

No. 19-_____

IN THE
Supreme Court of the United States

GARMIN USA, INC., ET AL.,
Petitioners,

v.

CELLSPIN SOFT, INC.,
Respondent.

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

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether patent eligibility is a question of law for the court that can be resolved on a motion to dismiss, notwithstanding allegations in a complaint that the asserted claims are inventive.

PARTIES TO THE PROCEEDING

Canon U.S.A., Inc.; Garmin International, Inc.; Garmin USA, Inc.; Fitbit, Inc.; Fossil Group, Inc.; GoPro, Inc.; JK Imaging Ltd.; Misfit, Inc.; Moov, Inc.; Nike, Inc.; and Panasonic Corporation of North America, petitioners on review, were the defendants-appellees below.

Cellspin Soft, Inc., respondent on review, was the plaintiff-appellant below.

RULE 29.6 DISCLOSURE STATEMENT

Canon U.S.A., Inc. is a wholly owned subsidiary of Canon Inc.

Fitbit, Inc. is a publicly traded company. Fitbit does not have a parent corporation, and no publicly traded company holds 10% or more of Fitbit, Inc.'s stock.

Fossil Group, Inc. is a publicly traded company. No publicly traded company holds 10% or more of Fossil Group, Inc.'s stock.

Garmin International, Inc. is a wholly-owned subsidiary of Garmin Ltd., a Swiss corporation.

Garmin USA, Inc. is a wholly-owned subsidiary of Garmin International, Inc.

GoPro, Inc. does not have a parent corporation and no publicly held company owns 10% or more of GoPro, Inc.'s stock.

JK Imaging LTD. has no parent corporation and no publicly held company owns 10% or more of its stock.

Misfit Inc. is a wholly owned subsidiary of Fossil Group, Inc.

Moov, Inc. (d/b/a Moov Fitness) is a privately held company. Moov, Inc. does not have a parent corporation and no publicly-held company holds 10% or more of Moov, Inc.'s stock.

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

Panasonic Corporation of North America is a wholly owned subsidiary of Panasonic Corporation.

RELATED PROCEEDINGS

Counsel is not aware of any directly related proceedings within the meaning of Supreme Court Rule 14.1(b)(iii).

TABLE OF CONTENTS

	<u>Page</u>
QUESTION PRESENTED.....	i
PARTIES TO THE PROCEEDING.....	ii
RULE 29.6 DISCLOSURE STATEMENT	iii
RELATED PROCEEDINGS	iv
TABLE OF AUTHORITIES.....	vii
OPINIONS BELOW	1
JURISDICTION	2
STATUTE INVOLVED	2
INTRODUCTION.....	2
STATEMENT	6
A. Legal Background.....	6
B. The Patents-in-Suit	7
C. Procedural Background.....	9
REASONS FOR GRANTING THE PETITION.....	13
I. THE DECISION BELOW CANNOT BE RECONCILED WITH THIS COURT'S PRECEDENT	13
II. THE FEDERAL CIRCUIT IS INTERNALLY DIVIDED ON THE QUESTION PRESENTED.....	25
III. THE QUESTION PRESENTED IS EXCEPTIONALLY IMPORTANT.....	29
IV. WHETHER OR NOT THE COURT GRANTS CERTIORARI IN <i>BERKHEIMER</i> , IT SHOULD HEAR THIS CASE.....	33

TABLE OF CONTENTS—Continued

	<u>Page</u>
CONCLUSION	36
APPENDIX	
APPENDIX A—Federal Circuit’s Opin- ion (June 25, 2019)	1a
APPENDIX B—District Court’s Order Granting in Part Motions for Attor- ney’s Fees (July 6, 2018)	30a
APPENDIX C—District Court’s Order re: Omnibus Motion to Dismiss; Mo- tion for Judgment on the Pleadings (Apr. 3, 2018)	45a

TABLE OF AUTHORITIES

	<u>Page(s)</u>
CASES:	
<i>Aatrix Software, Inc. v. Green Shades Software, Inc.</i> , 882 F.3d 1121 (Fed. Cir. 2018)	<i>passim</i>
<i>Aatrix Software, Inc. v. Green Shades Software, Inc.</i> , 890 F.3d 1354 (Fed. Cir. 2018)	4, 25, 26, 27
<i>Alice Corp. v. CLS Bank International</i> , 573 U.S. 208 (2014)	<i>passim</i>
<i>Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.</i> , 841 F.3d 1288 (Fed. Cir. 2016)	28
<i>Asahi Glass Co. v. Pentech Pharm., Inc.</i> , 289 F. Supp. 2d 986 (N.D. Ill. 2003)	20
<i>Ashcroft v. Iqbal</i> , 556 U.S. 662 (2009)	18, 20, 21 22
<i>Ass’n for Molecular Pathology v. Myriad Genetics, Inc.</i> , 569 U.S. 576 (2013)	6, 15, 17, 30
<i>Bell Atl. Corp. v. Twombly</i> , 550 U.S. 544 (2007)	20, 21, 22, 35
<i>Berkheimer v. HP Inc.</i> , 881 F.3d 1360 (Fed. Cir. 2018)	<i>passim</i>
<i>Bilski v. Kappos</i> , 561 U.S. 593 (2010)	<i>passim</i>
<i>Bose Corp. v. Consumers Union of U.S., Inc.</i> , 466 U.S. 485 (1984)	15, 21
<i>Chandris, Inc. v. Latsis</i> , 515 U.S. 347 (1995)	13

TABLE OF AUTHORITIES—Continued

	<u>Page(s)</u>
<i>Cleveland Clinic Found. v. True Health Diagnostics LLC,</i> 859 F.3d 1352 (Fed. Cir. 2017)	28
<i>Commil USA, LLC v. Cisco Sys., Inc.,</i> 135 S. Ct. 1920 (2015)	2, 3, 5, 29
<i>Diamond v. Chakrabarty,</i> 447 U.S. 303 (1980)	13
<i>Diamond v. Diehr,</i> 450 U.S. 175 (1981)	13, 17, 24, 25
<i>eBay Inc. v. MercExchange, L.L.C.,</i> 547 U.S. 388 (2006)	29, 30
<i>Epic Sys. Corp. v. Lewis,</i> 137 S. Ct. 809 (2017)	34
<i>Graham v. John Deere Co.,</i> 383 U.S. 1 (1966)	25
<i>Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.,</i> 572 U.S. 559 (2014)	34
<i>In re Marco Guldenaar Holding B.V.,</i> 911 F.3d 1157 (Fed. Cir. 2018)	<i>passim</i>
<i>In re TLI Commc'ns LLC Patent Litig.,</i> 823 F.3d 607 (Fed. Cir. 2016)	11
<i>Interval Licensing LLC v. AOL, Inc.,</i> 896 F.3d 1335 (Fed. Cir. 2018)	27
<i>Kiobel v. Royal Dutch Petroleum Co.,</i> 565 U.S. 961 (2011)	34
<i>KSR Int'l Co. v. Teleflex Inc.,</i> 550 U.S. 398 (2007)	30
<i>Markman v. Westview Instruments, Inc.,</i> 517 U.S. 370 (1996)	14, 18, 21

