

No. 18-277

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

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**URVASHI BHAGAT**  
*Petitioner,*

v.

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

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

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**Petition for Rehearing**

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**Motion for Leave to File Petition  
for Rehearing Out of Time**

In *United States v. Ohio Power Co.*, 353 U.S. 98, 99 (1957) this Court stated “We have consistently ruled that the interest in finality of litigation must yield where the interests of justice would make unfair the strict application of our rules. This policy finds expression in the manner in which we have exercised our power over our own judgments, both in civil and criminal cases.”

This is exactly such a case. There is no prejudice or harm caused to the Federal Government in general or specifically to the United States Patent and Trademark Office (USPTO). There are no intervening equities that make the granting of relief inappropriate. There are no circumstances relevant to consideration of the equities of this case that make the granting of relief inappropriate.

In contrast, the USPTO and lower courts have constantly subjected Petitioner Bhagat to ever-shifting standards of law – none of which are consistent with the statutory regime of the Patent Law, this Court’s precedent, or Federal Circuit precedent. It is of particular interest that *exactly one day* after the Federal Circuit announced by a near-unanimous *en banc* decision (May 31, 2018) that well-known, routine, and conventional limitations under step two of the *Alice/Mayo* test are to be treated an issue of fact in light of state of the art at the time of the patent under *Berkheimer v. HP, Inc.*, 881 F.3d 1360 (Fed.Cir. 2018), the Federal Circuit refused to hear *Bhagat’s* petition on rehearing (Pet.App. 64a-65a) even though it was clear that the Federal Circuit treated Bhagat’s claim limitations

beyond the abstract idea as an issue of law and without regard to the state of the art at the time of the patent.

Further, for reasons set forth below, the Supreme Court has for the first time in over five years shown interest in a question that impacts *Bhagat* and that require no additional resources by this Court other than to recognize that resolving *Berkheimer* or *Vanda Pharmaceuticals* resolves *Bhagat*. Still further, as is explained below it has recently come to light that the lower courts are refusing to follow this Court's precedent as an issue of policy in a manner that prejudiced *Bhagat* both in the USPTO and the Federal Circuit.

The equities favor granting this Motion for Leave to File Out of Time.

#### **Revised Question Presented Upon Rehearing**

The following is a question that has been inconsistently answered by the lower courts since the two-part eligibility test was first announced in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 79 (2012). This question is the central issue pending in *Hewlett Packard, Inc. v. Berkheimer*, Case No. 18-415, and *Hikma Pharmaceuticals v. Vanda Pharmaceuticals.*, Case No. 18-817, and is necessary for this Court to resolve in order to bring consistency to the lower courts.

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?

## I. Reasons to Grant Certiorari

While the USPTO and Federal Circuit never presented the patent eligibility rejection to Petitioner Urvashi Bhagat formally under the two-part *Alice/Mayo* test (Pet.App. 25a-37a), the patent eligibility question in *Bhagat* is plagued by the same underlying issues as dozens of other *Alice/Mayo* cases previously or presently before this Court. Petitioner Bhagat was just never informed her claims were being evaluated under the *Alice/Mayo* test. Petitioner Bhagat asks what objective standards may patent owners rely upon under step two when confronted by a patent eligibility challenge under the *Alice/Mayo* test assuming that at least one element of a patent claim exceeds a natural phenomenon or other abstract idea. The failures of the Federal Circuit to issue consistent opinions literally one day to the next should not result in a failure by this Court to consistently address the exact same issue presented in *Berkheimer* and *Bhagat*.

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.

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?"<sup>1</sup>

Judge Michel's comments are reflected by other distinguished members of the patent community including former Director of the USPTO David Kappos and former Director of the USPTO Todd Dickenson.<sup>2 3</sup>

*Berkheimer* and *Bhagat* are an example of (in Judge Michel's words) outcomes to identical issues

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

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

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

that are “inconsistent with one another and confusing.” Industry needs clarity.

**II. It Is the USPTO’s Professional Opinion That the Claims at Issue Include Limitations That Are Not Well-Understood, Routine, and Conventional**

As an initial issue, it is not contested that the USPTO and the Federal Circuit failed to address all the claim limitations. Indeed, the record clearly shows that they intentionally discounted the “casing” and “dosage” limitations. Pet.App. 5a-6a, 31a.

However, even discounting the casing and dosage limitations, there are three claims (102, 107, and 119) at issue that were rejected under § 101 but not rejected under § 102 or § 103. Pet.App. at 12a. The Petitioner now presents only these three claims for a specific review. Of these three claims, the USPTO argued that there was no appropriate “transformation” (Pet.App. 14a, 36a), which the USPTO considers an issue of law citing *Funk Brothers v. Kalo*, 333 U.S. 127 (1948). Pet.App. 28a-29a.

Thus, it is apparent that if patent eligibility under step two of the *Alice/Mayo* test is an issue of fact based upon a comparison of the prior art (Pet.App. 14a, 36a), claims 102, 107, and 119 are patent eligible.

On the other hand, if step-two of *Alice/Mayo* is resolved as a pure question of law answerable under *Funk Brothers* and *Myriad*, then the USPTO’s and Federal Circuit’s analysis is still not plausible in light that the 1952 Patent Act overruled *Funk Brothers*. See also *Ass’n for Molecular Pathology v.*

*Myriad*, 133 S.Ct 2107 (2013) (finding cDNA patent eligible by rejecting a “dictated by nature” test).

