

No. 21-1228

IN THE
Supreme Court of the United States

AMERANTH, INC.,

Petitioner,

v.

OLO, INC.,

Respondent.

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

REPLY BRIEF FOR PETITIONER

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INTRODUCTION

After rejecting all prior pleas to clarify the *Alice* test, this Court should perceive why the situation is now materially different. The bridge to the technological future is crumbling under the Federal Circuit's chaotic deadlock. Quibbling over which vehicle will traverse the abyss forestalls the cure that only this Court can provide.

This is one of three cases currently pending that present precisely the same legal questions this Court has had under consideration for 1-1/2 years in *American Axle*, No. 20-891 (decided below by the same district judge as this case).¹ With the presumably imminent filing of the Solicitor General's views in *American Axle*, the Court approaches the precipice of finally resolving the confusion, conflicting results, and lack of predictable justice in this critical area of constitutionally protected property rights. Under the principle of uniform application of the law, the same test of patent eligibility should govern all the pending cases.

As the petition explained, the entire relevant universe recognizes the urgent need for this Court's review of the foundational issues of §101 patent eligibility presented in this case. With each passing day, the urgency intensifies. The Federal Circuit judges are unanimous in pleading for illumination from this Court on how to implement the *Alice* test: "As the nation's lone patent court, we are

1. After Ameranth filed this petition (No. 21-1228), the same §101 questions were raised in two other petitions that are still pending: *Interactive Wearables, LLC v. Polar Electro Oy*, No. 21-1281, and *Spireon, Inc. v. Procon Analytics, LLC*, No. 21-1370 (expressly referencing *Ameranth*).

at a loss as to how to uniformly apply § 101... There is very little about which all twelve of us are unanimous, especially when it comes to § 101. *We are unanimous in our unprecedented plea for guidance.*” *American Axle & Mfg., Inc. v. Neapco Holdings LLC*, 977 F.3d 1379, 1382 (Fed. Cir. 2020) (Moore, J., concurring in denial of motion to stay mandate) (emphasis added). Even more recently, former Judge O’Malley (who participated in the en banc proceedings in *American Axle*), commented on the impasse: “Have you ever seen all 12 active judges on a single circuit court beg the Supreme Court for guidance, and the Supreme Court says no?” *From Alice to Fintev, Judge O’Malley Dishes on Patent Law*, March 23, 2022, Law 360. Ignoring these pleas for this Court’s insights should not be an option.

Respondent’s opposition brief is oblivious to this reality. So long as the existing doctrinal paralysis in the lower courts produced a result favorable to it, respondent is content to prolong the chaotic status quo. Its brief offers no meaningful response to the overwhelming calls for this Court to address the post-*Alice* bedlam. Respondent instead offers an amalgam of brief-in-opposition platitudes that have no application to this case. The “waiver” argument respondent conjures up is flatly contrary to the record. Its other points range from the bizarre (taking a headcount of individual judges based on their votes on rehearing en banc in *American Axle*) to the risible (that certiorari should be denied because petitioner did not seek en banc review from the court that split 6-6 in *American Axle*). See *CAFC Rules of Practice* at 164 (Practice Notes for Rule 35).

1. There was no waiver. The questions presented in this petition were clearly and unequivocally contested

below by both parties. To that very point, the petition extensively recited the arguments Ameranth briefed and argued in the Federal Circuit. Respondent's invocation of "waiver" has no support in the record or this Court's decisions.

2. Respondent's suggestion that this case does not suffer from the same problems raised by *American Axle* is illusory. The superficial distinctions respondent offers are of no moment. Whether the distorted application by the lower courts of the *Alice/Mayo* standard is attributed to "laws of nature" or "abstract ideas" or even "natural phenomenon" is inconsequential to the key issues: What is the appropriate standard for determining whether a patent claim is "directed to" **any** patent-ineligible concept? *and* Is patent eligibility a question of law or fact for jury consideration? These issues stem from the same core misapplications of §101 that have "swallowed up" entire areas of recognized technological innovations deemed patentable for decades — retroactively killing as "ineligible" long-issued and often-reaffirmed patents. That is what happened in this case and many others.

