

No. 19-1299

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

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THE CHAMBERLAIN GROUP, INC.,  
*Petitioner,*

*v.*

TECHTRONIC INDUSTRIES CO. LTD., TECHTRONIC  
INDUSTRIES NORTH AMERICA, INC., ONE WORLD  
TECHNOLOGIES, INC., OWT INDUSTRIES, INC., RYOBI  
TECHNOLOGIES, INC.,  
*Respondents.*

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

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**BRIEF OF THE HONORABLE RANDALL R.  
RADER (RET.) AND CHARGEPOINT, INC. AS  
*AMICI CURIAE* SUPPORTING PETITIONER**

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### **INTEREST OF AMICI CURIAE<sup>1</sup>**

Amicus Curiae the Honorable Randall R. Rader (ret.) was appointed to the United States Court of Appeals for the Federal Circuit by President George H.W. Bush in 1990, and served on the court for over 23 years. He served as Chief Judge for the last four years of his service, until his retirement in 2014.

Amicus Curiae ChargePoint, Inc. designs, develops, and manufactures electric vehicle charging stations, and operates the largest online network of independently owned electric vehicle charging stations, which includes over 100,000 charging stations in fourteen countries. ChargePoint was the petitioner in no. 19-521.

Amici have no stake in any party or in the outcome of this case. Amici believe that this Court's guidance is needed regarding the atextual, implicit judicial exception to 35 U.S.C. § 101.

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<sup>1</sup> No counsel for a party authored this brief in whole or in part, and no party or counsel for a party made a monetary contribution intended to fund the preparation or submission of this brief. No person or entity other than amici curiae or amici curiae's counsel made such a monetary contribution to the preparation or submission of this brief. Counsel for the Petitioner and counsel for the Respondents each provided written consent to the filing of this brief. A copy of each written consent was provided to the Clerk upon filing. Counsel of record for each of the parties received timely notice of intent to file this brief.

## SUMMARY OF THE ARGUMENT

The Petitioner asks “[w]hether the Federal Circuit improperly expanded § 101’s narrow implicit exceptions by failing to properly assess Chamberlain’s claims ‘as a whole,’ where the claims recite an improvement to a machine and leave ample room for other inventors to apply any underlying abstract principles in different ways.” Pet. i.

Amici submit this brief to reinforce the Petitioner’s suggestion that the implicit judicial exception to 35 U.S.C. § 101 for abstract ideas should be narrowly construed, and to urge that this narrow exception should be wielded like a scalpel, not a sledgehammer.

In this regard, Amici urge that this Court’s “standard approach of construing a statutory exception narrowly to preserve the primary operation of the general rule” should be applied to the implicit statutory exception to 35 U.S.C. § 101. *Commissioner v. Clark*, 489 U.S. 726, 727 (1989). Amici further urge that, given this Court’s statutory construction cannon that “an act of congress ought never to be construed to violate the law of nations if any other possible construction remains,” *Alexander Murray v. The Schooner Charming Betsy*, 6 U.S. 64, 118 (1804), the implicit exception should further be cabined by this country’s agreement that “patents shall be available for any inventions, whether products or processes, in all fields of technology.” Agreement on Trade-Related

Aspects of Intellectual Property Rights, Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, Part II, Section 5, Article 27, available at [https://www.wto.org/english/docs\\_e/legal\\_e/31bis\\_trips\\_01\\_e.htm](https://www.wto.org/english/docs_e/legal_e/31bis_trips_01_e.htm).

Unfortunately, uncertainty is making it impossible for lower courts to narrowly construe the exception and resist attempts to wield it like a sledgehammer. Indeed, “[t]he law... renders it near impossible to know with any certainty whether [an] invention is or is not patent eligible.” *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1348 (Fed. Cir. 2018) (Plager, J., concurring-in-part and dissenting-in-part). This uncertainty is allowing patent challengers to convince courts to wield the exception like a sledgehammer in a manner that threatens to “swallow all of patent law.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 304 (2014).

This Court’s guidance is urgently needed because such “uncertainty surrounding patentability of emerging technologies... hampers investment and risks America’s global competitiveness in these fields.” *The State of Patent Eligibility in America, Part III, Before the Subcomm. on Intellectual Property*, 116th Cong. (2019) (Testimony of Byron R. Holz, Nokia), available at <https://www.judiciary.senate.gov/imo/media/doc/Holz%20Testimony.pdf>.

