

No. 18-415

IN THE
Supreme Court of the United States

HP INC., f/k/a HEWLETT-PACKARD COMPANY,
Petitioner,

v.

STEVEN E. BERKHEIMER,
Respondent.

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

BRIEF IN OPPOSITION

JAMES P. HANRATH
MICHAEL J. FEMAL
MUCH SHELIST P.C.
191 North Wacker Drive
Suite 1800
Chicago, IL 60606
(312) 521-2000
jhanrath@muchlaw.com
mfemal@muchlaw.com

ADAM G. UNIKOWSKY
Counsel of Record
JENNER & BLOCK LLP
1099 New York Ave., NW
Suite 900
Washington, DC 20001
(202) 639-6000
aunikowsky@jenner.com

PAUL J. SKIERMONT
SKIERMONT DERBY LLP
220 Ross Avenue
Suite 4880W
Dallas, TX 75201
(214) 978-6600
pskiermont@skiermontderby.com

QUESTION PRESENTED

Whether the Federal Circuit correctly held that additional fact-finding was necessary to resolve whether patent claim limitations such as “storing a reconciled object structure in the archive without substantial redundancy,” and “selectively editing an object structure, linked to other structures to thereby effect a one-to-many change in a plurality of archived items,” constituted “well-understood, routine, conventional activity” under *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 79 (2012)?

TABLE OF CONTENTS

QUESTION PRESENTED i

TABLE OF AUTHORITIES iv

INTRODUCTION 1

BACKGROUND 5

I. Patent in Suit 5

II. Proceedings Below 8

ARGUMENT 10

I. The Federal Circuit’s Decision is Correct. 10

 A. In some cases, patent-eligibility presents questions of fact..... 10

 B. Petitioner’s contrary arguments lack merit. 13

II. This Case is a Poor Vehicle..... 22

 A. It is unclear whether Petitioner is raising a procedural question or a substantive question. 23

 B. Even if the petition was clear, this case would be a poor vehicle. 25

 C. This case arises solely because of Petitioner’s litigation error. 28

III. This Case Lacks Prospective Importance, and At a Minimum, Additional Percolation is Warranted.	29
CONCLUSION	34

TABLE OF AUTHORITIES

CASES

<i>Alice Corp. v. CLS Bank International</i> , 134 S. Ct. 2347 (2014)	5, 8, 13, 18, 27
<i>Bilski v. Kappos</i> , 561 U.S. 593 (2010)	27
<i>BSG Tech LLC v. Buyseasons, Inc.</i> , 899 F.3d 1281 (Fed. Cir. 2018).....	32
<i>Cellspin Soft, Inc. v. Fitbit, Inc.</i> , 316 F. Supp. 3d 1138 (N.D. Cal. 2018), <i>appeal docketed</i> , No. 18-1824 (Fed. Cir. Apr. 13, 2018).....	32
<i>Exergen Corp. v. Kaz USA, Inc.</i> , 725 F. App'x 959 (Fed. Cir. 2018).....	15
<i>Interval Licensing LLC v. AOL, Inc.</i> , 896 F.3d 1335 (Fed. Cir. 2018)	30
<i>Mayo Collaborative Services v. Prometheus Laboratories, Inc.</i> , 566 U.S. 66 (2012).....	<i>passim</i>
<i>Microsoft Corp. v. i4i Ltd. Partnership</i> , 564 U.S. 91 (2011).....	16
<i>Symantec Corp. v. Zscaler, Inc.</i> , No. 17-cv-04426-JST, 2018 WL 3537201 (N.D. Cal. July 23, 2018)	32
<i>Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.</i> , 135 S. Ct. 831 (2015).....	15, 20
<i>U.S. Bank National ex rel. CWC Capital Asset Management LLC v. Village at Lakeridge</i> , 138 S. Ct. 960 (2018).....	26

STATUTES

35 U.S.C. § 112(a)..... 21

OTHER AUTHORITIES

Memorandum from Robert W. Bahr, Deputy
Commissioner for Patent Examination
Policy to Patent Examining Corps,
Subject: Changes in Eligibility Procedure
Pertaining to Subject Matter Eligibility,
Recent Subject Matter Eligibility Decision
(*Berkheimer v. HP, Inc.*) (Apr. 19, 2018),
[https://www.uspto.gov/sites/default/files/
documents/memo-berkheimer-201804
19.PDF](https://www.uspto.gov/sites/default/files/documents/memo-berkheimer-20180419.PDF) 31

INTRODUCTION

Petitioner claims that this case presents the question whether “patent eligibility is a question of law for the court based on the scope of the claims or a question of fact for the jury based on the state of the art at the time of the patent.” Pet. i.

It does not. The Federal Circuit held neither that patent eligibility is a “question of fact,” nor that factual questions are “for the jury.” What it actually held was: “Like indefiniteness, enablement, or obviousness, whether a claim recites patent eligible subject matter is a question of law which may contain underlying facts.” Pet. App. 14. It observed that “[p]atent eligibility has in many cases been resolved on motions to dismiss or summary judgment,” and “[n]othing in this decision should be viewed as casting doubt on the propriety of those cases.” Pet. App. 15. But it concluded that when the facts underlying the eligibility determination are disputed, a fact-finder must resolve the dispute. Pet. App. 16, 20-21. It did not resolve whether the fact-finder would be the jury or the court, as the dissent from denial from rehearing en banc observed. Pet. App. 106-07 (complaining that panel opinion provided “no meaningful guidance” on whether “the court or jury determine[s] this factual issue[]”).

The Federal Circuit’s decision is correct. In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), this Court held that when a patent claim is directed to a law of nature, and “any additional steps consist of well-understood, routine, conventional activity already engaged in by the scientific community,” the claim is invalid. *Id.* at 79-80.

The Court found the claim at issue invalid because it was directed to a law of nature, and the patent specification itself explicitly acknowledged that the “additional steps” were “well known in the art.” *Id.* at 79.