TABLE OF AUTHORITIES—Continued

	<u>Page(s)</u>
<i>Mayo Collaborative Servs. v. Prometheus Labs., Inc.</i> , 566 U.S. 66 (2012).....	<i>passim</i>
<i>Medtronic, Inc. v. Mirowski Family Ventures, LLC</i> , 571 U.S. 191 (2014).....	15
<i>Merck Sharp & Dohme Corp. v. Albrecht</i> , 139 S. Ct. 1668 (2019).....	14, 18, 21
<i>Miller v. Fenton</i> , 474 U.S. 104 (1985).....	18
<i>New Prime Inc. v. Oliveira</i> , 139 S. Ct. 532 (2019).....	19, 20
<i>Octane Fitness, LLC v. Icon Health & Fitness, Inc.</i> , 572 U.S. 545 (2014).....	3, 11, 29, 34
<i>O'Reilly v. Morse</i> , 56 U.S. (15 How.) 62 (1853).....	6
<i>Parker v. Flook</i> , 437 U.S. 584 (1978).....	<i>passim</i>
<i>State Street Bank & Tr. Co. v. Signature Fin. Grp.</i> , 149 F.3d 1368 (Fed. Cir. 1998).....	30
<i>TC Heartland LLC v. Kraft Foods Grp. Brands LLC</i> , 137 S. Ct. 1514 (2017).....	29
<i>Teva Pharm. USA, Inc. v. Sandoz, Inc.</i> , 135 S. Ct. 831 (2015).....	14, 20
CONSTITUTIONAL PROVISION:	
U.S. Const. art. I, § 8, cl. 8	2, 31

TABLE OF AUTHORITIES—Continued

	<u>Page(s)</u>
STATUTES:	
28 U.S.C. § 1254(1)	2
35 U.S.C. § 101.....	<i>passim</i>
35 U.S.C. § 102.....	24
35 U.S.C. § 285.....	11
RULES:	
Fed. R. Civ. P. 12	30
Fed. R. Civ. P. 12(b)(6)	9, 16, 26
Fed. R. Civ. P. 12(c)	9
Fed. R. Civ. P. 56	15
OTHER AUTHORITIES:	
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Am. Intellectual Prop. Law Ass’n, <i>Report of the Economic Survey 2017 (June 2017)</i>	34
Dan L. Burk & Mark A. Lemley, <i>The Patent Crisis and How the Courts Can Solve It (2009)</i>	29
Ryan Davis, <i>Quick Alice Wins Dwindling in Wake of Berkheimer Ruling</i> , <i>Law360</i> (July 25, 2019, 8:47 PM), https://bit.ly/31B4ZLM	5, 32

TABLE OF AUTHORITIES—Continued

	<u>Page(s)</u>
Ryan Davis, <i>Quick Alice Wins May Be Tougher After Fed. Circ. Ruling</i> , Law360 (Feb. 13, 2018, 8:00 PM), https://bit.ly/2EIyhjI	32
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Paul R. Gugliuzza, <i>Quick Decisions in Patent Cases</i> , 106 Geo. L.J. 619 (2018)	30
Paul R. Gugliuzza, <i>The Procedure of Patent Eligibility</i> , 97 Tex. L. Rev. 571 (2019)	22, 27, 28
Jeffrey A. Lefstin et al., <i>Final Report of the Berkeley Center for Law & Technology Section 101 Workshop: Addressing Patent Eligibility Challenges</i> , 33 Berkeley Tech. L.J. 551 (2018)	5, 30
Mark A. Lemley, <i>The Surprising Resilience of the Patent System</i> , 95 Tex. L. Rev. 1 (2016)	32
Letter from Thomas Jefferson to Isaac McPherson (Aug. 13, 1813)	6, 7
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Garmin USA, Inc.; Fitbit, Inc.; Fossil Group, Inc.;
GoPro, Inc.; JK Imaging Ltd.; Misfit Inc.; Moov, Inc.;
Nike, Inc.; and Panasonic Corporation of North
America respectfully petition for a writ of certiorari
to review the judgment of the Court of Appeals for
the Federal Circuit in this case.

OPINIONS BELOW

The Federal Circuit's opinion (Pet. App. 1a-29a) is
reported at 927 F.3d 1306. The Northern District of
California's opinion (Pet. App. 45a-77a) is reported at
316 F. Supp. 3d 1138. The Northern District of
California's opinion ordering attorneys' fees (Pet.
App. 30a-44a) is not reported, but is available at
2018 WL 3328164.

JURISDICTION

The Federal Circuit entered judgment on June 25, 2019. This Court’s jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTE INVOLVED

Section 101 of the Patent Act, 35 U.S.C. § 101, provides:

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

INTRODUCTION

This is the kind of case that gives patent litigation a bad reputation. Respondent Cellspin Soft, Inc. has one business: monetizing patents through litigation or the threat of litigation. It “use[s] patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.” *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1930 (2015) (internal quotation marks omitted). It filed a dozen lawsuits asserting four exceptionally weak patents that should never have issued in the first place. In the Federal Circuit’s own description, the patents cover “connecting a data capture device, *e.g.*, a digital camera, to a mobile device so that a user can automatically publish content from the data capture device to a website.” Pet. App. 5a. In other words—an utterly routine and self-evident “invention” that does nothing to advance the “Progress of Science and the useful Arts.” U.S. Const. art. I, § 8, cl. 8. This

case exemplifies how the patent system can be perverted into a “harmful tax on innovation.” *Commil*, 135 S. Ct. at 1930 (internal quotation marks omitted).

Over the past several years, this Court has given district courts the tools to deal with—and “dissuade[],” *id.*—these sorts of suits. And here, the district court employed those tools as intended. First, it granted a motion to dismiss because the patent claims are not eligible for patenting under § 101 of the Patent Act—that is, “they are not the kind of ‘discover[y]’ that the statute was enacted to protect.” *Parker v. Flook*, 437 U.S. 584, 593 (1978). Specifically, under the framework this Court set forth in *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014), the district court found that “the claims at issue here are manifestly directed to an abstract idea”—“acquiring, transferring, and publishing data”—“and the only components disclosed in the specification for implementing the asserted method claims are unambiguously *** conventional.” Pet. App. 37a (internal quotation marks omitted). The case was thus quickly and efficiently disposed of on the merits. Next, following this Court’s lead in *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 572 U.S. 545 (2014), the district court granted attorneys’ fees due to the weakness of the patents and Cellspin’s litigation tactics. Pet. App. 41a-43a. The system worked as designed.

But the Federal Circuit undid all that. In the process, it entrenched a major wrong turn on the law of patent eligibility that threatens to undermine this Court’s handiwork. Specifically, relying on two recent decisions, it held that the second step of the

Alice analysis—whether the patent claim “contains an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application,” 573 U.S. at 221 (internal quotation marks omitted)—is a question of fact. Pet. App. 23a-24a (citing *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1126-28 (Fed. Cir. 2018)). That holding has huge real-world implications. It means that allegations in a complaint that “aspects of the claim are inventive are sufficient” to defeat a motion to dismiss. *Id.* at 23a. Applying that standard here, the Federal Circuit held that the district court erred in not accepting Cellspin’s allegations of inventiveness as true, and therefore reversed. *Id.* at 28a-29a. It also vacated the district court’s award of attorneys’ fees. *Id.*

As Judge Reyna has explained, the Federal Circuit’s decision is “unmoored” from precedent and its consequences are “staggering.” *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 890 F.3d 1354, 1365 (Fed. Cir. 2018) (Reyna, J., dissenting from denial of rehearing en banc). Patent eligibility is a paradigmatic question of law: The issue is whether the patent claims the type of thing that is meant to be protected by the patent laws. *Flook*, 437 U.S. at 593. More, this Court has called patent eligibility a “threshold test,” *Bilski v. Kappos*, 561 U.S. 593, 602 (2010), that performs a “screening function,” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 89 (2012). It is a critical mechanism to knock out weak patents relatively cheaply, which both lessens the drag on innovation and reduces the leverage of patent trolls seeking to extort a settlement or licensing fee based on the high cost of patent

litigation. The decision below effectively disables § 101 from performing this screening function.

