admission in the *Villena* Specification That the Additional Limitations Are Well-Understood, Routine, and Conventional

The *Mayo* decision makes clear that the Supreme Court had an intrinsic evidentiary basis to determine that various steps beyond the abstract idea lacked an inventive concept. Specifically, the *Mayo* opinion states that the “determining” step was well-understood, routine, and conventional *as is evidenced by the specification*. *Mayo*, 566 U.S. 78-79 (“As the patents state, methods for determining metabolite levels were well known in the art.”). Thus, the “determining” step, which is the only limitation requiring evidence in *Mayo*, was admitted as well-known by the patentee.

As with contracts and deeds, patents are legal instruments. “A patent is a legal instrument, to be construed, like other legal instruments, according to its tenor.” *Markman v. Westview Instruments*, 517 U.S. 370, 388 (1996).

Accordingly, under the circumstances of *Mayo* this Court addressed step two of the *Alice/Mayo* test using *unrebutted intrinsic evidence*, and the claims were disposed of as an issue of law with all underlying factual issues being satisfied.

Unlike *Mayo*, *Villena* makes no such admissions justifying a holding of patent ineligibility. Such admissions are also absent in *Berkheimer* and *Vanda Pharmaceuticals*. This is not to say *Villena*, *Berkheimer*, and *Vanda Pharmaceuticals* cannot be held as patent ineligible – merely that the respective evidentiary basis in each case has not been met consistent with Supreme Court precedent.

IV. The *Alice/Mayo* Test Should Be Consistent with the Supreme Court's *Markman v. Westview Instruments* and *Graham v. John Deere* Opinions

When addressing patent eligibility it is important that the lower courts treat issues of law and issues of fact a manner consistent with this Court's teachings outlined in *Markman v. Westview Instruments*. Similarly, *Graham v. John Deere*, 383 U.S. 1 (1966) provides critical and long-uncontested guidance that must be considered.

Turning to the substance of *Markman* – a case involving a business method (the abstract idea of inventory control) run on a computer – the Supreme Court noted that “the patent itself must be taken as evidence of its meaning; that, like other written instruments, *it must be interpreted as a whole* . . . and the legal deductions drawn therefrom must be conformable with the scope and purpose of the entire document” (emphasis added). *Markman*, 517 U.S. at 383, n. 8. Thus, it is proper that a judge might take a legal decision based on the intrinsic evidence of a patent specification so long as the legal decision was taken in the context of the patent specification as a whole. *Markman* thus cautions that one sentence taken out of context does not suffice as an admission.

Further, conclusory remarks are not legal conclusions. There is no authority that allows patent examiners and judges to make legal conclusions on what is well-known, routine, and conventional untethered from a patent specification as is the current practice of the USPTO and the lower courts when addressing patent eligibility. The Supreme Court has never condoned such conduct.

The *Mayo* decision is a thoughtful example of the above-discussed principles set forth in *Markman*. However, the legal community needs more than example: it needs some express direction of the sort provided in *Markman* and *Graham*.

Turning to issues of fact, it is long settled that patent validity is an issue of law having underlying issues of fact resolved by comparing claims to “the scope and content of the prior art.” *Graham*, 383 U.S. at 17. Patent validity is not patent eligibility. However, discerning whether a claimed limitation is well-known, routine, and conventional is unquestionably a comparison of a claim to “the scope and content of the prior art.” This is not to say that an admission in a patent specification cannot be used to satisfy such an inquiry.

However, in the absence of uncontested admissions by a patentee based on the whole of a patent specification, issues such as whether a business method is “fundamental” or a claim limitation is “well-known/well-understood, routine, and conventional,” should not be treated as issues of law. In such circumstances *Alice/Mayo* becomes a test reliant on a comparison of the claim limitations to the state of the art at the time of a patent.

Consider *Bilski v. Kappos*, 561 U.S. 593, 611 (2010). The Supreme Court didn't merely proclaim the particular business method abstract without evidence. Similarly, the business method of *Alice Corp.* was so ancient it was fully described in a business text from 1896. *Alice Corp. v. CLS Bank*, 134 S.Ct. 2347, 2356 (2014)

Thus, Supreme Court precedent expressly teaches that the *Alice/Mayo* test may be fully reliant on an underlying factual inquiry of the prior art that cannot be satisfied by any reading of a patent specification.

V. The USPTO Never Addressed the Claims as a Whole When Addressing the *Alice/Mayo* Test

Petitioners might ask whether it is allowable under the *Alice/Mayo* test to omit claim limitations from consideration with addressing patent eligibility, but this question is long answered. It is folly to overlook a single claim element under step two of the *Alice/Mayo* test. Doing so vitiates the process. Addressing individual claim elements in isolation also vitiates the process. To this end the *Diamond v. Diehr*, 450 U.S. 175 (1981), decision holds that, in determining patent eligibility, "claims must be considered as a whole[.]" *Id.* at 188. *Mayo v. Prometheus* later clarified that, not only must claims be considered as a whole, but that all claim limitations must be considered individually and "as an ordered combination." *Mayo*, 566 U.S. at 79. *Alice Corp.* repeated this rule. *Alice*, 134 S.Ct. at 2350, 2351, 2355 and 2359.