## ARGUMENT

- I. **The implicit judicial exception to 35 U.S.C. § 101 for abstract ideas should be narrowly construed and wielded like a scalpel, not a sledgehammer.**
  - A. **This Court’s “standard approach of construing a statutory exception narrowly to preserve the primary operation of the general rule” should be applied to the implicit statutory exception to 35 U.S.C. § 101. *Clark*, 489 U.S. at 727.**

This Court has “long held that th[e] provision of [35 U.S.C. § 101] contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 304 (2014). Amici urge that this Court’s “standard approach of construing a statutory exception narrowly to preserve the primary operation of the general rule” should be applied to this implicit statutory exception. *Commissioner v. Clark*, 489 U.S. 726, 727 (1989).

In this regard, this Court has made clear that “[i]n construing provisions ... in which a general statement of policy is qualified by an exception, we usually read the exception narrowly in order to preserve the primary operation of the provision.” *Clark*, 489 U.S. at

739 (citing *Phillips, Inc. v. Walling*, 324 U.S. 490, 493 (1945)) This Court has proffered at least one rationale for why statutory exceptions should be narrowly construed, articulating in *Phillips* that: “[t]o extend an exemption to other than those plainly and unmistakably within its terms and spirit is to abuse the interpretative process and to frustrate the announced will of the people.” *Phillips*, 324 U.S. at 493.

Amici urge that, if this is true for explicit statutory exceptions enacted as part of a statute by legislative representatives of the people, it is even more true for atextual, implicit statutory exceptions inferred by the judicial branch.<sup>2</sup> Indeed, this Court just recently

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<sup>2</sup> This Court has recently suggested that in at least some contexts, courts may not “may not engraft ... exceptions onto the statutory text,” and “may not rewrite [a] statute simply to accommodate [a] policy concern.” *Henry Schein, Inc. v. Archer and White Sales, Inc.*, 139 S. Ct. 524, 530, 531 (2019). To the extent that the longstanding implicit judicial exception to 35 U.S.C. § 101 can be implied to be accepted or adopted by Congress, e.g. because “Congress is presumed to be aware of a[] ... judicial interpretation of a statute and to adopt that interpretation when it reenacts a statute without change,” *Lorillard v. Pons*, 434 U.S. 575, 580 (1978), Amici suggest that this only reinforces that the implicit statutory exception, like other statutory exceptions, should be narrowly construed. In this regard, the America Invents Act was signed into law on September

confirmed that “[w]hen the express terms of a statute give us one answer and extratextual considerations suggest another, it’s no contest[, as] [o]nly the written word is the law, and all persons are entitled to its benefit.” *Bostock v. Clayton County*, No. 17-1618, slip op. at 2 (June 15, 2020).

Amici urge that the implicit statutory exception to 35 U.S.C. § 101 should be construed “narrowly in order to preserve the primary operation of the provision [of 35 U.S.C. § 101],” *Clark*, 489 U.S. at 739 (citing *Phillips*, 324 U.S. at 493), as to do otherwise would risk “frustrat[ing] the announced will of the people.” *Phillips*, 324 U.S. at 493. Amici would suggest such a narrow construction is especially appropriate with respect to abstract ideas, as this Court has declined to “labor to delimit the precise contours of the ‘abstract ideas’ category,” but has cautioned that one must “tread carefully in construing this exclusionary principle lest it swallow all of patent law.” *Alice*, 573 U.S. at 307, 304.

**B. The implicit exception should further be cabined by this country’s agreement that “patents shall be available for any inventions, whether products or processes, in all fields of technology.”**

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16, 2011, while this Court’s formulation of the current two-step eligibility framework occurred a year later.

1. This Court long ago made clear that “an act of congress ought never to be construed to violate the law of nations if any other possible construction remains.” *Alexander Murray v. The Schooner Charming Betsy*, 6 U.S. 64, 118 (1804).

Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization is an Agreement on Trade-Related Aspects of Intellectual Property Rights (the TRIPS Agreement). The United States was a party to these agreements, and Congress approved these agreements in the Uruguay Round Agreements Act, HR 5110, 103rd Congress (1994). This act was codified as, *inter alia*, 19 U.S.C. § 3511.