Here, however, there is a factual dispute as to whether the “additional steps” are “well known in the art.” *Id.* In particular, the additional steps at issue here include “storing a reconciled object structure in the archive without substantial redundancy” and “selectively editing an object structure, linked to other structures to thereby effect a one-to-many change in a plurality of archived items.” Pet. App. 19-20. The specification explains how these limitations improve the efficiency of computer archive systems. *Id.* The parties dispute whether those steps are “well-understood, routine, conventional activity already engaged in by the scientific community” under *Mayo*. 566 U.S. at 79-80.

This dispute cannot be resolved via legal reasoning. It is a classic factual dispute. And when there are factual disputes, there must be fact-finding. There is no patent eligibility exception to the Federal Rules of Civil Procedure.

More generally, among the vast expanse of patent art, it is not surprising that in *some* cases genuine disputes of material fact exist over whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field. The resolution of such factual disputes necessarily will require evaluation of the technological context of an invention. Such an evaluation involves “a

question of historical fact, not a legal question.” Pet. App. 90 n.3.

In addition to being correctly decided, this case is a poor vehicle. Petitioner cannot seem to decide whether this case presents the *procedural* question of whether patent eligibility is a question of fact or law, or the *substantive* question of how to decide whether a patent is sufficiently “inventive” to be patent eligible. The “question presented” is focused on the fact/law question. But at various points in the petition, Petitioner seems to argue that this case is a vehicle to narrow the scope of patent eligibility. *E.g.*, Pet. 23 (asserting that the Federal Circuit improperly created a “lower bar for eligibility” and “greatly expanded the range of potentially patent eligible inventions”).

Either way, this case has insuperable vehicle problems. If Petitioner intends to raise the substantive question of whether the Federal Circuit set the “bar for eligibility” too low, *id.*, this case is a bad vehicle because the Federal Circuit did not decide that question. Pet. App. 21 (“We do not decide today that claims 4-7 are patent eligible under § 101.”). All it did was remand to the District Court for additional fact-finding.

If Petitioner intends to raise only the procedural question of whether patent eligibility is a question of fact or law, this case is a bad vehicle because it is impossible to decide that issue without first resolving the substantive question of *how* inventiveness is to be decided as a matter of law. Petitioner evidently believes that for every single patent claim in existence, a judge can somehow intuit, merely by staring at the

claim language, whether the claim is sufficiently “inventive” to be patentable. But Petitioner gives no indication of how to conduct that analysis as a matter of law, either in general or in this case.

Thus, if this Court grants certiorari on the procedural question that Petitioner raises, it will be forced to pick between two procedures for resolving patent eligibility without having any idea how one of those would work in practice. The Federal Circuit’s procedure is straightforward—when there is a factual dispute over whether a claim element or claimed combination is well-understood, routine, and conventional to a skilled artisan in the relevant field, ordinary procedural standards for fact-finding must apply, including the Federal Rules of Civil Procedure. By contrast, Petitioner advocates resolving such factual disputes via some legal analysis that is wholly unspecified. This Court should not select between those procedures without deciding, or even knowing, how Petitioner’s proposed legal analysis is supposed to work.

In fact, it is impossible to determine patent eligibility in all cases as a pure matter of law. In many cases there are no “genuine disputes over the underlying facts material to the § 101 inquiry.” Pet. App. 15. But, here, for certain claims, there is a genuine dispute of fact over whether certain claim elements would have been well-understood, routine and conventional to a skilled artisan in the relevant field. As such, the ordinary procedures for resolving such factual disputes must apply.

The petition should be denied.

BACKGROUND

I. Patent in Suit

In *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014), this Court distinguished between patents that merely recite an abstract concept “as performed by a generic computer,” which are not patent-eligible, and patents that “purport to improve the functioning of the computer itself,” which are. *Id.* at 2359. The patent in this case falls within the latter category: it is an improvement to digital asset management systems.

Respondent Steven E. Berkheimer is the named inventor on U.S. Patent No. 7,447,713, entitled “System and Method for Archiving and Outputting Documents or Graphical Items.” The patent claims priority to a provisional application dated October 13, 2000. The patent explains that the invention “pertains to digital asset management systems including the processing and archiving of files”—more specifically, “processing to form object-oriented representations to files received in a standardized format.” Pet. App. II-11. According to the patent, “today’s digital asset management systems” contain “numerous documents containing multiple instances of redundant elements” which “contributes to gross inefficiencies in the storage and use of documents in a digital archive.” *Id.* Thus, there is “a need for asset and content management systems for managing large archival data bases of linked documents or graphical items with minimal redundancy.” *Id.*

To fill that need, Respondent invented “[s]ystems

and methods for translating document files to a common input format” that “can then parse the elements of such documents into an object oriented document model with linking tags associated with each of the objects, elements properties and element property values.” Pet. App. II-1. As the decision below explains, “[t]he system parses files into multiple objects and tags the objects to create relationships between them.” Pet. App. 2. “These objects are analyzed and compared, either manually or automatically, to archived objects to determine whether variations exist based on predetermined standards and rules.” *Id.* “This system eliminates redundant storage of common text and graphical elements, which improves system operating efficiency and reduces storage costs.” *Id.* “The relationships between the objects within the archive allow a user to ‘carry out a one-to-many editing process of object-oriented data,’ in which a change to one object carries over to all archived documents containing the same object.” Pet. App. 2-3.

The petition asserts that the patent does not “provide any meaningful guidance as to how to write software implementing the claims.” Pet. 5. That is not so. The patent contains numerous detailed flowchart diagrams showing the steps of the claimed archival method. Pet. App. II-2 – II-10. The specification describes every element of the invention’s architecture in detail. *E.g.*, Pet. App. II-14 – II-15 (describing “Document Construction Metadata,” “Document Specific Data and Metadata,” “Element Specific Metadata,” “Document Properties,” “Document

Property Values,” “Document Version Metadata,” “Element Properties,” “Element Property Values,” and “Element Version Metadata”).

The claims embody the technical concepts described in the specification. Claim 1 is as follows:

A method of archiving an item in a computer processing system comprising:

presenting the item to a parser;

parsing the item into a plurality of multi-part object structures wherein portions of the structures have searchable information tags associated therewith;

evaluating the object structures in accordance with object structures previously stored in an archive;

presenting an evaluated object structure for manual reconciliation at least where there is a predetermined variance between the object and at least one of a predetermined standard and a user defined rule.