It is no exaggeration to say that “[i]njecting factual inquiries into the section 101 calculus will topple the *Mayo/Alice* framework.” *In re Marco Guldenaar Holding B.V.*, 911 F.3d 1157, 1165 (Fed. Cir. 2018) (Mayer, J., concurring in the judgment). It will therefore swell the cost of patent litigation and “increase[] the *in terrorem* power of patent trolls.” *Commil*, 135 S. Ct. at 1932 (Scalia, J., dissenting). This is not hypothetical: Successful motions to dismiss on § 101 grounds have plummeted since the Federal Circuit’s wrong turn. Ryan Davis, *Quick Alice Wins Dwindling in Wake of Berkheimer Ruling*, Law360 (July 25, 2019), <https://bit.ly/31B4ZLM>.

Indeed, this Court has already indicated that the issue may be cert-worthy: In response to another petition presenting the question whether patent eligibility is an issue of law, the Court has called for the views of the Solicitor General. *See HP Inc. v. Berkheimer*, No. 18-415 (Jan. 7, 2019). If the Court grants certiorari in *Berkheimer*, it ought to grant this petition as well and consider the two cases in tandem. *Berkheimer* arises in a summary judgment posture, while this case arises in the even more important and prevalent motion to dismiss posture. According to one study, about 70% of eligibility challenges since *Alice* have been decided on a motion to dismiss or a motion for judgment on the pleadings, as opposed to other stages in litigation. *See* Jeffrey A. Lefstin et al., *Final Report of the Berkeley Center for Law & Technology Section 101 Workshop: Addressing Patent Eligibility Challenges*, 33 Berkeley Tech. L.J. 551, 578 tbl.2 (2018). Given that statistic,

and this Court’s emphasis that § 101 is a “threshold” issue, *Bilski*, 561 U.S. at 602, it is crucial that this Court give guidance on how § 101 operates at the threshold of litigation and on what sorts of allegations, if any, can overcome dismissal.

Any system that does not filter out the patents-in-suit cheaply and quickly is broken. Whether or not this Court grants certiorari in *Berkheimer*, this petition should be granted.

STATEMENT

A. Legal Background

Section 101 of the Patent Act “defines the subject matter eligible for patent protection.” *Alice*, 573 U.S. at 216. It provides: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. This Court has “long held that this provision contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice*, 573 U.S. at 216 (internal quotation marks omitted); *see also O’Reilly v. Morse*, 56 U.S. (15 How.) 62, 112-120 (1853). This exception reflects that patents are meant to “promote creation.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013). And allowing private parties to “monopoliz[e]” abstract ideas or laws of nature “might tend to impede innovation more than it would tend to promote it, thereby thwarting the primary object of the patent laws.” *Alice*, 573 U.S. at 216 (internal quotation marks and brackets omitted); *see* Letter from Thomas Jefferson to Isaac McPherson (Aug. 13,

1813) (“[I]f nature has made any one thing less susceptible, than all others, of exclusive property, it is the action of the thinking power called an Idea * * *.”).

In *Alice*, this Court reiterated the two-step “framework” courts must employ “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” 573 U.S. at 217. At step one, a court must “determine whether the claims at issue are directed to [a] * * * patent-ineligible concept[.]” *Id.* At step two, a court must “consider the elements of [the] * * * claim both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application.” *Id.* (internal quotation marks omitted). The Court has “sometimes referred to” the second step as the search for “an ‘inventive concept.’” *Mayo*, 566 U.S. at 72 (quoting *Flook*, 437 at 594).

B. The Patents-in-Suit

Cellspin asserted multiple claims from four patents in its complaint. Those four patents all share a common specification. As described in that shared specification, the four patents describe “a method of utilizing a digital data capture device”—like a digital camera—“in conjunction with a Bluetooth™ enabled mobile device for publishing data and multimedia content on one or more websites automatically or with minimal user intervention.” U.S. Pat. No.

8,738,794, at 3:28-32 ('794 Patent).¹ “Typically,” at the time of the invention, this was achieved by using a cable and manually uploading the data. The patent purports to claim a method of making this happen “automatically.” *Id.* at 1:38-54.

The patents do not, however, claim any improvements to the underlying technologies needed to perform the claimed method. For instance, the shared specification refers to Bluetooth, but the patent claims do not cover any new aspect of Bluetooth technology, which it acknowledges was already a well-known means to “connect[] and exchang[e] information.” *Id.* at 3:50. As the specification itself admits, “the method and system disclosed herein may be implemented in technologies that are pervasive [and] flexible,” such as the “ubiquitous mobile phone” and “general purpose computers.” *Id.* at 9:37-38, 47, 10:12-13. The patents do not try to hide the ball: They just claim using these “ubiquitous” technologies to make data upload to the Internet “automatically.”

Claims 1 and 16 of the '794 Patent are representative of all the asserted claims for eligibility purposes.² *See* Pet. App. 75a-76a (finding that Cellspin had “fail[ed] to offer any argument or authority as to why the differences between the '794 Patent” and the three other patents-in-suit render those other patents eligible). Claim 1 is reproduced in its entirety

¹ A full copy of the '794 Patent can be found at C.A. Appx. 280-293.

² The other patents asserted in this litigation are U.S. Patent Nos. 8,892,752; 9,749,847; and 9,528,698.

in the Federal Circuit’s opinion (Pet. App. 6a-8a), but it boils down to three components: the acquisition (i.e., “acquiring,” “detecting”) of data by generic devices like cameras; the transfer (i.e., “sending,” “receiving,” “transferring”) of data through generic technologies like Bluetooth to generic devices like smartphones; and the publication of that data to one or more websites. The difference between claims 1 and 16 is that the former operates in “push” mode while the latter operates in “pull” mode—that is, in claim 1 “a ‘data signal’ is sent from the data capture device to the mobile device to initiate a data transfer,” while in claim 16 “the mobile device ‘poll[s] the Bluetooth enabled data capture device’ to ask whether the data capture device has files to upload.” *Id.* at 8a-9a; see ’794 Patent at 11:47-12:38, 14:12-64.

C. Procedural Background

In 2017, Cellspin sued nine different companies in fourteen different actions, alleging that each company was infringing several claims from the asserted patents. Pet. App. 47a-48a & nn.1-2. Eight of the defendants moved to dismiss pursuant to Rule 12(b)(6) on the ground that the patents are ineligible under § 101. *Id.* at 48a. The other defendant moved for a judgment on the pleadings pursuant to Rule 12(c) on the same ground. *Id.* The basis of the motions was that the asserted claims are directed to the abstract idea of acquiring and transferring data, and that the abstract idea is implemented on ubiquitous, already-existing technologies.

While these motions were pending, the Federal Circuit handed down a pair of decisions upending its § 101 jurisprudence. In *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018), the court held that the

second step of the *Alice* test is a question of fact. According to the court, “[t]he second step of the *Alice* test is satisfied”—rendering the claim eligible for patenting—“when the claim limitations involve more than performance of well-understood, routine, and conventional activities previously known to the industry.” *Id.* at 1367 (internal quotation marks and alterations omitted). And the Federal Circuit held that “[t]he question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact” that “must be proven by clear and convincing evidence.” *Id.* at 1368. Because, in *Berkheimer*, there was a “genuine issue of material fact” as to whether four of the asserted patent claims were “inventive,” summary judgment was inappropriate. *Id.* at 1370.