It is uncontested that the USPTO and the Federal Circuit failed to address the claims as a whole in *Villena*. While the Solicitor couched this failure as a

mere error by the Federal Circuit (Opposition Brief at p. 5), in light of the above-mentioned Senate hearings it is unquestionable that the USPTO and lower courts regularly overlook claim limitations and address individual claim limitations in isolation as a matter of policy. This is evidenced by the draft for § 101 reform recently presented by the Senate Subcommittee on the Judiciary, which reads:

“Section 101:

(a) Whoever invents or discovers any useful process, machine, manufacture, or composition of matter, or any useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

(b) Eligibility under this section shall be determined only while considering the claimed invention as a whole, without discounting or disregarding any claim limitation.”⁴

The proposed change to § 101 is alarming. That is, despite the Supreme Court’s *repeated demands* that claims be considered as a whole for nearly forty years, the entire legal community and the United States Senate recognize that the USPTO and the lower courts long abrogated the “as a whole” requirement, which is fully demonstrated in *Villena*.

Present counsel, who attended most of the Senate hearings, heard the repeated lamentations by various witnesses on this issue without dissent. For example, Scott Partridge, former Chair of the American Bar

⁴ <https://www.tillis.senate.gov/services/files/E8ED2188-DC15-4876-8F51-A03CF4A63E26>

Association's Section of Intellectual Property Law testified:

“The legislative proposal creates a new subsection (b) under 101 that would stipulate clearly that ‘eligibility under this section shall be determined only while considering the claimed invention as a whole, without discounting or disregarding any claim limitation.’ . . . Unfortunately, in the wake of the *Alice* and *Mayo* decisions, and the Federal Circuit decisions that attempt to apply *Alice* and *Mayo*, too often courts have eliminated all the existing concrete limitations of a claim in a piecemeal fashion, rather than considering the claimed subject matter as whole, with the ultimate effect being to render the claimed invention ineligible.”⁵

In the present case, the USPTO and Federal Circuit not only addressed Villena's claims in a piecemeal fashion, but *never* addressed all the limitations individually or as an ordered combination. The present record shows that the USPTO repeatedly refused to address the claims as a whole in its § 101 analysis. Pet.App. at pp. 8a-13a, 17a-20a, and 26a-30a. The record also shows that the Federal Circuit subsequently refused to address this failure of the USPTO while itself making an incomplete, piecemeal, and conclusory step two analysis. Pet.App. 6a-7a. Where, for instance, did the Federal Circuit address the display limitation (discussed above) that the USPTO held was unknown and nonobvious? Just as

⁵ <https://www.judiciary.senate.gov/download/partridge-testimony> at p. 3

importantly where is the justification for asserting that the above-discussed preprocessing limitations must be routine under *Alice/Mayo*?

If this Court is yet unconvinced, Petitioners ask this Court to notice *Reese v. Tracefone*, Appeal No. 18-1971 (Fed.Cir. June 10 2010),⁶ which was published the *same day* this Court denied *Villena* certiorari. As shown on page 9 of the *Reese* slip opinion, the Federal Circuit ignored practically every specific limitation to conclude that all that the *Reese* claims did was to receive and send information. There is no evidence that the specific claim limitations at issue are well-understood, routine, and conventional. See also *In re Greenstein*, Appeal No. 19-1117, slip op. at pp. 5-6 (Fed.Cir. June 10 2010),⁷ where the Federal Circuit ignored every single specific limitation in its § 101 analysis.

The USPTO and lower courts do not obey this Court's precedent as a matter of policy. They have reduced the *Alice/Mayo* test to a façade - a meaningless exercise that spreads chaos and destroys businesses.

VI. Plea to Hold the *Villena* Petition in Abeyance

The Solicitor (Opposition Brief at p. 6) concludes that this case should be held pending the disposition of *HP Inc. v. Berkheimer*, and *Hikma Pharmaceuticals v. Vanda Pharmaceuticals*. Petitioners agree that holding this case in abeyance at

⁶ <http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/18-1971.Opinion.6-10-2019.pdf>

⁷ <http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/19-1117.Opinion.6-10-2019.pdf>

a minimum is proper and an exercise in fundamental equal protection and due process.

VII. Conclusion

Petitioners ask the same question as *Berkheimer* and a question central to *Vanda Pharmaceuticals*. If certiorari is warranted for *Berkheimer* and *Vanda Pharmaceuticals*, it is warranted for *Villena*.

Certiorari is further warranted in light of the evidence and issues recently brought to prominence at the United States Senate signaling that the lower courts do not feel compelled to address limitations as a whole under the *Alice/Mayo* test. In the present case *the USPTO ignored 75% of claim language, and the Federal Circuit decided that this behavior is acceptable*. What good is a test on claim limitations when the claim limitations can simply be ignored as a matter of policy?

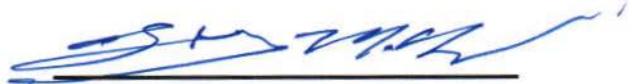
However, perhaps the single most important question this Court can now answer – for the sake of the entire software industry that produces over a trillion dollars to the United States’ GDP each year – is whether claims covering processes that do naught but receive and process data to produce useful information are patent ineligible as an issue of law in an era known as “the information age.”

/s/ Burman Y. Mathis
Burman Y. Mathis

Attorney for Petitioners

Certification of Counsel

Present Counsel hereby certifies that this petition for rehearing is presented in good faith and not for delay. Present counsel also certifies that the grounds for this petition for rehearing are properly restricted under Supreme Court Rule 44 based on intervening circumstances in the form of recent Federal Circuit decisions, recent Senate hearings, and recently-published proposed language to reform Title 35 U.S.C. § 101 based on problematic behavior of the United States Patent and Trademark Office (USPTO) and the lower courts. Present counsel still further certifies that the grounds for this petition for rehearing are properly restricted to present a substantially narrow issue not previously presented to this Court that is identical to the single, narrow issue presented in *Hewlett Packard, Inc. v. Berkheimer*, Case No. 18-415.



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