However, *Petition declines to argue any legal or factual errors of the Federal Circuit under Rule 10 of the Supreme Court rules.* Petitioner only argues the narrow but highly-contested issue *Bhagat* has in common with both *Berkheimer* and *Vanda Pharmaceuticals*.

**III. Unlike *Mayo*, There Is No Admission in the *Bhagat* 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 – the only step not inherently necessary to practice the abstract idea – 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.”).

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).

Thus, 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*, *Bhagat* makes no such admissions justifying a holding of patent ineligibility. Rather the *Bhagat* specification establishes that the limitations at issue are *not* well-understood, routine, and conventional,<sup>4</sup> which the USPTO disregarded and Federal Circuit left unaddressed (Pet.App. 34a) because they were addressing the *Bhagat* claims as a pure issue of law.

Thus, as with *Berkheimer* and *Vanda Pharmaceuticals* (which make no admissions justifying a holding of patent ineligibility), the evidentiary burden in all of *Berkheimer*, *Vanda*, and *Bhagat* is not 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

**Application of *Markman* and *Graham*:** When addressing patent eligibility it is important that the lower courts treat issues of law and issues of fact in 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*, 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

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<sup>4</sup> See, e.g., Pet.App. 57a-58a, (para [0006]-[0007]).

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 entirely possible and 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 out of context does not suffice as an admission.

Further, as *Markman* shows throughout its text 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 both evidence and 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."

Consider *Bilski v. Kappos*, 561 U.S. 593, 611 (2010). The Supreme Court did not 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.

**Analysis of *Bhagat* as an Issue of Fact:** As stated above, discerning whether a claim limitation is well-known, routine, and conventional is unquestionably a comparison of a claim to “the scope and content of the prior art.” While this is not to say that an admission in a patent specification cannot be used to satisfy such an inquiry, *Bhagat* offers no such admission. In the present 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.

**Analysis as an Issue of Law:** Addressing the additional claim limitations under step two of the *Alice/Mayo* test as an issue of law, the record shows that the USPTO and the Federal Circuit treated *Bhagat*’s claims under the legal standard of “transformation” and without regard to the scope of the prior art. However, if step two is a pure question of law, Petitioner will not bother this Court with arguments about mere misapplications of law.

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

Supreme Court precedent long holds that, in determining patent eligibility, claims must be considered as a whole, ordered combination. *Diamond v. Diehr*, 450 U.S. 175, 188 (1981); *Mayo*, 566 U.S. at 79; *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 *Bhagat*. Petitioner asserts that this violation of Supreme Court precedent is not mere error but the rule upon which the USPTO and lower courts operate. 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.”<sup>5</sup>

During the Senate hearings, Scott Partridge, former Chair of the American Bar Association’s Section of Intellectual Property Law testified:

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<sup>5</sup> <https://www.tillis.senate.gov/services/files/E8ED2188-DC15-4876-8F51-A03CF4A63E26>

“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.’ This provision would serve to buttress the underlying presumption in favor of eligibility. 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.”<sup>6</sup>

Still further, prominent Federal Circuit judges have remarked on the issue. For instance, Judge Linn lamented on the structural problems of the Federal Circuit’s misapplication of the *Alice/Mayo* test and the regular abuse of the “as a whole” issue when determining patent eligibility. *Smart Systems Int’l v. Chicago Transit*, 873 F.3d 1364 (Fed. Cir. 2017).

Petitioner is not asserting that *Alice/Mayo* is inconsistent with this Court’s other precedent. Petitioner is merely asserting that, unless this Court makes desperately-needed clarification, the USPTO and lower courts will continue to abuse the patent eligibility test developed by this Court. Unless and

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<sup>6</sup> <https://www.judiciary.senate.gov/download/partridge-testimony> at p. 3

until the USPTO and lower courts adhere to the Supreme Court's "as a whole" requirement while addressing claim limitations with some cognizable analysis based in law and/or based in fact consistent with *Markman* and *Graham*, step 2 of the *Alice/Mayo* test will remain an inconsistent and confused exercise.

#### VI. Plea to Hold the *Bhagat* Petition in Abeyance

Petitioner does not require oral argument. Petitioner respectfully requests that, at worst, this case be held in abeyance pending the disposition of the underlying issue common to *Berkheimer* and *Vanda Pharmaceuticals*.

#### VII. Conclusion

If step 2 of the *Alice/Mayo* test is an issue of fact based on a comparison of the prior art at the time of the patent, Petitioner Bhagat's claims are clearly patent eligible. If certiorari is warranted for *Berkheimer* and *Vanda Pharmaceuticals*, it is respectfully asserted that certiorari is warranted for *Bhagat*. Certiorari is further warranted in light of the evidence and issues recently brought to prominence by the United States Senate signaling that the lower courts do not address limitations as a whole under the *Alice/Mayo* test as an issue of policy.

/s/ Burman Y. Mathis

Burman Y. Mathis

Attorney for Petitioner

**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 Senate hearings as well as 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.

/s/ Burman Y. Mathis

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