The dispositive question of whether to grant this petition and/or hold it for decision with (or in light of) *American Axle* is simply a "yes" or "no" as to whether §101 law truly needs this Court's clarification. This question has been answered by the Federal Circuit, **12-0**. The answer is yes. *See American. Axle*, 977 F.3d at 1382 (Moore, J., concurring).

The petition explained why this Court would benefit from having the broadest range of possibilities available when it decides how best to resolve the core §101

issues plaguing the lower courts. Vital innovations like Ameranth's, which were declared to be industry-changing by those who would know,² have been incorrectly cast aside as "abstract" when they are not.

Because this case addresses and supplements the same issues decided by the same district judge as *American Axle*, it fits precisely within the scope of this Court's assessment of No. 20-891 and should be either granted now, considered at the same time, or held pending the disposition of *American Axle*.

ARGUMENT

By confining its inaccurate narrative to post-*Alice* litigation attacks on Ameranth patents, respondent tells an incomplete story. Ameranth's award-winning scientific advances and their widespread adoption over time provide an accurate context. Eight different patents were issued by the PTO; several still entirely valid, and several claims of the '077 patent have survived multiple challenges from CBM petitions reaffirming their eligibility and validity. Prior to the first adverse finding of ineligibility in the *Domino's* case, by the same misapplications of the *Alice* standard at issue here, Ameranth's patents had at least forty-five distinct licensees. USPTO, CBM2014-

2. Experts recognized Ameranth's achievements. In nominating Ameranth for one of many honors, Bill Gates said: "**Ameranth is one of the leading pioneers of the information technology age for the betterment of mankind.**" CISION PR Newswire, <https://www.prnewswire.com/news-releases/ameranth-signs-a-new-patent-license-with-taco-bell-corp-for-ameranth-patented-21st-century-communications-webwireless-data-synchronization-inventions-253418871.html>.

00014 (Mar. 26, 2014); CBM2015-00081 (Aug. 20, 2015); CBM2015-00080 (Aug. 26, 2016) at 40; CBM2017 -00053 (Dec. 4, 2017).

A. The Questions Presented Were Raised and Argued Below by All Parties

Respondent's suggestion of a "waiver" is specious. Unlike the cases on which respondent relies, petitioner asks this Court to consider the same issues and arguments arising from and relating to *Alice* and its progeny that it asked the lower courts to consider and decide.

As the petition explains, with extensive recitation of proceedings in the lower courts, petitioner joins the chorus of inventors, scholars, judges, and countless concerned others who together seek judicial clarification of what *Alice*'s two-step test means and how it should be implemented. Here, petitioner asks to clarify *Alice* in two distinct and important ways in its Questions Presented.

1. Petitioner argued consistently, both at the trial and appellate levels, for an application of *Alice* in favor of finding the '651 Patent claims at issue patent-eligible. The petition's questions presented properly embrace issues and arguments raised below. *See Yee v. City of Escondido, Cal.*, 503 U.S. 519 (1992) ("A litigant seeking review in this Court of a claim properly raised in the lower courts thus generally possesses the ability to frame the question to be decided in any way he chooses, without being limited to [how] the question was framed below"); *United States v. Williams*, 504 U.S. 36, 41 (1992) (grant of certiorari only precluded as waived when "the question presented was not pressed or passed upon below") (quotations omitted). *See generally Pearson v. Callahan*, 555 U.S. 223, 233 (2009).

In the district court, petitioner argued, *inter alia*, (1) that the ‘651 Patent was not directed to an abstract idea or patent-ineligible concept under *Alice*, and (2) that whether the ‘651 Patent was an inventive concept or merely “involve[d] performance of well-understood, routine, [and] conventional activities previously known to the industry” was a question of fact that precluded the granting of a motion to dismiss. Civil Action No. 20-518-LPS (D. Del.), Dkt. No. 12 at 14-20 (quoting *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1367 (Fed. Cir. 2018) (quotations omitted)). The only rational reading of the district court opinion is that the judge ruled on the questions now presented to this Court.

In the Federal Circuit, petitioner pressed the same arguments in seeking reversal. Case No. 2021-1211 (Fed. Cir.), Dkt. No. 23 at 34-46, 48-53. Respondent also addressed these issues and arguments in the Federal Circuit. Its brief in opposition reiterates the same points it argued below. The record provides no support for respondent’s suggestion of a “waiver.”