Notably, the TRIPS Agreement has a specific section entitled “Patentable Subject Matter” which requires that “patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application.” Agreement on Trade-Related Aspects of Intellectual Property Rights, Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, Part II, Section 5, Article 27, available at [https://www.wto.org/english/docs\\_e/legal\\_e/31bis\\_trips\\_01\\_e.htm](https://www.wto.org/english/docs_e/legal_e/31bis_trips_01_e.htm).

The agreement does includes an exception that “[m]embers may [] exclude from patentability: ... diagnostic, therapeutic and surgical methods for the treatment of humans or animals; [and] plants and animals other than micro-organisms, and essentially



biological processes for the production of plants or animals other than non-biological and microbiological processes.” *Id.*

Otherwise though, the TRIPS Agreement generally requires that “patents shall be available for any inventions... in all fields of technology.” *Id.*

2. 35 U.S.C. §101 sets forth that “[w]hoever invents or discovers any new and useful process ..., or any new and useful improvement thereof, may obtain a patent therefor.” As noted above, this Court has construed § 101 as “contain[ing] an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice*, 573 U.S. at 304.

Amici urge, however, that the existence of this implicit exception does not eliminate the need to further interpret § 101, and the implicit exception, in light of U.S. international agreements, per the longstanding statutory construction cannon that “an act of congress ought never to be construed to violate the law of nations, if any other possible construction remains.” *Charming Betsy*, 6 U.S. at 118.

In particular, Amici urge that § 101, and any implicit exception interpreted to form a part thereof, should be narrowly construed in view of the TRIPS Agreement’s requirement that “patents shall be available for any inventions... in all fields of technology.” Agreement on Trade-Related Aspects of Intellectual Property Rights, Part II, Section 5, Article 27.

**II. Uncertainty is making it impossible for lower courts to narrowly construe the exception and resist attempts to wield it like a sledgehammer.**

**A. There is widespread uncertainty and confusion regarding step one of the *Mayo / Alice* test.**

1. As noted above, this Court has “long held that ... Laws of nature, natural phenomena, and abstract ideas are not patentable,” *Alice*, 573 U.S. at 304, and in *Alice* and *Mayo* this Court set forth a two-step framework that involves first “determin[ing] whether the claims at issue are directed to one of those patent-ineligible concepts.” *Alice*, 573 U.S. at 305 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 72-73 (2012)).

Recently, the United States filing as Amicus Curiae indicated that “the confusion created by this Court’s recent Section 101 precedents warrants review.” Brief for the United States as Amicus Curiae, *Hikma Pharmaceuticals USA Inc. v. Vanda Pharmaceuticals Inc.*, No. 18-817 at 8 (Filed Dec. 6, 2019).

The United States observed that “[t]he instruction that courts inquire at the first step whether a patent is ‘directed at’ a law of nature, natural phenomenon, or abstract idea provides little

guidance.” *Id.* at 17-18. The United States noted that “[a]ll inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas’,” and that “[i]f an invention’s dependence on one of those concepts were fatal, untold numbers of innovations would be patent-ineligible.” *Id.* at 18 (quoting *Mayo*, 566 U.S. at 71).

The Federal Circuit has expressed a similar concern, noting that “[t]he ‘directed to’ inquiry... cannot simply ask whether the claims involve a patent-ineligible concept, because essentially every routinely patent-eligible claim involving physical products and actions involves a law of nature and/or natural phenomenon—after all, they take place in the physical world.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016).

For example, in the present case, there is no dispute that the claims involve the identified well-known idea of “wirelessly communicating status information about a system,” Pet. App. 7a, but there is much dispute as to whether it is permissible to simply ignore the reality that the claim is plainly directed to a “movable barrier operator.” Pet. App. 4a.

2. Unfortunately, the Federal Circuit seems just as uncertain as the United States regarding this first step of the *Mayo / Alice* inquiry, and appears to be unlikely to resolve this confusion.

For example, although the Federal Circuit has suggested that the *Mayo / Alice* “formulation plainly contemplates that the first step of the inquiry is a

meaningful one, i.e., that a substantial class of claims are not directed to a patent-ineligible concept,” *Id.*, on several occasions members of the court writing in dissent have complained that the court has conducted the eligibility inquiry without “even identify[ing] the precise [ineligible concept] which the claims are purportedly directed to.” *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 939 F.3d 1355, 1369 (Fed. Cir. 2019) (Moore, J., dissenting).