The Federal Circuit extended this holding to motions to dismiss in *Aatrix*. There, the court again stated that “[w]hether the claim elements or the claimed combination are well-understood, routine, conventional is a question of fact.” 882 F.3d at 1128. The court then held that a plaintiff’s “allegations” as to inventiveness can create a question of fact sufficient to survive a motion to dismiss. *Id.*

Cellspin quickly seized upon these developments. It filed a notice of supplemental authority arguing that *Berkheimer* and *Aatrix* applied to these consolidated cases. Pet. App. 34a-35a. And it filed amended complaints, including new allegations as to its patents’ supposed inventiveness. *Id.* at 35a.

The district court granted the motions to dismiss nonetheless. *Id.* at 47a-49a. Applying the *Alice* framework, the court first held that “the asserted

claims are directed to an abstract idea, namely a method of acquiring, transferring, and publishing data and multimedia content on one or more websites.” *Id.* at 63a. As to step two, the district court held that “the asserted claims ‘merely provide a generic environment in which to carry out’ the abstract ideas of acquiring, transferring, and publishing data.” *Id.* at 69a (quoting *In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 611 (Fed. Cir. 2016)). The court explained that the physical components “behave exactly as expected according to their ordinary use.” *Id.* (quoting *TLI*, 823 F.3d at 615). As for the allegations in Cellspin’s amended complaints regarding the benefits of its claimed method, the court explained that the “alleged technological improvements appear nowhere in the claims or specification.” *Id.* at 74a. Cellspin also claimed that its patents were more efficient than existing technology. *Id.* at 70a-71a. But “a method which utilizes known and conventional computer components to achieve an improvement in the efficiency or speed of a previously-manual process does not constitute a sufficient inventive concept.” *Id.* at 71a. The court thus dismissed the complaints. *Id.* at 76a-77a.

The district court also found the case exceptional under § 285 of the Patent Act and ordered Cellspin to pay attorneys’ fees. 35 U.S.C. § 285. The court found Cellspin’s claims “exceptionally meritless.” Pet. App. 38a-39a (quoting *Octane Fitness*, 572 U.S. at 555). “Moreover, Cellspin litigated its exceptionally meritless claims aggressively,” both in its discovery-related conduct and its decision to file an amended complaint a mere three days before the court’s hearing on a motion to dismiss. *Id.* at 39a. The

court thus found the case exceptional and awarded fees.

2. Cellspin appealed, arguing that the allegations in its complaints created a factual dispute precluding dismissal. The Federal Circuit agreed and reversed—in a decision that underscores just how much damage has been done to the *Alice* framework. First it held, like the district court, that Cellspin’s claims were drawn to an abstract idea under *Alice* step one. *Id.* at 18a-19a. But then it found that the district court misapplied Federal Circuit precedent on *Alice* step two. Citing *Berkheimer* and *Aatrix*, the Federal Circuit dug in that “factual disputes about whether an aspect of the claims is inventive may preclude dismissal at the pleadings stage under § 101.” *Id.* at 24a. A court can rely on “allegations in the *complaint*”—which must, of course, be taken as true at the motion to dismiss stage—“to conclude that the disputed claims were potentially inventive.” *Id.* at 23a.

The Federal Circuit then held that “[t]he district court erred by not accepting” Cellspin’s “allegations as true.” *Id.* at 23a-24a. The court pointed to two allegations in particular. First, the district court erred by not accepting as true Cellspin’s allegations that “it was unconventional to separate the steps of capturing and publishing data so that each step would be performed by a different device linked via a wireless, paired connection” (*id.* at 21a)—in other words, it was unconventional for the “data capture device” like a camera or fitness tracker to be separate from the smartphone. And the second allegation the Federal Circuit highlighted was that it was unconventional to “establish[] a paired connection

between the mobile device and the data capture device *before* data is transmitted” (*id.* at 22a). “Accepting” these allegations “as true,” the court could not “conclude that the asserted claims lack an inventive concept.” *Id.* at 24a. The Federal Circuit also vacated the award of attorneys’ fees. *Id.* at 27a-29a.

This petition followed.

REASONS FOR GRANTING THE PETITION

I. THE DECISION BELOW CANNOT BE RECONCILED WITH THIS COURT’S PRECEDENT.

1. Patent eligibility is a question of law for the court, and the Federal Circuit erred in holding otherwise. At bottom, the eligibility question turns “on the proper construction of § 101 of the Patent Act.” *Flook*, 437 U.S. at 588. This Court has reiterated this basic point again and again. *See Bilski*, 561 U.S. at 603, 606-608 (applying “statutory interpretation principles” to determine the eligibility of a business method patent); *Diamond v. Diehr*, 450 U.S. 175, 181-182 (1981) (recognizing that the eligibility inquiry is a matter of “constru[ing] 35 U.S.C. § 101”); *Diamond v. Chakrabarty*, 447 U.S. 303, 308 (1980) (the question of what is eligible for patenting is one “of statutory construction”). And the interpretation of a statute is, of course, a paradigmatic judicial task. *See Chandris, Inc. v. Latsis*, 515 U.S. 347, 369 (1995).

In any given eligibility case, the court will have to consider the scope of § 101 in a particular context: the specific patent claim(s) being asserted. But that does not render the inquiry any less legal. “[T]he

proper construction of the patent [is] a question of law” that “falls ‘exclusively within the province of the court.’” *Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 837 (2015) (quoting *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372 (1996)). To determine whether a particular claim is patent eligible, then, a court must look at the scope of the claims—a question of law for the court—and determine whether it falls within the scope of § 101—another question of law for the court. *Alice*, 573 U.S. at 217 (evaluating the “claims” (emphasis added)). It follows from the nature of this task that the eligibility question ought to be, from beginning to end, a question of law for the court.

The practical concerns that have often animated this Court’s classification of issues as law or fact lead to the same conclusion. See *Merck Sharp & Dohme Corp. v. Albrecht*, 139 S. Ct. 1668, 1679-80 (2019); *Markman*, 517 U.S. at 388-390. “Judges are experienced in ‘[t]he construction of written instruments’” like patent claims, and are “better equipped to evaluate” whether a claim qualifies for patenting under the standard set by Congress and this Court’s precedent. *Merck*, 139 U.S. at 1680 (quoting *Markman*, 517 U.S. at 388). Moreover, entrusting the eligibility question to judges rather than juries “should produce greater uniformity.” *Id.* After all, whether a particular patent claim fits within the categories of patentable subject matter laid out in the Patent Act is a question that ought to have a right and uniform answer; it should not be subject to the opaque vicissitudes of jury verdicts. Indeed, “the public * * * has a paramount interest in seeing that patent monopolies are kept within their legitimate scope,” and unpredictable rules of patent eligibility

would ill-serve that interest. *Medtronic, Inc. v. Mirowski Family Ventures, LLC*, 571 U.S. 191, 203 (2014) (internal quotation marks and alteration omitted).

Further, patent eligibility is an issue that benefits from common-law development through adjudication, which allows courts to elaborate principles and guidelines to govern not only courts but also patent examiners. The benefit of that common-law guidance would be lost if the eligibility decision were entrusted to the black box of a jury verdict. *See Bose Corp. v. Consumers Union of U.S., Inc.*, 466 U.S. 485, 502-503 (1984).