Pet. App. II-34, 36.

Claims 2 through 9 each depend on (*i.e.*, incorporate) claim 1 while adding additional steps. Relevant here, claim 4 depends on claim 1, while adding the step of “storing a reconciled object structure in the archive without substantial redundancy.” *Id.* Claim 5 depends on claim 4, while adding the step of “selectively editing an object structure, linked to other structures to thereby effect a one-to-many change in a plurality of archived items.” *Id.* Claims 6 and 7 incorporate claim 5

and add additional limitations. *Id.*

II. Proceedings Below

Respondent sued Petitioner HP, Inc., for patent infringement. As relevant here, Respondent alleged that Petitioner infringed claims 1-7 and 9. The District Court found all of those claims to be patent-ineligible as a matter of law. Pet. App. 22-47.

The Federal Circuit affirmed in part and vacated in part. The Federal Circuit applied the two-step patentability test from this Court's decision in *Alice*.

Alice's first step requires the court to "determine whether the claims at issue are directed to" a "patent-ineligible concept[]." 134 S. Ct. at 2355. The court held that "claims 1-3 and 9 are directed to the abstract idea of parsing and comparing data; claim 4 is directed to the abstract idea of parsing, comparing, and storing data; and claims 5-7 are directed to the abstract idea of parsing, comparing, storing, and editing data." Pet. App. 11.

Alice's second step requires the court to determine whether "additional elements transform the nature of the claim into a patent-eligible application." 134 S. Ct. at 2355 (internal quotation marks omitted). The court observed that the specification described "an inventive feature that stores parsed data in a purportedly unconventional manner." Pet. App. 18. Specifically, that feature "eliminates redundancies, improves system efficiency, reduces storage requirements, and enables a single edit to a stored object to propagate throughout all documents linked to that object." *Id.* Thus, the court "analyze[d] the asserted claims and

determine[d] whether they capture these improvements.” *Id.*

The court held that claims 1-3 and 9 were ineligible because they did not “recite any of the purportedly unconventional activities disclosed in the specification.” *Id.* But claims 4-7 “contain limitations directed to the arguably unconventional inventive concept described in the specification.” Pet. App. 19.

The court held that “there is at least a genuine issue of material fact in light of the specification regarding whether claims 4-7 archive documents in an inventive manner that improves these aspects of the disclosed archival system.” Pet. App. 20. It did not decide the ultimate question of patent eligibility, but instead remanded to the District Court for additional fact-finding. Pet. App. 21.

Petitioner sought rehearing en banc, which the court denied. The judges on the panel filed an opinion concurring in the denial, which explained that on the particular facts of this case, there were fact issues on whether the additional steps in claims 4-7 were sufficiently inventive to render the claims patentable. Pet. App. 87-98. Judge Lourie, joined by Judge Newman, concurred in the denial as well, finding “plausibility to the panel holding” but urging Congress to address certain “specific issues” regarding patent eligibility that “are not in the case[] before us.” Pet. App. 99, 103. Judge Reyna dissented from the denial. He acknowledged that determining patent eligibility would in some cases require factual determinations, but would have granted rehearing to clarify that the inquiry is “predominately legal.” Pet. App. 117-18.

ARGUMENT

The Court should deny certiorari. The decision below is correct; this case is beset by vehicle problems; and it is unclear what, if any, prospective significance the decision will have.

I. The Federal Circuit’s Decision is Correct.

The Federal Circuit correctly held that when there is a genuine dispute of material fact over whether steps in a patent “consist of well-understood, routine, conventional activity already engaged in by the scientific community,” *Mayo*, 566 U.S. at 79-80, fact-finding is necessary to resolve that dispute. Pet. App. 20, 91-92. Nothing in the petition casts doubt on that unremarkable holding.

A. In some cases, patent-eligibility presents questions of fact.

This Court has long held that “[p]henomena of nature, though just discovered, mental processes, and abstract intellectual concepts are not patentable, as they are the basic tools of scientific and technological work.” *Mayo*, 566 U.S. at 71 (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)). In *Mayo*, this Court held that a patentee cannot avoid that bar merely by drafting a claim that recites a law of nature or abstract idea accompanied by conventional activity. Rather, when a patent claim is directed to a law of nature or abstract idea, and “any additional steps consist of well-understood, routine, conventional activity already engaged in by the scientific community,” the patent claim is invalid. *Id.* at 79-80.

This case concerns whether the patent eligibility analysis is invariably a pure question of law, or whether that analysis may involve subsidiary fact-finding. In the decision below, the Federal Circuit concluded that “[p]atent eligibility ... is ultimately an issue of law we review de novo,” but “[t]he patent eligibility inquiry may contain underlying issues of fact.” Pet. App. 7. In particular, “[w]hether something is well-understood, routine, and conventional to a skilled artisan at the time of the patent is a factual determination.” Pet. App. 16.

That holding has to be right. Whether a claim limitation consists of “well-understood, routine, and conventional activity” bears no resemblance to a question of law. In this case, for instance, the dependent claims recited: “storing a reconciled object structure in the archive without substantial redundancy,” and “selectively editing an object structure, linked to other structures to thereby effect a one-to-many change in a plurality of archived items.” Pet. App. 19-20. “These claims recite a specific method of archiving that, according to the specification, provides benefits that improve computer functionality.” Pet. App. 20. No statute, case, or deductive legal reasoning can resolve whether this “specific method of archiving,” *id.*, constitutes “well-understood, routine, conventional activity, previously engaged in by those in the field.” *Mayo*, 566 U.S. at 82. That is a quintessential factual question.

As the panel recognized, that does not mean that patent eligibility will invariably present issues of fact. “When there is no genuine issue of material fact regarding whether the claim element or claimed

combination is well-understood, routine, conventional to a skilled artisan in the relevant field, this issue can be decided on summary judgment as a matter of law.” Pet. App. 15-16. For instance, in this case, the court concluded that claims 1-3 and 9 were ineligible as a matter of law. Pet. App. 19.