In *Am. Axle*, the Federal Circuit held a method for manufacturing a shaft assembly of a driveline system ineligible over a vigorous dissent urging that “[t]he majority opinion parrots the *Alice/Mayo* two-part test, but reduces it to a single inquiry: If the claims are directed to a law of nature (even if the court cannot articulate the precise law of nature) then the claims are ineligible and all evidence of non-conventionality will be disregarded or just plain ignored.” *Am. Axle*, 939 F.3d at 1368 (Moore, J., dissenting).

The dissent noted that “[e]ven the majority does not agree with the district court that the claims are directed to Hooke's Law[,] [i]nstead the majority concludes that the claims are ineligible because they are ‘directed to the utilization of a natural law (here, Hooke's law and possibly other natural laws) in a particular context.’” *Id.* at 1369 (Moore, J., dissenting). The dissent expressed concern that “[t]he majority holds that the[] [claims] are directed to some unarticulated number of possible natural laws

apparently smushed together and thus ineligible under § 101,” and urged that “Section 101 is monstrous enough, it cannot be that now you need not even identify the precise natural law which the claims are purportedly directed to.” *Id.* at 1374, 1369 (Moore, J., dissenting).

Indeed, this is not even the only time that a member of the Federal Circuit writing in dissent has expressed concern that “[t]he majority avoids ... even identifying what the underlying [ineligible concept] is.” *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1307 (Fed. Cir. 2016) (Reyna, J., dissenting).

3. Uncertainty regarding the first step of the *Mayo / Alice* framework is especially pronounced with respect to the exception for abstract ideas. As noted above, in *Alice* this Court declined to “labor to delimit the precise contours of the ‘abstract ideas’ category.” *Alice*, 573 U.S. at 307. While this may have been an eminently reasonable choice given that “appellate courts do not sit as self-directed boards of legal inquiry and research, but essentially as arbiters of legal questions presented and argued by the parties before them,” *Carducci v. Regan*, 714 F.2d 171, 177 (D.C. Cir. 1983) (Scalia, J.), this has left decision makers uncertain as to what qualifies as an “abstract idea” under this implicit exception.

In this regard, this Court has made clear that “[t]he primary meaning of the word ‘invention’ in the Patent Act unquestionably refers to the inventor’s

conception rather than to a physical embodiment of that idea.” *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 60 (1998). This is neither a new development nor an isolated case, as this Court made clear a century earlier that “[i]n every case the idea conceived is the invention.” *Gill v. United States*, 160 U.S. 426, 434 (1896).

Because every invention is itself a conceived idea which can be characterized as abstract at some level, every invention can in theory be characterized as an abstract idea at some level, which leaves decision makers having to make subjective decisions regarding whether a particular concept qualifies as an “abstract idea” for purposes of the atextual, implicit judicial exception to 35 U.S.C. § 101. Thus, broadly interpreting the abstract ideas eligibility exception would risk this “exclusionary principle ... swallow[ing] all of patent law,” *Alice*, 573 U.S. at 304, because “[i]n every case the idea conceived is the invention.” *Gill*, 160 U.S. at 434.”

One member of the Federal Circuit has even suggested, with respect to “[t]he problem [of] trying to define ‘abstract ideas,’ ... that, as applied to as-yet-unknown cases with as-yet unknown inventions, it cannot be done except through the use of equally abstract terms,” and urged that “the phrase ‘abstract ideas’ is a definitional morass.” *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1350 (Fed. Cir. 2018) (Plager, J., concurring-in-part and dissenting-in-part). Indeed, in “respectfully dissent[ing] from our

court's continued application of this incoherent body of doctrine," it was urged that currently, "[t]he 'abstract ideas' idea, when used for denying a claimed invention's patent eligibility either before or after a patent is issued, cannot [] function as a valid rule of law[, because] [a]s a fundamental policy, a legal term such as 'abstract ideas,' if the exclusionary standards of § 101 are to function as a valid rule of law, must provide concise guidance for the future." *Id.* at 1350-1351 (Plager, J., concurring-in-part and dissenting-in-part).

**B. There is widespread uncertainty and confusion regarding step two of the *Mayo / Alice* test.**

1. As noted above, the second step of the *Mayo / Alice* framework involves "a search for an 'inventive concept' — i.e., an element or combination of elements that is 'sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.'" *Alice*, 573 U.S. at 305 (quoting *Mayo*, 566 U.S. at 72-73).