In light of all this, it is no surprise that this Court has repeatedly referred to eligibility as something “we”—that is, the Court—undertake(s). In *Alice*, the Court explained that the patent-eligibility two-step is something “we” (a court) perform(s). *See* 573 U.S. at 217. In *Mayo*, the Court similarly explained that “[w]e must determine whether the claimed processes have transformed these unpatentable natural laws into patent-eligible applications of those laws.” 566 U.S. at 72 (emphasis added). Moreover, the Court decided *Alice*, *Myriad*, and *Mayo* at the summary-judgment stage, and there was no suggestion that resolving eligibility might be inappropriate because of some “genuine dispute as to any material fact.” Fed. R. Civ. P. 56; *see Alice*, 573 U.S. at 214; *Myriad*, 569 U.S. at 586; *Mayo*, 566 U.S. at 76.

In sum, the nature of the eligibility inquiry, this Court’s precedent, and the pragmatic factors underlying the law/fact distinction all point in the same direction: Eligibility is a question of law.

2. The Federal Circuit disagreed. In *Aatrix*, it held that *Alice* step two is a question of fact. 882 F.3d at 1128. Thus, “patentees who adequately allege their claims contain inventive concepts survive a § 101 eligibility analysis under Rule 12(b)(6).” *Id.* at 1126-27. In support of that holding, the Federal Circuit reasoned: “If the elements involve ‘well-understood, routine, [and] conventional activity previously engaged in by researchers in the field,’ they do not constitute an ‘inventive concept.’” *Id.* at 1128 (quoting *Mayo*, 566 U.S. at 73). And “[w]hether the claim elements or the claimed combination are well-understood, routine, conventional is a question of fact.” *Id.* Accordingly, where a complaint contains “allegations * * * that individual elements and the claimed combination are not well-understood, routine, or conventional activity,” a motion to dismiss must be denied. *Id.* This analysis was deeply flawed.

a. As a preliminary matter, the Federal Circuit accorded too much weight to the “conventionality” piece of *Alice* step two. Specifically, the Federal Circuit wrongly indicated that an allegation that a claim element is unconventional is *sufficient* to establish eligibility at the motion to dismiss stage. It held in this case that, because Cellspin’s amended complaints contained “plausible factual allegations about why aspects of its claimed inventions were not conventional,” the district court “erred by granting the motions to dismiss.” Pet. App. 23a-24a, 26a.

This Court has been clear that the presence of a non-conventional element is only one piece of the broader issue of eligibility. As noted above, the basic eligibility issue is whether the patent claims “the

kind of ‘discover[y]’ that the statute was enacted to protect.” *Flook*, 437 U.S. at 593. The question whether the elements of a claim are “routine” or “conventional” goes to the same ultimate issue—whether the claimed process is the sort of thing that should be patentable, because it has “transformed [abstract ideas] into patent-eligible applications of those [ideas].” *Mayo*, 566 U.S. at 72. Merely to say some claim element is not conventional does not answer that broader question. Thus, while “simply appending conventional steps, specified at a high level of generality * * * cannot make” an abstract idea “patentable,” *id.* at 82, it does not follow that appending a *non*-conventional step necessarily does. *Myriad*, 569 U.S. at 591 (“Groundbreaking, innovative, or even brilliant discovery does not by itself satisfy the § 101 inquiry.”). The question always remains whether the unconventional steps actually “confine[] the claims to a particular, useful application of the” abstract idea. *Mayo*, 566 U.S. at 84.

Understood this way, *Alice* step two serves “the pre-emption concern that undergirds” the Court’s “§ 101 jurisprudence.” *Alice*, 573 U.S. at 223. Even a non-conventional claim element may “foreclose[]” too “much future innovation * * * relative to the contribution of the inventor.” *Mayo*, 566 U.S. at 88. Indeed, this Court has repeatedly noted that “the prohibition against patenting abstract ideas ‘cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.’” *Bilski*, 561 U.S. at 610 (quoting *Diehr*, 450 U.S. at 191-192). It has not qualified that rule by saying that it only applies where the “particular technological environment” is conventional. In short, then, the Federal Circuit erroneously compressed the *Alice*

test by making “unconventionality” a sufficient condition of eligibility.

b. Second, and more fundamentally, it erred in holding that any piece of the eligibility test is a question of fact. The question whether a particular claim element is not “routine” or “conventional” such that an abstract idea is transformed into something patentable is plainly not a “simple historical fact.” *Markman*, 517 U.S. at 388 (quoting *Miller v. Fenton*, 474 U.S. 104, 114 (1985)). It is not in the same genre as the question whether a traffic light had turned red before a car accident in an intersection, or even whether a particular claim element is disclosed in a particular prior art reference. And where a question “falls somewhere between a pristine legal standard and a simple historical fact, the fact/law distinction” may “turn[] on a determination that, as a matter of the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question.” *Id.* (quoting *Miller*, 474 U.S. at 114). Here, as explained above, the judge is the “‘better positioned’ decisionmaker” to decide whether a patent claim crosses the threshold to patentability. *Merck*, 139 S. Ct. at 1680. It should not be submitted, in whole or in part, to the jury. *Id.*

When answering that question, a court may consult several sources of information. The first source is specified in *Iqbal* itself: “Determining whether a complaint states a plausible claim for relief * * * requires the reviewing court to draw on its judicial experience and common sense.” *Ashcroft v. Iqbal*, 556 U.S. 662, 679 (2009). That will often be determinative. For instance, implementation of an abstract idea on a general purpose computer is not

patent eligible, and no factual proof is required to reach that conclusion. *See Alice*, 573 U.S. at 221-224.

Second, courts may draw on intrinsic evidence from the patent specification or prosecution history. Both this Court and the Federal Circuit have frequently looked to disclosures in the specification to determine whether claim elements are routine and conventional. *See Mayo*, 566 U.S. at 74; *Alice*, 573 U.S. at 212-213. Where the specification outright says that some claim limitation is conventional, any contrary allegation is simply not plausible.

Third, courts can consult the range of materials they would look to for establishing legislative facts, as this Court has frequently done in patent eligibility cases. In *Alice*, for instance, it looked to an old textbook and a few modern books and articles to determine whether intermediated settlement was “an ‘abstract idea’ beyond the scope of § 101.” 573 U.S. at 219-220. In *Bilski*, it similarly looked to a dictionary and an article to discern whether a “business method” is a patentable process. 561 U.S. at 606-607. As Judge Mayer has observed, “[e]ligibility questions mostly involve general historical observations, the sort of findings routinely made by courts deciding legal questions.” *In re Marco Guldenaar Holding B.V.*, 911 F.3d at 1164 (Mayer, J., concurring in the judgment) (internal quotation marks omitted).

This is familiar from statutory interpretation. To take one example: What the phrase “contracts of employment” meant in 1925 is, in a sense, a question of historical fact. But it is still a question that a court resolves as a matter of law. *See New Prime*

Inc. v. Oliveira, 139 S. Ct. 532, 537 (2019); *Teva*, 135 S. Ct. at 850 (Thomas, J., dissenting) (“[A]lthough terms in statutes and regulations frequently have technical meanings unknown outside the specialized community they are meant to regulate, we treat the inquiry into those meanings as involving only conclusions of law.”). The outcome of *New Prime* would not have been different if the plaintiff had alleged in its complaint that the phrase “contracts of employment” had some particular meaning as a question of historical fact. So too here.

It is crucial that courts be empowered to filter out weak patent cases at the motion to dismiss stage. Patent litigation is expensive, and “[s]ome threshold of plausibility must be crossed at the outset before a * * * case should be permitted to go into its inevitably costly and protracted discovery phase.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 558 (2007) (quoting *Asahi Glass Co. v. Pentech Pharm., Inc.*, 289 F. Supp. 2d 986, 995 (N.D. Ill. 2003) (Posner, J., sitting by designation)). When a patent does not even meet the threshold requirement of eligibility, “this basic deficiency should * * * be exposed at the point of minimum expenditure of time and money by the parties and the court.” *Id.* (quoting 5 C. Wright & A. Miller, *Federal Practice and Procedure* §1216, at 233-234 (3d ed. 2004)). The decision below does the opposite: It “unlock[s] the doors of discovery” at the very moment they should be slammed shut. *Iqbal*, 556 U.S. at 678.