Neither do the two cases respondent cites. In *Sprietsma v. Mercury Marine*, 537 U.S. 51,54-55 (2002), petitioner brought common-law tort claims after a fatal boating accident. In state court, petitioner claimed that the marine motor respondent manufactured was an “unreasonably dangerous product because, among other things, [it] was not protected by a propeller guard.” *Id.* at 55. Respondent contended that two sources of federal law preempted petitioner’s claims: (1) the Federal Boat Safety Act of 1971 (“FBSA”), and (2) the Coast Guard’s 1990 decision not to issue FSBA regulations requiring propeller guards. *Id.* at 55-56. In its merits brief to this

Court, respondent relied for the first time on another source of federal law—that the case should be governed by federal common law created under federal maritime jurisdiction. This Court rejected this newly identified non-statutory, non-regulatory *third basis* as waived. *Id.*

In *United States v. United Foods, Inc.*, 533 U.S. 405, 408-409 (2001), respondent refused to pay mandatory statutory assessments used by the Secretary of Agriculture to fund promotional mushroom advertising. On appeal, respondent successfully argued that the assessments violated the First Amendment by compelling private speech.

The government, as petitioner, argued for the first time in its merits brief in this Court that the assessment-funded advertising constituted *government* speech immune from the scrutiny that would otherwise apply. *United Foods*, 533 U.S. at 416-417. The Court refused to consider this novel immunity argument the government had not raised before merits briefing. *Id.* at 416–17.

Sprietsma and *United Foods* are inapplicable. Neither case discussed, much less decided, the present circumstances. In neither case had the parties ever contested the new issues raised in their merits briefs. Just as it consistently argued in the lower courts, Ameranth asks that its patent claims be assessed correctly under §101. Petitioner urged the district court and the Federal Circuit to hold that the asserted claims of the ‘651 Patent satisfy the *Alice* standard. In this Court, petitioner asks for clarifying instructions explaining what the *Alice* two-step test means, how it should be implemented, and why the correct application of that test should uphold

the '651 Patent claims. The courts below resolved those issues. When the opposition brief turns to address the substantive legal points raised in the petition, it repeats the same arguments respondent presented below. BIO at 21-25. Even respondent's truncated, self-serving version of the questions presented (BIO at *i*) would bring before this Court the same issues and arguments outlined in the petition and litigated below.

Contrary to respondent's vague suggestion, petitioner did not and does not argue that *Alice* should be overturned. Instead, petitioner joins the chorus of inventors, scholars, judges, and countless concerned others who together ask this Court to explain *Alice*'s two-step test in ways that will help the Federal Circuit understand and implement it. These points, which were central to the entire litigation in the district court and the Federal Circuit, were not waived.

B. The Same Issues Form the Core of the Petition in *American Axle*.

There is no merit to Olo's contention that "Petitioner does not identify any issue warranting certiorari review that arises specifically from this case." BIO at 1. Ameranth's petition precisely details the issues arising from its case against Olo that it asks this Court to address. By simply repeating the same arguments it made in the courts below, respondent not only undercuts its specious "waiver" point but also highlights the specific aspects of this case that warrant review. Olo's positions, accepted by the lower courts based on a misperception of the *Alice* standard, are exactly why the Court should grant this petition.

As the petition explained, additional factors favor review. The same district court judge granted judgment against Ameranth and American Axle in their respective cases. In both cases, the district judge misunderstood the *Alice* standard of an “inventive concept” in the same way. Under *Alice*, a claim is eligible if it involves more than the performance of “well-understood, routine, [and] conventional activities previously known to the industry.” *Alice Corp. Pty. v. CLS Bank Int’l*, 573 U.S. 208 (2014).