In its brief in *Hikma*, the United States indicated that it believes that "[t]he second step [of the *Mayo / Alice* inquiry] is [] ambiguous." Brief for the United States as Amicus Curiae, *Hikma*, No. 18-817 at 18.

This is an admission from the United States, whose Patent Office is charged with examining patent applications for compliance with 35 U.S.C. § 101, that

it finds the test for doing so ambiguous. If the United States finds the test ambiguous, how can the Patent Office possibly reach conclusions that are not “arbitrary”? See 5 U.S.C. § 706 (“The reviewing court shall... hold unlawful and set aside agency action, findings, and conclusions found to be... arbitrary.”)

Unfortunately, the Federal Circuit appears unable to resolve this confusion, as it is split and uncertain regarding the second step of the *Mayo / Alice* framework.

For example, in *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1367-1368 (Fed. Cir. 2018) the court indicated that “[t]he second step of the *Alice* test is satisfied when the claim limitations involve more than performance of well-understood, routine, and conventional activities previously known to the industry,” *Id.* at 1367-1368 (internal quotations omitted), but then, as noted above, in *Am. Axle* the court held a method for manufacturing a shaft assembly of a driveline system ineligible over a vigorous dissent urging that “[t]he majority opinion parrots the *Alice/Mayo* two-part test, but reduces it to a single inquiry: If the claims are directed to a law of nature (even if the court cannot articulate the precise law of nature) then the claims are ineligible and all evidence of non-conventionality will be disregarded or just plain ignored.” *Am. Axle*, 939 F.3d at 1368 (Moore, J., dissenting).

The dissent observed that “[t]he majority's decision expands § 101 well beyond its statutory gate-



keeping function,” and that “[t]he majority rejects the notion that claims which contain an ‘inventive concept’ survive the gatekeeper.” *Id.*

This predilection to “reject[] the notion that claims which contain an ‘inventive concept’ survive the gatekeeper,” *Id.*, is shared by more members of the Federal Circuit than just the majority in *Am. Axle*. For example, one member of the Federal Circuit in dissenting from the denial of rehearing in *Berkheimer* suggested that “[m]erely identifying an inventive concept is insufficient.” *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1380 (Fed. Cir. 2018) (Reyna, J., dissenting from denial of rehearing en banc).

2. Amici would urge that while there exists substantial uncertainty regarding exactly what is required at this second step, a combination of claim elements which is sufficient to render a claim inventive over an idea, i.e. satisfy the judicial test of invention over the idea,<sup>3</sup> is also “sufficient to ensure that the patent in practice amounts to significantly

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<sup>3</sup> In *Hotchkiss v. Greenwood*, 52 U.S. 248 (1851), this Court “formulated a general condition of patentability” which “distinguished between new and useful innovations that were capable of sustaining a patent and those that were not.” *Graham v. John Deere Co.*, 383 U.S. 1, 11 (1966). Reflecting on *Hotchkiss*, this Court has noted that “[t]he language in the case, and in those which followed, gave birth to ‘invention’ as a word of legal art signifying patentable inventions.” *Id.*

more than a patent upon the [ineligible concept] itself.” *Alice*, 573 U.S. at 305 (quoting *Mayo*, 566 U.S. at 72-73).

This conclusion is in accord both with “the preemption concern that undergirds [] §101 jurisprudence,” *Alice*, 573 U.S. at 304, and with this Court’s suggestion in *Parker v. Flook*, 437 U.S. 584 (1978) that determining whether a claim directed to an ineligible concept contains an “inventive concept in its application” involves considering whether, “once that [ineligible concept] is assumed to be within the prior art, the [claim], considered as a whole, contains no patentable invention.” *Flook*, 437 U.S. at 594.<sup>4</sup>

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<sup>4</sup> In *Flook*, this Court indicated that “the discovery of [] a phenomenon cannot support a patent unless there is some other inventive concept in its application,” *Flook*, 437 U.S. at 594, which is directly in line with this Court’s more recent indication that “[a]t *Mayo* step two, we must examine the elements of the claim to determine whether it contains an ‘inventive concept’ ‘sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Alice*, 573 U.S. at 307. This Court in *Flook* explicitly outlined its reasoning for finding that there was no inventive concept sufficient to confer eligibility, making clear that the claimed “process [wa]s unpatentable under § 101, not because it contains a mathematical algorithm as one component, but because once that algorithm is assumed to be within the prior art, the application, considered as a whole, contains no patentable invention.” *Flook*, 437 U.S. at 594.