Similarly, in both *Mayo* and *Alice*, this Court resolved patent eligibility as a matter of law because there was no dispute over the subsidiary facts. In *Mayo*, the patent was directed to a law of nature: “the correlations between thiopurine metabolite levels and the toxicity and efficacy of thiopurine drug dosages.” 566 U.S. at 76. The claim at issue included additional steps, but the patent specification explicitly acknowledged that those steps were already known in the art:

[T]he “determining” step tells the doctor to determine the level of the relevant metabolites in the blood, through whatever process the doctor or the laboratory wishes to use. As the patents state, methods for determining metabolite levels were well known in the art. '623 patent, col.9, ll.12–65, 2 App. 11. Indeed, scientists routinely measured metabolites as part of their investigations into the relationships between metabolite levels and efficacy and toxicity of thiopurine compounds. '623 patent, col.8, ll.37–40, *id.*, at 10. Thus, this step tells doctors to engage in well-understood, routine, conventional activity previously engaged in by scientists who work in the field.

Id. at 79. Because there was no dispute over the

subsidiary factual question of whether the “determining” step was known in the art, the Court was able to resolve the patent eligibility question without remanding for additional fact-finding. *See id.* at 79-80.

Likewise, in *Alice*, the patent was directed to an abstract idea: “a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk.” 134 S. Ct. at 2356. The claims at issue recited that this method should be implemented on a “generic computer ... perform[ing] generic computer functions.” *Id.* at 2359. The Court found the claims unpatentable because the “computer functions are ‘well-understood, routine, conventional activities’ previously known to the industry.” *Id.* (quoting *Mayo*, 566 U.S. at 73) (bracket omitted). Again, there was no dispute about whether the use of a generic computer was “routine” or “conventional,” and so the Court was able to resolve the patent-eligibility question as a matter of law.

Here, by contrast, factual disputes exist. The Federal Circuit therefore was correct to remand to the District Court for those factual disputes to be resolved.

B. Petitioner’s contrary arguments lack merit.

Petitioner offers no sound basis for its position that patent-eligibility is invariably a pure question of law.

Use of pronoun “we.” Petitioner’s lead argument is that in *Alice* and other cases, “this Court clearly held that patent eligibility is a question of law for the courts, not a factual question for the jury.” Pet. 9-10. The

basis for this asserted “clear[]” holding, Pet. 10, is this Court’s use of the pronoun “we”: “*we determine* whether the claims at issue are directed to [a] patent-ineligible concept[.]” *Id.* (quoting *Alice*, 134 S. Ct. at 2355) (alterations in original); *see also* Pet. 10, 14 (emphasizing other uses of pronouns “we” and “our”).

This argument lacks merit. Nothing in *Alice* or any other case resolves, or even mentions, whether patent eligibility is invariably a question of law. The selection of a pronoun is not a holding. Moreover, the use of the pronoun “we” likely reflected that there were no disputed facts in those cases, so the Court could resolve them as a matter of law—the very reason they may have been good vehicles for Supreme Court review. Here, however, the facts are disputed.

Analogy to claim construction. Petitioner asserts that “the test for patent eligibility turns on the scope of the claims,” and “[d]etermining the meaning of claims—construing the patent—has long been the responsibility for the court.” Pet. 13 (quoting *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 384 (1996)). But claim construction is different from patent eligibility. As the concurrence in the denial of rehearing en banc noted, “construing claims in light of the specification differs from determining whether claim limitations recite activities that were well-understood, routine, and conventional in the relevant field at a particular point in time. The latter is a question of historical fact, not a legal question of claim scope.” Pet. App. 90 n.3. Indeed, in *Mayo*, this Court observed that “in evaluating the significance of additional steps, the § 101 patent-eligibility inquiry and, say, the § 102 novelty inquiry

might sometimes overlap.” 566 U.S. at 90. Claim construction, by contrast, involves no such overlap.

Moreover, claim construction *also* involves fact-finding. That fact-finding is conducted by the court rather than the jury, but it is still fact-finding. In *Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831 (2015), this Court held that although “the ultimate issue of the proper construction of a claim should be treated as a question of law, ... in patent construction, subsidiary fact-finding is sometimes necessary.” *Id.* at 838. It noted that “courts may have to make ‘credibility judgments’ about witnesses.” *Id.* And it found that “all such subsidiary findings” must be reviewed “under the ‘clearly erroneous’ standard.” *Id.* In the decision below, the Federal Circuit conceptualized patent eligibility the same way: “[A] question of law which may contain underlying facts.” Pet. App. 14. Thus, if patent eligibility is analogous to claim construction, this would mean that fact-finding *is* necessary to resolve subsidiary factual disputes, just as the Federal Circuit held.

To be sure, in claim construction determinations, the judge finds the facts, while in other types of invalidity determinations (such as obviousness), the jury finds the facts. In this case, the Federal Circuit did not resolve whether the fact-finder would be the judge or the jury. Pet. App. 106-07 (noting that panel opinion provided “no meaningful guidance” on whether “the court or jury determine[s] this factual issue”). A case decided after the decision below observed that the issue remains open. *Exergen Corp. v. Kaz USA, Inc.*, 725 F. App’x 959, 968 (Fed. Cir. 2018) (“Whether the

Seventh Amendment guarantees a jury trial on any factual underpinnings of § 101 is a question which awaits more in-depth development and briefing than the limited discussion in this case.”).

There are colorable arguments on both sides. Petitioner analogizes the patent-eligibility inquiry to claim construction, in which courts, not juries, find subsidiary facts. Pet. 13. But patent-eligibility is an invalidity doctrine, and in invalidity cases, juries have historically found the subsidiary facts. *See, e.g., Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 111 (2011).

Here, however, Petitioner contends that invalidity determinations under § 101 are analogous to *neither* claim construction determinations (where the judge finds the underlying facts) *nor* all other types of invalidity determinations (where the jury finds the underlying facts). Instead, Petitioner contends that § 101 falls within some heretofore unrecognized third category of determinations where there is no fact-finding under any circumstances. Petitioner does not explain why this would be.