To the extent this Court determines that eligibility is in part a question of historical or adjudicative fact, it should still take this case to clarify three things. First, that not all eligibility challenges will involve

questions of fact; many, like this case, can be resolved simply based on the claims themselves and intrinsic evidence. *See infra* Part I.5. Second, that any question of fact is for the judge, not a jury, to decide. *Alice* step two, if not entirely a question of law, is at least “subsumed within an already tightly circumscribed legal analysis.” *Merck*, 139 S. Ct. at 1680; *see also Bose*, 466 U.S. at 501 n.17 (“A finding of fact in some cases is inseparable from the principles through which it was deduced.”). Like fact questions underlying claim construction, it should be decided by the judge. *Markman*, 517 U.S. at 372. Third, the Court should encourage trial judges to decide the underlying fact questions—and the overall eligibility question—early in proceedings. Because eligibility is a “threshold” issue that can and should screen out weak patents early on, *Bilski*, 561 U.S. at 602, courts should be encouraged to hold evidentiary hearings regarding *Alice* step two, if necessary, near the start of litigation, like *Markman* hearings for claim construction.

4. Finally, even if this Court determines that a small subset of issues pertinent to § 101 present questions of “brute fact,” *Merck*, 139 S. Ct. at 1680, the Federal Circuit misapplied the motion to dismiss standard. And certiorari would still be warranted to ensure that the Federal Circuit applies the motion to dismiss standard properly in this context.

Courts “are not bound to accept as true a legal conclusion couched as a factual allegation.” *Iqbal*, 556 U.S. at 678; *see also Twombly*, 550 U.S. at 555. Here, the Federal Circuit held that “plausible and specific factual allegations that aspects of the claims are inventive are sufficient” to defeat a motion to

dismiss. Pet. App. 23a. But to say that a patent claim is sufficiently inventive to nudge it across the line to eligibility is to state a *legal* conclusion. The decision below—which requires a court at the motion to dismiss stage to accept “allegations that aspects of the claims are inventive” as true—runs headlong into *Twombly* and *Iqbal*. See *Aatrix*, 882 F.3d at 1129; Paul R. Gugliuzza, *The Procedure of Patent Eligibility*, 97 Tex. L. Rev. 571, 620-621 (2019).

Additionally, the Federal Circuit abjured “judicial experience and common sense” in reversing dismissal. *Iqbal*, 556 U.S. at 679. As discussed below, even if this Court wished to reserve that there might be *some* factual issues that might in *some* cases preclude early dismissal of a patent suit on eligibility grounds, the allegations here were plainly insufficient. Letting the decision below stand, on these facts, will undermine § 101’s gatekeeper function.

5. Under the proper standard, the patents-in-suit are plainly ineligible. The Federal Circuit pointed to only a few supposedly unconventional elements to make the claims here patentable. Pet. App. 21a-25a. First, it noted that Cellspin had alleged that “prior art devices included ‘a capture device with built in mobile wireless Internet,’” rather than a standalone data capture device. Pet. App. 21a. But the *claims themselves* do not require that the data capture device meet that description. They simply require a data capture device without elaboration. ’794 Patent at 11:52-53, 14:16-17. And this Court has made abundantly clear that the eligibility analysis must turn on the content of the *claims*. See *supra* pp. 13-15. Beyond that, the specification itself admits that the data capture device simply borrows from already

existing technologies. It says that “[t]he digital data capture device may, for example, be a digital camera, a video camera, or other digital modular camera systems.” ’794 Patent at 2:15-17. The specification goes even further: “[T]he method and system disclosed herein may be implemented in technologies that are pervasive, flexible, and capable enough of accomplishing the desired tasks.” *Id.* at 9:37-39. In other words, any off-the-shelf device will do. The idea that some technological feature of the data capture device is enough to make the claim here patentable is thus belied by both the claim language and specification.

Second, the Federal Circuit pointed to the allegation that “the claimed inventions require establishing a paired connection between the mobile device and the data capture device *before* data is transmitted.” Pet. App. 22a. But this, too, is just implementing the abstract idea on generic technology. The specification describes that Bluetooth operates in precisely this way: The data capture device using Bluetooth “is paired with the mobile device to establish a connection,” and then data is transferred between the two. ’794 Patent at 3:55-56. Virtually anyone who uses a smartphone will be familiar with the Bluetooth “pairing” process. Once again, then, the district court’s basic conclusion is undisturbed: “The ’794 Patent is ‘not directed to a specific improvement to computer functionality’ but merely utilizes generic computer hardware and software components, namely a ‘ubiquitous mobile phone,’ paired Bluetooth connection, event notifications, ‘fairly widespread’ personal digital assistant, and ‘general purpose computers and computing devices’ to automate the process of transmitting multimedia

content from a data capture device to one or more websites.” Pet. App. 64a-65a. It does not claim a patentable invention.

The Federal Circuit also noted that Cellspin had “alleged that ‘HTTP transfers of data received over [a] paired wireless connection to web services [were] non-existent’ prior to its inventions.” *Id.* at 22a. That conflates novelty with eligibility. *Diehr*, 450 U.S. at 188-189. The crucial point for eligibility purposes is that the claimed data transfer is an abstract idea, and effecting that data transfer using a conventional protocol (HTTP) does not render the abstract idea patentable.³

It is telling that the factual allegations that the Federal Circuit pointed to in this case concerned “prior art devices.” Pet. App. 21a-22a. That demonstrates the extent to which the Federal Circuit “confuse[d] the issue of patentable subject matter under § 101 with that of obviousness under § 103” and novelty under § 102. *Flook*, 437 U.S. at 595 n.18. The “question of patent validity” under the latter two sections “lends itself to several basic factual inquiries,” like “the scope and content of the prior art.” *Graham v. John Deere Co.*, 383 U.S. 1, 17

³ Further, there are no claims related to HTTP in the ’794 patent, and Cellspin “fail[ed] to offer any argument or authority as to why the differences between the ’794 Patent and the” other patents-in-suit “represent an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application” in district court. Pet. App. 76a (internal quotation marks omitted). The Federal Circuit should not have gone out of its way to reverse the district court and uphold the validity of a patent on a ground that the patentee had forfeited below.

(1966). But the question “whether a particular invention is novel is wholly apart from whether the invention falls into a category of statutory subject matter.” *Diehr*, 450 U.S. at 190 (internal quotation marks omitted). Allegations in a complaint that claim elements are not disclosed in the prior art, while possibly relevant to novelty and obviousness defenses, cannot defeat a motion to dismiss for lack of patentable subject matter. That is because “[t]he obligation to determine what type of discovery is sought to be patented must precede the determination of whether that discovery is, in fact, new or obvious.” *Flook*, 437 U.S. at 593.

II. THE FEDERAL CIRCUIT IS INTERNALLY DIVIDED ON THE QUESTION PRESENTED.

In this case, as well as in *Aatrix* and *Berkheimer*, the Federal Circuit swerved away from its own patent law precedents and sowed confusion among litigants practicing before it and among district judges hearing patent cases. Federal Circuit judges are also divided on the question presented, and there have been multiple calls for this Court to clarify certain aspects of patent eligibility more broadly. Those factors reinforce the need for certiorari.