This Court’s formulation of the inventive concept inquiry in *Mayo* and *Alice* remains consistent with this. In this regard, a combination of claim elements that satisfies the judicial test of invention even when the idea “is assumed to be within the prior art,” *Id.*, clearly satisfies step two of the *Mayo / Alice* inquiry in that it “transform[s] the [claim] into an inventive application of the [idea]” and is “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [[idea]] itself.” *Alice*, 573 U.S. at 305, 309 (quoting *Mayo*, 566 U.S. at 72-73, 81).<sup>5</sup>

However, in the present case, a jury determined that the claims are inventive<sup>6</sup> over a prior art

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<sup>5</sup> Amici would further suggest that this proposition may also be supported by the reasoning that an inventive step is sufficient to ensure the existence of an inventive concept, which reasoning may be relevant because “the term[] ‘inventive step’ ... may be deemed ... to be synonymous with the term[] ‘non-obvious’.” Agreement on Trade-Related Aspects of Intellectual Property Rights, Part II, Section 5, Article 27, n. 5.

<sup>6</sup> In *Graham*, this Court found that “the [1952 Patent Act] was not intended by Congress to change the general level of patentable invention,” and “conclude[d] that [35 U.S.C. § 103] was intended merely as a codification of judicial precedents embracing the *Hotchkiss* condition” for patentable invention. *Graham*, 383 U.S. at 17. Similarly, in *Dann v. Johnston*, this Court indicated with respect to “a judicial test[ of] ‘invention’ -- i.e., ‘an exercise of the

reference which discloses wirelessly communicating status information about a system, but the Federal Circuit nonetheless held “that no inventive concept exists in the asserted claims sufficient to transform the abstract idea of communicating status information about a system into a patent-eligible application of that idea.” Pet. App. 13a.

In particular, the Respondents argued below that claim 1 fails to satisfy the judicial test of invention over the prior art, Pet. App. 38a, including a prior art device which discloses the identified idea of “wirelessly communicating status information about a system.” Pet. App. 7a; see International Patent Application Publication WO2001/93220 to Menard, Abstract (“The system comprises a sensor and a wireless transmitter and receiver (150). Upon detection of an event of interest, the sensor communicates that information to the transmitter for communication to the receiver.”) The jury disagreed, and determined that claim 1 satisfies the *Hotchkiss* condition for patentable invention over the prior art asserted by the Respondents. Further, after the Respondents moved for judgment as a matter of law, the district court noted that “at trial, Chamberlain presented evidence showing that the Cohen prior art

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inventive faculty,” that “Congress... articulated th[is] requirement in a statute, framing it as a requirement of ‘nonobviousness.’” *Dann*, 425 U.S. at 225-226 (quoting *McClain*, 141 U.S. at 427).

does not claim sending status conditions defined by two or more states,” and concluded that “the jury heard substantial evidence supporting a finding of nonobviousness.” Pet. App. 37a-38a.

Thus, the jury was presented with a prior art reference disclosing the identified idea of “wirelessly communicating status information about a system,” and found the claim to be inventive over this idea. As urged above, a combination of claim elements sufficient to render a claim inventive over an idea should also be “sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [idea] itself.” *Alice*, 573 U.S. at 305 (quoting *Mayo*, 566 U.S. at 72-73).

Notably, though, the Federal Circuit below held the claim to be ineligible as directed to the prior art idea of “wirelessly communicating status information about a system” without even discussing the claim limitations highlighted by the district court as “supporting a finding of nonobviousness” over the idea, namely “sending status conditions defined by two or more states.” Pet. App. 37a-38a.

3. Overall, Amici urge that the Federal Circuit has been unable to resolve the confusion and uncertainty regarding step two of the *Mayo / Alice* inquiry, and thus this Court’s intervention is needed. Indeed, at least one member of the Federal Circuit believes that “[t]he law... renders it near impossible to know with any certainty whether [an] invention is or is not patent eligible.” *Interval Licensing*, 896 F.3d

at 1348 (Plager, J., concurring-in-part and dissenting-in-part).

**C. Uncertainty is allowing challengers to convince courts to wield the exception like a sledgehammer in a manner that threatens to “swallow all of patent law.” *Alice*, 573 U.S. at 304.**

As described above, over five years after this Court decided *Alice*, there continues to exist widespread uncertainty and confusion regarding both the first step and the second step of the two-step *Mayo* / *Alice* framework.