Wrong test. Petitioner contends that “[t]he Federal Circuit replaced this Court’s test with a phrase from *Alice* and *Mayo*.” Pet. 16. This statement is puzzling. *Alice* and *Mayo* are cases from this Court. And the phrase “well-understood, routine, conventional” from *Mayo* was not accidental: the Court repeated it four separate times. 566 U.S. at 73, 79, 79-80, 82.

Petitioner nonetheless asserts that “[t]he panel’s central error was to conflate non-routineness with an

inventive concept.” Pet. 17. It characterizes “inventiveness” as “the touchstone.” *Id.*

Changing the adjective does not change the analysis. If “non-routineness” is a question of fact, “inventiveness” is a question of fact. The disputed claim limitations are: “storing a reconciled object structure in the archive without substantial redundancy” and “selectively editing an object structure, linked to other structures to thereby effect a one-to-many change in a plurality of archived items.” Pet. App. 19-20. Whether these steps are “inventive” is just as much a factual question as whether these steps are “routine.” Indeed, Petitioner offers no guidance on how this “inventiveness” analysis could possibly be resolved as a matter of law.

Similarity to novelty analysis. Petitioner contends that the “decision below allows the novelty of an abstract idea to establish eligibility.” Pet. 18. According to Petitioner, under the Federal Circuit’s approach, “[c]laims that monopolize newly discovered natural laws and abstract ideas will be eligible for patent protection because of their novelty.” Pet. 18-19.

Petitioner is incorrect. The Federal Circuit did not conflate eligibility under 35 U.S.C. § 101 and novelty under 35 U.S.C. § 102. It hewed to *Mayo* and *Alice*, which establish the relationship between those two doctrines.

As *Mayo* explains, novelty turns on whether *the claim as a whole* is novel. Thus, a claim directed to a new law of nature or abstract idea—even if patent-ineligible—can still be novel, if the law of nature or

abstract idea *itself* is novel. *Mayo*, 566 U.S. at 90 (“Intuitively, one would suppose that a newly discovered law of nature is novel.”). The eligibility analysis, by contrast, requires ignoring the law of nature or abstract idea and determining whether “the steps in the claimed processes (*apart from the natural laws themselves*) involve well-understood, routine, conventional activity previously engaged in by researchers in the field.” *Id.* at 73 (emphasis added). Thus, the patent in *Mayo* may have been novel (because the law of nature was novel), but it was nonetheless ineligible (because the steps other than that law of nature were conventional).

In *Alice*, likewise, the Court characterized the eligibility analysis as a two-step process. “First, we determine whether the claims at issue are directed to” a “patent-ineligible concept[.]” 134 S. Ct. at 2355. Second, the court asks whether “additional elements transform the nature of the claim into a patent-eligible application.” *Id.* (internal quotation marks omitted). A court must consider whether the *additional elements* are “well-understood, routine, conventional activities previously known in the industry.” *Id.* at 2359 (quotation marks and brackets omitted).

To be sure, there may be some overlap between the novelty analysis—which turns on whether the claim as a whole is novel—and the second step of the ineligibility analysis—which turns on whether the steps aside from the law of nature or abstract idea are novel. This Court’s decision in *Mayo* explicitly acknowledges that overlap: “We recognize that, in evaluating the significance of additional steps, the § 101 patent-

eligibility inquiry and, say, the § 102 novelty inquiry might sometimes overlap.” 566 U.S. at 90. Petitioner’s apparent suggestion that there should be no overlap between novelty analysis and ineligibility analysis is irreconcilable with *Mayo*.

The Federal Circuit faithfully applied *Mayo* and *Alice*. The Federal Circuit determined that all of the claims at issue were directed to abstract ideas: claims 1-3 and 9 are “directed to the abstract idea of parsing and comparing data,” claim 4 is “directed to the abstract idea of parsing, comparing, and storing data,” and claims 5-7 are “directed to the abstract idea of parsing, comparing, storing, and editing data.” Pet. App. 11. Next, it examined each claim to determine whether there were limitations *beyond* those abstract ideas that were sufficiently inventive. The court found that claims 1-3 and 9 did not recite any of the unconventional activities disclosed in the specification beyond the abstract idea. Pet. App. 18-19. By contrast, the court concluded that there was a factual dispute over whether claims 4-7 recited unconventional activities beyond the abstract idea. Pet. App. 19-20. Thus, the court conducted the precise analysis that *Mayo* and *Alice* require.

Change in patent eligibility over time. Petitioner states that under the Federal Circuit’s approach, “patent eligibility can change as knowledge of the art changes.” Pet. 20. Petitioner asserts this is wrong, employing strongly-worded superlatives. *Id.* (describing this result as not “rational[.]”); Pet. 21 (asserting that under this result, “Section 101 ceases to have meaning”).

However, Petitioner does not offer any legal arguments as to why this is wrong. It is perfectly intuitive that activities may be “routine” and “conventional” at a later time but not an earlier time. In *Alice*, the Court correctly observed that reciting a computer in a claim is not inventive, today. It certainly would have been inventive at some point in the past.

Petitioner asserts that “the result of the threshold eligibility question will never change” because “it is a question of the scope of the claims.” Pet. 20. As mentioned earlier, patent-ineligibility analysis is different from claim construction (*i.e.*, determining the scope of the claims). *Supra*, at 14-15. But even if those inquiries were the same, Petitioner overlooks that claim construction *can* vary in time, as the Court made clear in *Teva*. 135 S. Ct. at 841 (“In some cases ... the district court will need to look beyond the patent’s intrinsic evidence and to consult extrinsic evidence in order to understand ... the meaning of a term in the relevant art *during the relevant time period.*”); *id.* (district court can “resolve[] a dispute between experts and makes a factual finding that, in general, a certain term of art had a particular meaning to a person of ordinary skill in the art *at the time of the invention*” (emphases added)). If claim construction can vary in time, patent eligibility can vary in time.

Patent eligibility based on draftsman’s art. Relying on an article from an Internet blog known as “IP Wire,” Petitioner asserts that under the Federal Circuit’s interpretation, patent eligibility will improperly turn on “artful drafting of the specification.” Pet. 21.

This contention is unfounded for two reasons. First, it is hardly a surprise that a patent’s validity will turn on the content of a specification. Among other requirements, the Patent Act requires that a patent claim be both described in, and enabled by, the specification. 35 U.S.C. § 112(a). In other words, the validity of a patent *always* turns on artful drafting of the specification. There is nothing counterintuitive about this result.