1. Judge Reyna dissented from the denial of rehearing en banc in both *Berkheimer* and *Aatrix*. And he explained—accurately—that “[t]he consequences of” *Aatrix* “are staggering and wholly unmoored from our precedent.” *Aatrix*, 890 F.3d at 1365 (Reyna, J., dissenting from denial of rehearing en banc). Up until that point, there was “no precedent that the § 101 inquiry is a question of fact.” *Id.* at 1362. “*Aatrix* and *Berkheimer* alter the § 101 analysis in a

significant and fundamental manner by presenting patent eligibility under § 101 as predominately a question of fact.” *Id.* Moreover, they “reduc[e] the entire step two inquiry into what is routine and conventional, rather than determining if an inventive concept expressed in the claims transforms the nature of the claims into a patent-eligible application,” thereby “divorc[ing]” step two “from the claims.” *Id.* In short, *Aatrix* and *Berkheimer* are “counter to guidance from the Supreme Court and our own precedent.” *Id.* at 1365.

The error embodied in *Aatrix*, *Berkheimer*, and this case will have a profound effect on the course of patent litigation. “[T]he *Aatrix* decision suggests that mere allegations of an inventive concept are sufficient to preclude a finding of subject matter eligibility at the Rule 12(b)(6) stage.” *Id.* “[A]lthough the § 101 inquiry has often been described as a ‘threshold’ issue, capable of early resolution, transforming the predominately legal inquiry into a factual dispute almost guarantees that § 101 will rarely be resolved early in the case, and will instead be carried through to trial.” *Id.* at 1365-66. Thus patent litigation will take longer and cost more.

Judge Mayer also dissented from the holdings of *Berkheimer* and *Aatrix* in a separate case. “[S]ubject matter eligibility under 35 U.S.C. § 101 is a pure question of law,” he wrote, “one that can, and should, be resolved at the earliest stages of litigation.” *In re Marco Guldenaar Holding B.V.*, 911 F.3d at 1162 (Mayer, J., concurring in the judgment). He noted that this Court “has uniformly treated subject matter eligibility as a question of law.” *Id.* at 1163. Indeed, it has “rebuffed the effort to turn the patent eligibil-

ity analysis into a factual quagmire.” *Id.* at 1164. “Because patent eligibility is a pure question of law, section 101 can, and should, be used to strike down patents at the earliest stages of litigation * * *.” *Id.* at 1164-65. *Berkheimer* and *Aatrix* have undercut that function, particularly in cases like this, which can and should be resolved at the motion to dismiss stage.

2. Judges Lourie and Newman, for their part, recognized that *Berkheimer* and *Aatrix* “complicat[e] what used to be a fairly simple analysis of patent eligibility under § 101.” *Aatrix*, 890 F.3d at 1360 (Lourie, J., concurring in denial of rehearing en banc). This complication, among other concerns, led the judges to call out that “the law [of Section 101] needs clarification by higher authority.” *Id.* And Judge Plager has bemoaned the state of the Federal Circuit’s § 101 jurisprudence more broadly, pointing to *Aatrix* and *Berkheimer* along the way. *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1353-56 & n.23 (Fed. Cir. 2018) (Plager, J., concurring in part and dissenting in part). *Aatrix* and *Berkheimer* are significant contributors to the confusion in the Federal Circuit about patent eligibility, a confusion that has induced several Federal Circuit judges to call out for clarification by a higher authority.

3. As numerous commentators have recognized, *Berkheimer*, *Aatrix*, and the decision below represent “a stark shift” in Federal Circuit precedent. 1 Peter S. Menell, Mark A. Lemley, & Robert P. Merges, *Intellectual Property in the New Technological Age: 2019*, at 300 (2019); see Gugliuzza, *The Procedure of Patent Eligibility*, *supra*, at 577 (noting that *Berkheimer* and *Aatrix* “are in tension with prior Federal

Circuit precedent that had seemingly embraced the notion * * * that patent eligibility is entirely a question of law”). In Judge Reyna’s words, before *Aatrix*, the Federal Circuit’s “precedent [wa]s clear that the § 101 inquiry is a legal question.” *Aatrix*, 882 F.3d at 1130 (Reyna, J., concurring in part and dissenting in part); see, e.g., *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1293 (Fed. Cir. 2016) (“We review the district court’s determination of patent eligibility under § 101 without deference, as a question of law.”). The Federal Court had thus “repeatedly affirmed § 101 rejections at the motion to dismiss stage.” *Cleveland Clinic Found. v. True Health Diagnostics LLC*, 859 F.3d 1352, 1360 (Fed. Cir. 2017) (collecting cases). Those decisions have been cast into doubt by *Aatrix* and this case. Remarkably, *Berkheimer* and *Aatrix* marked “the first time ever in an eligibility ruling” that the Federal Circuit “found that a factual dispute actually existed.” Gugliuzza, *The Procedure of Patent Eligibility, supra*, at 607 (emphasis added).

The Federal Circuit’s internal divisions weigh heavily in favor of certiorari. Steven M. Shapiro et al., *Supreme Court Practice* § 4.21, at 289 (10th ed. 2013). Indeed, “[t]he Federal Circuit’s lack of coherent guidance has caused deep disagreements among district courts on procedural issues in eligibility disputes.” Gugliuzza, *The Procedure of Patent Eligibility, supra*, at 577. That court’s exclusive jurisdiction over patent matters means that no circuit split will develop, and the court has already denied *en banc* review over Judge Reyna’s dissent. The only way to resolve this confusion—and to right the Federal Circuit’s wrong turn—is for this Court to step in.

III. THE QUESTION PRESENTED IS EXCEPTIONALLY IMPORTANT.

1. A decade ago, the patent system was “in crisis.” Dan L. Burk & Mark A. Lemley, *The Patent Crisis and How the Courts Can Solve It* 3 (2009). Lax eligibility standards in the Federal Circuit had led to a “burgeoning number of patents” whose “vagueness and suspect validity” posed special threats to innovation. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 397 (2006) (Kennedy, J., concurring). Hand in hand with that problem, an “industry *** developed in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees.” *Commil USA*, 135 S. Ct. at 1930 (internal quotation marks omitted). These non-practicing entities (NPEs or, more colorfully, patent trolls) could exploit the high cost of patent litigation to extort a settlement from an accused infringer. See Robin Feldman & Mark A. Lemley, *Do Patent Licensing Demands Mean Innovation?*, 101 Iowa L. Rev. 137, 139 (2015). And they began to eat up an increasing share of patent litigation in this country. “[U]nder most reasonable definitions roughly half of the patent suits in the last few years have been filed by trolls. In some industries, notably computers and telecommunications, the percentage is much higher.” *Id.* at 139-140.

This Court responded forcefully and efficaciously to the crisis in the patent system. The Court has made it easier to recover attorneys’ fees from NPEs in meritless suits, *Octane Fitness*, 572 U.S. 545; has curtailed forum shopping in patent litigation, *TC Heartland LLC v. Kraft Foods Grp. Brands LLC*, 137 S. Ct. 1514 (2017); has made it easier to prove obvi-

ousness, *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007); and has held that a prevailing patentee is not automatically entitled to an injunction, *eBay*, 547 U.S. 388. Through these decisions, the Court has attempted to alter the incentives and relative bargaining power of NPEs and potential defendants.