This uncertainty is allowing patent challengers to continually push the envelope further and convince courts to wield the exception like a sledgehammer in a manner that threatens to “swallow all of patent law.” *Alice*, 573 U.S. at 304.

For example, while this Court’s most recent eligibility decisions under the implicit judicial exception to 35 U.S.C. § 101 for abstract ideas held claims ineligible as directed to concepts found to be “a fundamental economic practice long prevalent in our system of commerce,” *Alice*, 573 U.S. at 306 (quoting *Bilski v. Kappos*, 561 U.S. 593, 611 (2010)), in *Am. Axle* and the present case the exception was applied to hold ineligible claims reciting a “movable barrier operator,” Pet. App. 4a, and “a method for

manufacturing a shaft assembly of a driveline system,” *Am. Axle*, 939 F.3d at 1369, respectively.

Indeed, while this Court indicated in *Alice* that “we tread carefully in construing this exclusionary principle lest it swallow all of patent law,” *Alice*, 573 U.S. at 304, the Federal Circuit has held ineligible 86% of all patent claims it has confronted facing a challenge under the atextual, implicit exception. Robert Sachs, *Alice: Benevolent Despot or Tyrant? Analyzing Five Years of Case Law Since Alice v. CLS Bank: Part I*, Table 1, available at <https://www.ipwatchdog.com/2019/08/29/alice-benevolent-despot-or-tyrant-analyzing-five-years-of-case-law-since-alice-v-cls-bank-part-i/>.

As noted above, it has sometimes done so even without “identify[ing] the precise [ineligible concept] which the claims are purportedly directed to,” *Am. Axle*, 939 F.3d at 1369 (Moore, J., dissenting), and sometimes done so, as here, even where a jury had already found a claim to satisfy the judicial test of invention over an alleged ineligible concept.

Overall, although the atextual, implicit exception to 35 U.S.C. § 101 should be narrowly construed and wielded like a scalpel, uncertainty regarding the exception is making it difficult for courts to resist efforts by patent challengers wield the exception like a sledgehammer in a manner that threatens to “swallow all of patent law.” *Alice*, 573 U.S. at 304.

**III. This Court's guidance is needed sooner, rather than later, because "uncertainty surrounding patentability of emerging technologies... hampers investment and risks America's global competitiveness in these fields."**

This Court has previously reasonably declined, in considering the atextual, implicit exception to 35 U.S.C. § 101, to focus on "whether, from a policy perspective, increased protection for [particular] discoveries ... is desirable." *Mayo*, 566 U.S. at 92. Amici would urge, however, that irrespective of whether potential negative impacts stemming from a particular legal standard can justify reconsidering the legal standard, potential negative impacts stemming from uncertainty surrounding the standard certainly are relevant in considering whether this Court should provide guidance.

Moreover, such potential negative impacts stemming from uncertainty surrounding the atextual, implicit judicial exception to 35 U.S.C. § 101 are even more clearly relevant to *when* this Court should weigh in. That is, if the Court believes that it will be necessary to resolve this uncertainty at some point, then negative impacts of continuing uncertainty weigh strongly in favor of this Court's intervention sooner rather than later.

In this regard, at recent United States Senate hearings on patent eligibility, Senior Intellectual



Property Rights Licensing Counsel for Nokia testified that “[t]he uncertainty surrounding patentability of emerging technologies, including artificial intelligence (AI) and other software based innovations, hampers investment and risks America’s global competitiveness in these fields.” *The State of Patent Eligibility in America, Part III, Before the Subcomm. on Intellectual Property*, 116th Cong. (2019) (Testimony of Byron R. Holz, Nokia), available at <https://www.judiciary.senate.gov/imo/media/doc/Holz%20Testimony.pdf>.