Second, Petitioner’s proposed rule would make patent validity turn on “artful drafting of the specification” to a far greater extent than the decision below. Under Petitioner’s approach, because patent eligibility apparently never presents issues of fact, courts are banned from consulting extrinsic evidence and are confined to looking at the patent itself, *i.e.*, the claims and specification. Thus, patent eligibility will turn entirely on artful drafting of the specification. If a court may determine subsidiary facts via fact-finding, artful drafting of the specification becomes less significant to the eligibility inquiry.

To the extent Petitioner’s concern is that the Federal Circuit’s decision will open the door to fact-finding in every case, the Federal Circuit’s decision disclaims that prospect: “[A]s our cases demonstrate, not every § 101 determination contains genuine disputes over the underlying facts material to the § 101 inquiry.” Pet. App. 14. Cases like *Alice*—in which an inventor seeks to patent abstract commercial practices using generic computer components—can still be resolved as a matter of law under the Federal Circuit’s approach. Indeed, the Federal Circuit *affirmed* the

District Court's holding of invalidity with respect to claim 1-3 and 9, Pet. App. 19, thus making clear that patent eligibility can still be resolved as a matter of law in appropriate cases.

Application of Federal Circuit's test to facts of Alice and Mayo. Finally, Petitioner states that under the Federal Circuit's approach, *Alice* and *Mayo* would have come out differently. That argument reflects Petitioner's misunderstanding of the Federal Circuit's holding. Petitioner points to statements in the specifications of the *Alice* and *Mayo* patents explaining that the *abstract idea* and the *law of nature*, respectively, were inventive. Pet. 22. This Court held, however, that abstract ideas and laws of nature are patent-ineligible. To determine eligibility, courts must look to the additional steps *beyond* those patent-ineligible concepts. And because there was no dispute in those cases that the additional steps—the use of a generic computer and the use of well-known diagnostic techniques, respectively—were routine, the patents were invalid. *Supra*, at 12-13. In this case, the Federal Circuit applied the same test.

II. This Case is a Poor Vehicle.

Even if the Court had doubt as to whether the Federal Circuit's decision was correct, this case would be a poor candidate for review. It is unclear what Petitioner is asking this Court to decide. And whatever question Petitioner is attempting to raise, insuperable vehicle problems will prevent the Court from answering it.

A. It is unclear whether Petitioner is raising a procedural question or a substantive question.

Petitioner cannot decide whether it is raising the *procedural* question of whether patent eligibility is a question of fact or law, or the *substantive* question of whether the Federal Circuit set the bar for patent eligibility too low.

The question presented is purely procedural: “whether patent eligibility is a question of law for the court based on the scope of the claims or a question of fact for the jury based on the state of the art at the time of the patent.” Pet. i. That question, as stated, is misleading: regardless of whether fact-finding is permissible, a court necessarily must look at the “scope of the claims” in determining whether those claims recite unconventional activity. After all, it is impossible to analyze whether claims recite unconventional activity without determining what they cover. Thus, more accurately, Petitioner’s “question presented” is whether a court may *only* consider the language of the claims in determining patent eligibility, or whether it may *also* conduct fact-finding in appropriate cases.

But the petition itself seems to raise the substantive issue. *E.g.*, Pet. 23 (asserting that “the Federal Circuit greatly expanded the range of potentially patent eligible inventions” by creating a “lower bar for eligibility”). Petitioner evidently believes that this particular patent is patent-ineligible as a matter of law, and that the “inventiveness” threshold should be set in such a way as to render this patent ineligible. Yet this

argument is disconnected from the question presented, which turns on what materials judges should consider in determining patent eligibility, rather than where the “inventiveness” threshold should be set.

To the extent Petitioner theorizes that the possibility of fact-finding *inherently* “expand[s] the range of potentially patent eligible inventions,” *id.*, Petitioner provides no explanation of why this is so. Moreover, this seems clearly wrong. True, the Federal Circuit’s decision will allow plaintiffs to submit evidence to resolve genuine factual disputes. But it will also allow defendants to submit evidence. It is unclear why Petitioner thinks this inherently makes defendants worse off.

Indeed, as the concurrence in the denial of rehearing en banc pointed out, Petitioner’s position may well make it *easier* to establish a patent’s validity. The concurrence noted that “[i]t would be bizarre, indeed, if we assessed the question from the perspective of a jurist because for much of the technology we encounter, very little would be well-understood, routine, and conventional to the jurist.” Pet. App. 88 n.1. But if Petitioner’s “bizarre” position was correct, and *judges* were forced to decide—without evidence beyond the patent document alone—whether activities were “well-understood, routine, and conventional,” virtually *everything* would be held unconventional and hence patentable. Petitioner does not explain why depriving judges of evidence would make patents easier to invalidate.

Take this very case. Petitioner seems to assume that if patent eligibility was a pure question of law, the

claims at issue here would be invalidated. But there is no basis for this assumption in the decision below. The Federal Circuit observed that the claims at issue “recite a specific method of archiving that, according to the specification, provides benefits that improve computer functionality.” Pet. App. 20. According to the patent, that specific method did not occur in “conventional digital asset management systems” as of the October 2000 priority date. *Id.* If the court was authorized to look at the specification and nothing else, this would likely mean that the claims would be declared *eligible*, not ineligible.

Making matters even more confusing, Petitioner claims that this case is a good vehicle because it is “representative of problematic software patents.” Pet. 31. While Respondent disagrees with this assertion, the more important point is that it is wholly irrelevant if Petitioner is actually raising the fact/law issue asserted in the question presented. Whether a court may consider factual evidence alongside the claim language has nothing to do with whether “software patents,” either this case or generally, are “problematic.”

B. Even if the petition was clear, this case would be a poor vehicle.

The ambiguity over the question presented is itself a vehicle problem. But even if the petition was clearer on whether Petitioner intends to litigate the substantive standard for patent eligibility as applied to this case, it would be a poor vehicle.