The Court's recent decisions on patent eligibility—*Bilski*, *Mayo*, *Myriad*, and *Alice*—are a cornerstone of this project. Their significance was both substantive and procedural. First, they made clear that § 101 provides a meaningful limit on patentable subject matter—a proposition that had grown questionable due to the Federal Circuit's liberality in allowing business method patents and software patents. *See, e.g., State Street Bank & Tr. Co. v. Signature Fin. Grp.*, 149 F.3d 1368 (Fed. Cir. 1998). Second, on procedure, while successful motions to dismiss on patent validity grounds were virtually unheard of before the reinvigoration of § 101, that is no longer the case: Since *Alice* a significant majority of eligibility challenges have been decided at the Rule 12 stage, and a majority of those have been successful. *See Lefstin et al., supra*, at 578 tbl.2. Of course, an eligibility challenge is not raised in every patent case, but the high rate of success shows just how many weak patents were granted under the Federal Circuit's permissive rules before this Court stepped in. Thus, § 101 allowed courts to weed out weak patents *quickly*, without imposing the massive costs associated with full-bore patent litigation. *See Paul R. Gugliuzza, Quick Decisions in Patent Cases*, 106 *Geo. L.J.* 619, 649-663 (2018).

This case exemplifies these trends. The plaintiff is a NPE who has sued a large number of innovative

companies that create products and jobs. The patents-in-suit are ineligible and should never have issued. And the district court had resources at its disposal to end the case quickly, and to save the multiple defendants the massive expense of patent litigation.

The Federal Circuit's decision, tossing out the district court's quick resolution, thus cuts against everything the Court has sought to achieve in the past decade-plus of patent reform. Judge Mayer did not pull any punches in describing the upshot of *Aatrix* and the decision below:

Resolving subject matter eligibility challenges early conserves scarce judicial resources, provides a bulwark against vexatious infringement suits, and protects the public by expeditiously removing the barriers to innovation created by vague and overbroad patents. Before the Supreme Court stepped in to resuscitate section 101, a scourge of meritless infringement suits clogged the courtrooms and exacted a heavy tax on scientific innovation and technological change. Injecting factual inquiries into the section 101 calculus will topple the *Mayo/Alice* framework and return us to the era when the patent system stifled rather than “promote[d] the Progress of Science and useful Arts.”

In re Marco Guldenaar Holding B.V., 911 F.3d at 1165 (Mayer, J., concurring in the judgment) (quoting U.S. Const. art. I, § 8, cl. 8). Exactly right.

And the data bears out this prediction. In the four or so years between *Alice* and *Aatrix*, motions to dismiss in patent cases on eligibility grounds were granted 70% of the time. Davis, *Quick Alice Wins*

Dwindling in Wake of Berkheimer Ruling, supra. But *Aatrix* has mostly spoiled that success story. After that decision, the number of successful motions to dismiss dropped to 45%. *Id.* The success rate for summary judgment motions has seen a similarly precipitous drop. *Id.* This defanging of § 101 will in all likelihood just get worse: The passage of time will allow plaintiffs to see what works, see what does not, and amend their pleadings accordingly. *Cf.* Ryan Davis, *Quick Alice Wins May Be Tougher After Fed. Circ. Ruling*, Law360 (Feb. 13, 2018), <https://bit.ly/2EIyhjI> (“Any attorney worth his or her salt can make a genuine issue of material fact * * *.”).

The net result will be that more suits with questionable patents will go deeper into litigation—often to trial—and inflict an unnecessary drag on innovation. The ability to knock out weak patents early is crucial to reducing the leverage that a patent troll has to extort a settlement. As Professor Lemley has explained, “[t]he possibility of winning a case on an early motion before spending much money should change the incentive to file those cases for process reasons, or at the very least should change how much money bottom-feeders can demand.” Mark A. Lemley, *The Surprising Resilience of the Patent System*, 95 *Tex. L. Rev.* 1, 48 n.231 (2016). That is an important reason that the Court has shaped the law of eligibility as it has: Section 101 is a “threshold test,” *Bilski*, 561 U.S. at 602, that performs a “screening function,” *Mayo*, 566 U.S. at 89. As a result of the decision below, it will be a far less effective screen.

**IV. WHETHER OR NOT THE COURT GRANTS
CERTIORARI IN *BERKHEIMER*, IT
SHOULD HEAR THIS CASE.**

The petition for certiorari in *Berkheimer* is currently pending before the Court. It presents a similar issue to this petition: “[W]hether 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.” Petition for Writ of Certiorari at i, *Berkheimer*, No. 18-415 (Sept. 28, 2018). This case, too, presents the question whether patent eligibility is a question of law for the court. The Court has invited the Solicitor General to file a brief in *Berkheimer* expressing the views of the United States. The brief has not yet been filed, but the invitation alone suggests that the Court is carefully considering a grant in *Berkheimer*.

If the Court does grant certiorari in *Berkheimer*, it should grant this petition as well and set the two cases for argument in tandem. The two cases present the same basic question but with an important procedural difference: This petition arises in the context of a motion to dismiss, while *Berkheimer* arises in a summary judgment posture. Given this Court’s characterization of § 101 as a “threshold test,” *Bilski*, 561 U.S. at 602, it is vital for the Court to clarify how the § 101 test operates at the “threshold” of litigation, and to clarify what sorts of allegations—if any—may suffice to defeat a motion to dismiss on eligibility grounds. Granting this case and holding argument in tandem will ensure that the full range of procedural issues related to § 101 are properly ventilated, and will enable this Court to

provide cohesive and complete guidance to the patent bar.

“When different cases presenting substantially the same issue come before the Court at the same time”—the situation here—the Court can grant review of both cases and “simultaneously set[] the cases down for argument together, one immediately after the other or ‘in tandem.’” Shapiro et al., *Supreme Court Practice, supra*, § 14.6, at 780-781. This Court has often exercised this power. See, e.g., *Kiobel v. Royal Dutch Petroleum Co.*, 565 U.S. 961 (2011) (Mem.). In the patent context, the Court held argument in *Octane Fitness* (about the standard for obtaining attorneys’ fees in patent cases) together with *Highmark Inc. v. Allcare Health Mgmt. Sys., Inc.*, 572 U.S. 559 (2014) (about the appellate standard of review of attorneys’ fee awards). It should do the same thing here. The Court can also, of course, just consolidate the cases if it so chooses. See, e.g., *Epic Sys. Corp. v. Lewis*, 137 S.Ct. 809 (2017) (Mem.).

Even if the Court does not grant certiorari in *Berkheimer*, it should grant certiorari in this case. The patents at issue stand out for their weakness. See *supra* 7-9. And patent eligibility plays an especially vital role at the motion to dismiss phase. Patent litigation is expensive: The median cost of defending patent suits with less than \$1 million at stake is \$500,000 (Am. Intellectual Prop. Law Ass’n, Report of the Economic Survey 2017, at I-118 (June 2017)), and the median cost of defending patent suits with more than \$25 million at stake is \$3 million (*id.* at I-122). Those potentially enormous expenses “will push cost-conscious defendants to settle even anemic

cases,” and increase the leverage of NPEs. *Twombly*, 550 U.S. at 559; *In re Marco Guldenaar Holding B.V.*, 911 F.3d at 1165 (Mayer, J., concurring in the judgment).

At the very least, the Court should hold this petition in abeyance pending the disposition of *Berkheimer*. See Shapiro et al., *Supreme Court Practice*, *supra*, § 14.6, at 780. If the Court grants the *Berkheimer* petition, the resolution of that case will unquestionably affect the outcome of this one. See Pet. App. 24a (applying *Berkheimer*). Thus, if the Court does not grant this petition for plenary review, it should hold this case and grant the petition, vacate the decision below, and remand for further consideration in light of this Court’s resolution of *Berkheimer*.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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