Similarly, Chief Patent Counsel at IBM testified that “[i]n IBM’s experience, the current patent eligibility standards do not provide the certainty needed to enable modern business to operate effectively.” *The State of Patent Eligibility in America, Part III, Before the Subcomm. on Intellectual Property*, 116th Cong. (2019) (Testimony of Manny Schechter, IBM), available at <https://www.judiciary.senate.gov/imo/media/doc/Schechter%20Testimony.pdf>

IBM’s Chief Patent Counsel noted that “[p]atent protection facilitates attracting investment capital for R&D in all fields[,] ... but companies need to show that the intellectual property they have created through R&D expenditures can be adequately protected[ because] [i]f not, other entities will be able to take advantage of their innovations without compensation to the innovator, in which case investors will direct less capital into this field,” and urged that “[t]his is of particular importance in

emerging technologies such as quantum computing, artificial intelligence, blockchain, and the internet of things.” *Id.*

These sentiments were echoed by the Senior Vice President and Counsel, Government Affairs for Qualcomm, Inc. as well, who testified that “recent section 101 jurisprudence has left the scope of patent eligible subject matter unsettled and caused tremendous confusion in the courts,” and that “[l]ack of predictability and uncertainty over patent rights, as we currently face today, makes it risky to develop and invest in new technology, thereby deterring innovation.” *The State of Patent Eligibility in America, Part III, Before the Subcomm. on Intellectual Property*, 116th Cong. (2019) (Testimony of Laurie C. Self, Qualcomm), available at <https://www.judiciary.senate.gov/imo/media/doc/Self%20Testimony.pdf>. This testimony offered the specific example that “[c]onsistency and predictability in patent eligibility standards are important features of a strong patent system that facilitates 5G R&D,” noting that “[i]n the context of 5G and other essential technologies, uncertainty surrounding patent eligibility has significant implications for national security,” as “[t]he ability to obtain patents on 5G technologies overseas, but not in the United States, favors our foreign competitors and disadvantages U.S. companies.” *Id.* It was observed that “[i]f essential technologies in 5G cannot be patented in the United States, U.S. innovators cannot rely on U.S. courts to

vindicate their rights, losing ‘home court’ advantage relative to their foreign competitors.” *Id.*

Nor is this uncertainty a problem only in the courts, as evidenced by the testimony of former U.S. Patent and Trademark Office Director David J. Kappos, who noted that the “USPTO is expending many thousands of hours per year on the irreconcilable mess of 101 -- time that could be much more productively spent on issues that should be the focus of quality patent examination, as they are for our economic competitors,” and urged that “our national preoccupation with 101 puts us at a quality disadvantage against our economic competitors who deploy their patent examination resources at the real issues affecting patent quality: novelty, non-obviousness, enablement, written description.” *The State of Patent Eligibility in America, Part I, Before the Subcomm. on Intellectual Property, 116th Cong. (2019) (Testimony of David J. Kappos, former USPTO Director), available at <https://www.judiciary.senate.gov/imo/media/doc/Kappos%20Testimony.pdf>.*

Amici urge that it is no coincidence that America in the twentieth century had both the strongest patent system and the most powerful economy in the world. Indeed, a study at Stanford’s Hoover Institution found a direct correlation between patent rights and GDP per capita, concluding that “there are no wealthy countries with weak patent rights, and there are no poor countries with strong patent rights.”

Stephen Haber, *Patents and the Wealth of Nations*, 23 Geo. Mason L. Rev. 811, 815 (2016). The author noted that “[t]he fact that patents are property rights means that they can serve as the basis for the web of contracts that permits individuals and firms to specialize in what they do best,” such as “designing a better way to measure the air-gasoline mixture in a fuel injection system, writing a patent application for that design, negotiating a contract to license the patent to a manufacturer, manufacturing the measuring device, assembling the injection system, installing the system in an engine, or writing a debt contract collateralized by the injectors, the engine, or the accounts receivables for the patent so that the parties in the production chain can obtain working capital.” *Id.* at 813-814. The author observed that if you “[t]ake away the property right for the new way to measure air and fuel, and the whole system falls apart.” *Id.*

This concern seems particularly apt as the atextual, implicit judicial exception to 35 U.S.C. § 101 is being applied to invalidate a patent on a new way to “manufactur[e] a shaft assembly of a driveline system.” *Am. Axle*, 939 F.3d at 1369.

Overall, Amici urge that this Court’s guidance is needed sooner, rather than later, because “uncertainty surrounding patentability of emerging technologies... hampers investment and risks America’s global competitiveness in these fields.” *The State of Patent Eligibility in America, Part III, Before*

*the Subcomm. on Intellectual Property*, 116th Cong. (2019) (Testimony of Byron R. Holz, Nokia), available at <https://www.judiciary.senate.gov/imo/media/doc/Holz%20Testimony.pdf>.

## CONCLUSION

Amici urge this Court to grant certiorari.

Respectfully submitted,

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