If Petitioner *does* intend to litigate the substantive

question, this case is a poor vehicle because the Federal Circuit did not decide any questions of patent eligibility. It stated: “We do not decide today that claims 4–7 are patent eligible under § 101. We only decide that on this record summary judgment was improper, given the fact questions created by the specification’s disclosure.” Pet. App. 21. Further, the fact-finding contemplated by the decision below has yet to occur. The Court cannot decide whether the bar for eligibility should be raised or lowered when the Federal Circuit did not set that bar at all.

If Petitioner does *not* intend to litigate the substantive question, this case is a poor vehicle because it is difficult, if not impossible, to decide whether patent eligibility is a purely legal inquiry, as Petitioner advocates, without deciding—or even understanding—how that legal inquiry is supposed to work. *See U.S. Bank Nat’l ex rel. CWC Capital Asset Mgmt. LLC v. Village at Lakeridge, LLC*, 138 S. Ct. 960, 970 (2018) (Sotomayor, J., concurring) (noting that “the appropriate standard of review is deeply intertwined with the test being applied”).

Petitioner’s view is that a court can determine “inventiveness” in every case merely by staring at the claim language and consulting no factual materials or resolving any disputed facts. But how? Concretely, in this case, what legal analysis is a judge supposed to perform to decide whether limitations such as “storing a reconciled object structure in the archive without substantial redundancy,” and “selectively editing an object structure, linked to other structures to thereby effect a one-to-many change in a plurality of archived

items,” Pet. App. 19-20, surpass the “inventiveness” threshold? Petitioner attempts to analogize this case to *Alice*, Pet. 32, but the cases are very different. In *Alice*, this Court considered the patentability of a patent directed to an abstract economic idea—*i.e.*, a method of exchanging financial obligations—that happened to be implemented on a generic computer. 134 S. Ct. at 2356; *see also Bilski v. Kappos*, 561 U.S. 593 (2010) (also considering patentability of abstract economic concept). This patent, by contrast, is *about computers*: it “relates to digitally processing and archiving files in a digital asset management system.” Pet. App. 2. It is easy to see why the mere recitation of the word “computer” is not inventive, but the disputed limitations in this case do not merely utter “computer”: they are directed to specific computer technology that improves computer functionality. As to this case, Petitioner offers no guidance on how to determine inventiveness as a matter of law, beyond the vague suggestion that the patent is “problematic” because it is “software.” Pet. 31-32.

Thus, if the Court grants certiorari, it will be forced to pick between two procedures for resolving patent eligibility without having any idea how one of them would work in practice. The Federal Circuit’s procedure is straightforward—when there is a factual dispute over whether a claim element or claimed combination is well-understood, routine, and conventional to a skilled artisan in the relevant field, the ordinary procedural standards for fact-finding must apply, including application of the Federal Rules of Civil Procedure. By contrast, Petitioner advocates

resolving such disputes via some legal analysis that is wholly unspecified. If the Court is interested in the issue presented here, it should await a vehicle that does not arise in such an awkward posture.

C. This case arises solely because of Petitioner's litigation error.

There is another vehicle problem. This case is in its current posture because of a deficiency in Petitioner's summary judgment filings: it failed to provide any meaningful argument as to whether the additional steps in claims 4-7 were routine or conventional. Pet. App. 92. Petitioner's "only evidence that addressed the additional limitations in claims 4-7" was a "conclusory statement from its expert's declaration" that "did not address whether the additional limitations were well understood, routine, and conventional." *Id.* "[B]eyond its expert's conclusory declaration," Petitioner "could point to no evidence in the record contradicting the statements from the specification." *Id.* On appeal, Petitioner attempted to remedy its self-created evidentiary gap by arguing that Respondent had waived its right to make arguments focused on claims 4-7, as opposed to claim 1. Pet. App. 8. The Federal Circuit rejected that argument, Pet. App. 8-9, and Petitioner does not renew it in its petition for certiorari.

Thus, in an effort to fix its failure to address claims 4-7 in its summary judgment filing, Petitioner now advances the novel position that factual evidence is categorically irrelevant to patent eligibility in all circumstances, and so it apparently did not need to provide evidence with respect to *any* of the claims. The

Court should not grant certiorari to remedy a party's insufficient summary judgment filing.

III. This Case Lacks Prospective Importance, and At a Minimum, Additional Percolation is Warranted.

Petitioner fails to establish that this case is sufficiently important to warrant Supreme Court review.

Separate opinions. The petition opens by asserting that “four Federal Circuit judges have called for review by this Court.” Pet. 2. No Federal Circuit judge, however, has called for review on the question presented.

Judge Reyna dissented from denial of rehearing en banc, but he did not argue, as Petitioner does here, that patent eligibility is invariably a question of law. Instead, he would have held that fact-finding should take place “only in some limited circumstances,” but on the facts of this particular case, fact-finding was unnecessary: “If such claimed improvements are absent from the face of the asserted patent, which in this case they are, there is no inventive concept sufficient to save an otherwise ineligible patent.” Pet. App. 114. Petitioner does not raise that fact-bound issue in this Court.

Judge Lourie, joined by Judge Newman, concurred in the denial of rehearing en banc, finding that “[t]here is plausibility to the panel holding that there are fact issues potentially involved in this case concerning the abstract idea exception to patent eligibility.” Pet. App. 99. Petitioner quotes Judge Lourie’s statement that

“the law needs clarification, by higher authority,” Pet. 3, in an effort to imply that Judge Lourie was calling for review by this Court. The full quotation reveals that Judge Lourie was actually calling for additional action by Congress: “I believe the law needs clarification by higher authority, perhaps by Congress, to work its way out of what so many in the innovation field consider are § 101 problems. Individual cases, whether heard by this court or the Supreme Court, are imperfect vehicles for enunciating broad principles because they are limited to the facts presented.” Pet. App. 99. The remainder of Judge Lourie’s discussion focused not on the fact/law issue raised by Petitioner, but on substantive questions of patent eligibility not raised by this case. Pet. App. 103 (discussing broad concerns about patent eligibility law but noting that “these specific issues are not in the cases before us”). He observed that even if this case “was decided wrongly, which I doubt, it would not work us out of the current § 101 dilemma.” Pet. App. 103.