But the district court’s analysis expanded the “directed to” inquiry far beyond *Alice* to find the patent claims at issue ineligible for failure to meet the “how-to” requirements of §112. *See Natera, Inc. v. ArcherDX, Inc.*, No. CV 20-125-LPS, 2020 WL 6043929 at *7-10 (D. Del. Oct. 13, 2020), *aff’d sub nom. Ameranth, Inc. v. Olo Inc.*, No. 2021-1211, 2021 WL 4699180 (Fed. Cir. Oct. 8, 2021). Under this “standard”—now perpetuated by the evenly divided Federal Circuit en banc vote in *American Axle*—patent claims themselves must teach how to make and use the claimed invention, *American Axle*, 939 F.3d 1355 (Fed. Cir. 2019), *reh’g granted, opinion withdrawn*, 966 F.3d 1294 (Fed. Cir. 2020), and *opinion modified and superseded on reh’g*, 967 F.3d 1285 (Fed. Cir. 2020). In both this case and *American Axle*, the trial judge decided that the patent claims did not satisfy these “how-to” requirements and arrived at the erroneous conclusion that the claims are “directed to” nothing more than a patent ineligible concept. This conflating of eligibility with enablement distorts *Alice* and *Mayo* in ways that must be addressed.

The similarities between *Ameranth* and *American Axle* do not end there. In both cases the same district

court ignored factual assertions and issues in granting judgment as a matter of law, concluding that eligibility is a question of law based on the scope of the claims. And the district court rejected the principle that eligibility is a question of fact for the jury based on the then-existing state of the art as understood by one of ordinary skill. In so doing, the court also rejected the evidentiary and procedural safeguards inherent in dispositive motions and required by other patent law provisions — *e.g.*, §112. Yet nowhere in *Alice, Mayo* (or any other Supreme Court §101 precedent) are judges given the authority to summarily extinguish patent rights based on their individual layperson views or unskilled factual analysis. But that is what happened in both *Ameranth* and *American Axle*.

In *Ameranth*, the district court granted a Rule 12(b) (6) motion to dismiss—finding the claims ineligible—with prejudice and without an evidentiary hearing and refusing to consider a declaration submitted by one of ordinary skill in the art that addressed dispositive material facts. As fact-finder, the court summarily concluded that the claims of the ‘651 patent are “result focused and directed to an abstract idea and fail to provide an inventive concept” (Case 1:20-cv-00518-LPS, Doc. 29, p. 13), under both steps of *Alice/Mayo*. He simply found that (1) “in my view” the patent claims provide no inventive concept (Case 1:20-cv-00518-LPS, Doc. 29, p. 17), and (2) although allegations in the amended complaint [...] could maybe support an inference that the technology was groundbreaking and innovative, [...] if [...] the abstract idea supplies the inventive concept, then the patent challenger has prevailed at step 2, no matter how groundbreaking the advance.” *Id.* That approach incorrectly reads the skill-in-the-art standard out of the analysis, replaced by unassisted lay interpretations of claims and specifications.

Nor is there any validity to respondent's contention that *Iqbal* and *Twombly* justify the result in this case. BIO at 23. In Olo's formulation, the district court was free to summarily reject an expert affidavit at the pleading stage because it contradicted the judge's layperson understanding of the specification. That is wrong. Under *Iqbal* and *Twombly*, the correct test is whether the record satisfies the requirements for the pleaded cause of action. In this patent case, the standard is whether the expert's interpretation was plausible *to one skilled in the art*. Where the expert explained that one with ordinary skill in the art would understand how the specification met the standards for patent eligibility, the court cannot dismiss simply because its layperson interpretation differs.

C. Respondents' Counting of Votes by Individual Judges in Other Cases Has No Bearing on this Case

Lacking any supportable basis for opposing review, respondent seeks to justify the decision below by referring to the panel members' votes on the deadlocked en banc petition in *American Axle* (and cases involving other Ameranth patents). BIO at 3-4. Respondents' "headcount analysis" is misguided. No rule of law or principle of sound judicial administration would accept respondents' anarchic premise that Federal Circuit judges are applying the disparate individual §101 standards they expressed in the multiple conflicting *American Axle* opinions. The 6-6 en banc vote did not grant every judge the latitude to employ whatever individual standard they might prefer. It left in place as binding precedent the amended *American Axle* majority opinion. All Federal Circuit judges must apply it, whether they agree with it or even understand it. That is the actual state of the law in the Federal Circuit. That is why this Court should step in.

CONCLUSION

The petition for a writ of certiorari should be granted. Alternatively, the Court should consider prudent ways to coordinate its disposition of this petition with other pending cases presenting the same questions under 35 U.S.C. § 101, including assessing them together at the same conference or holding this case pending resolution of the identical questions in *American Axle*.

Respectfully submitted.

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