Finally, Judge Plager’s separate concurring opinion in *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335 (Fed. Cir. 2018) did not raise the fact/law question. Instead, Judge Plager, too, expressed concern about the substantive test for patent-eligibility had become needlessly complex. *See id.* at 1354-56 (Plager, J., concurring).

To Respondent’s knowledge, no Federal Circuit judge has endorsed Petitioner’s position, much less called on this Court to decide whether it is correct.

Effect on patent prosecution. Petitioner claims that the decision below will cause the Patent Office to issue patents that would previously have been declared

patent-ineligible. But as explained above, nothing in the decision below purports to weaken or strengthen the eligibility standard. It merely holds that, on the facts of this case, evidence was needed to resolve certain subsidiary questions. *Supra*, at 26.

Petitioner points to a memorandum issued by the Patent Office that, Petitioner claims, “explains that eligibility is easily satisfied” and “appl[ies] a weakened test for eligibility.” Pet. 25. That memorandum states that *Berkheimer* “informs” the patent eligibility inquiry, but observes that summary judgment standards “in civil litigation are generally inapplicable during the patent examination process.”¹ Petitioner points to language in the Memorandum that an examiner should find a patent ineligible “*only when* the examiner can *readily conclude* that the element(s) is widely prevalent or in common use in the relevant industry,” Pet. 25 (emphasis in original). But the “readily conclude” standard reflects the Patent Office’s gloss on the decision below; it does not appear in the decision below. If the Court has doubts as to the Patent Office’s interpretation of the decision below, it can grant certiorari in a future case in which the Patent Office applies its “readily conclude” standard.

Effect on patent litigation. Petitioner states that as a result of the decision below, “[p]atent eligibility

¹ Memorandum From Robert W. Bahr, Deputy Commissioner for Patent Examination Policy, to Patent Examining Corps, Subject: Changes in Eligibility Procedure Pertaining to Subject Matter Eligibility, Recent Subject Matter Eligibility Decision (*Berkheimer v. HP, Inc.*) (Apr. 19, 2018), <https://www.uspto.gov/sites/default/files/documents/memo-berkheimer-20180419.PDF>

will (and has) now become an issue that will only be decided at or after trial.” Pet. 28. As previously noted, this assertion is obviously wrong given that the Federal Circuit *affirmed* the District Court’s grant of summary judgment on patent-eligibility grounds with respect to claims 1-3 and 9. Pet. App. 19. Moreover, the court stated: “Patent eligibility has in many cases been resolved on motions to dismiss or summary judgment. Nothing in this decision should be viewed as casting doubt on the propriety of those cases.” Pet. App. 15. It merely found that, on the facts of this specific case, there were factual disputes precluding summary judgment with respect to a subset of the claims.

Petitioner points to two district court opinions which cited the decision below in denying summary judgment (Pet. 28). But other decisions have distinguished the decision below. *See BSG Tech LLC v. Buyseasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018) (distinguishing decision below and affirming grant of summary judgment); *Cellspin Soft, Inc. v. Fitbit, Inc.*, 316 F. Supp. 3d 1138, 1154 & n.12 (N.D. Cal. 2018) (distinguishing decision below and granting summary judgment), *appeal docketed*, No. 18-1824 (Fed. Cir. Apr. 13, 2018); *see also Symantec Corp. v. Zscaler, Inc.*, No. 17-cv-04426-JST, 2018 WL 3537201, at *4 (N.D. Cal. July 23, 2018) (decision below did not “‘fundamentally change’ the landscape because courts continue to dismiss patents as a matter of law where there are no factual disputes”). The broader effect of the decision below on lower-court litigation remains unknown.

Even if Petitioner is correct that the decision below

will increase the amount of fact-finding in patent cases, that does not mean it is wrong. As the concurrence in denial of rehearing en banc observed, “the normal procedural standards for fact questions must apply, including the rules in the Federal Rules of Civil Procedure ... we are not free to create specialized rules for patent law that contradict well-established, general legal principles.” Pet. App. 91. Well-established, general legal principles hold that when there are factual disputes, there must be fact-finding.

For similar reasons, Petitioner’s concerns about “uncertainty” (Pet. 29-31) are misplaced. Petitioner seems to be arguing that because fact-finding is less predictable than legal analysis, the decision below will make it more difficult to predict whether a patent will be declared invalid. But it is far from clear whether fact-finding is really less predictable. It seems just as difficult to predict a federal judge’s legal intuition as to whether a limitation such as “selectively editing an object structure, linked to other structures to thereby effect a one-to-many change in a plurality of archived items” is “routine” under *Mayo*. In any event, even if fact-finding is less predictable, general concerns about predictability do not justify an exception to the Federal Rules.

Uncertainty in the Federal Circuit. Petitioner asserts that additional percolation is unnecessary. Pet. 33-35. It relies on *BSG Tech*, in which the Federal Circuit distinguished the decision below even though, in Petitioner’s view, the two decisions are factually similar. Pet. 34. Petitioner claims that “[u]ntil this Court provides further guidance, the outcome of an

appeal will depend entirely on the membership of the panel.” *Id.*

Respondent takes no position on whether *BSG Tech* was correctly decided. But *BSG Tech* illustrates that it remains unclear whether the decision below will have a significant effect on patent litigation, given that the Federal Circuit distinguished it in a case involving (in Petitioner’s telling) similar facts. More percolation is necessary to determine the real-world effect of the decision below on patent litigation.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

JAMES P. HANRATH
MICHAEL J. FEMAL
MUCH SHELIST P.C.
191 North Wacker Drive
Suite 1800
Chicago, IL 60606
(312) 521-2000
jhanrath@muchlaw.com
mfemal@muchlaw.com

ADAM G. UNIKOWSKY
Counsel of Record
JENNER & BLOCK LLP
1099 New York Ave.,
NW
Suite 900
Washington, DC 20001
(202) 639-6000
aunikowsky@jenner.com

PAUL J. SKIERMONT
SKIERMONT DERBY LLP
220 Ross Avenue
Suite 4880W
Dallas, TX 75201
(214) 978-6600
pskiermont@skiermontderby.com