

No. 21-1370

IN THE
Supreme Court of the United States

SPIREON, INC.,
Petitioner,

v.

PROCON ANALYTICS, LLC,
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

A bitterly divided Federal Circuit and the entire patent community have repeatedly called for this Court to clarify the test for patent eligibility under 35 U.S.C. § 101. The U.S. government, through the views of the Solicitor General, joined those pleas by recommending the Court grant certiorari in *American Axle* and take “the opportunity to consider how both steps [of the *Mayo/Alice* framework] should operate in resolving the ultimate question of patent-eligibility.” Br. of United States, *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 967 F.3d 1285 (Fed. Cir. 2020) No. 20-891, at 9 (May 24, 2022).

Spireon’s patent should not be finally judged under the Federal Circuit’s current, “substantially uncertain” application of the *Mayo/Alice* framework. If the Court grants certiorari in *American Axle*, the Court should hold this petition and then grant, vacate, and remand the case following a merits decision in *American Axle*.¹

¹ The Solicitor General’s brief in *American Axle* states that this Court need not grant certiorari in any other pending § 101 case in order to clarify the law on subject-matter eligibility for all fields of invention. *See* Br. of United States, at 20–21. In respect of the Solicitor General’s position, Spireon’s reply focuses on Spireon’s primary request to have this petition held pending the Court’s consideration of *American Axle* on the merits.

ARGUMENT**I. THIS PETITION AND *AMERICAN AXLE* ASK THE COURT TO RESOLVE FUNDAMENTAL QUESTIONS ABOUT PATENT ELIGIBILITY.**

There is “substantial uncertainty about the proper application of Section 101.” Br. of United States, at 9. The Federal Circuit and the district courts have not consistently or correctly applied the Court’s *Mayo/Alice* framework. As a result, the limited exceptions to patent subject-matter eligibility threaten to “swallow all of patent law.” See *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 217 (2014). The time has come for the Court to provide guidance.

Here, Spireon’s patent was found ineligible only after the district court misapplied the *Mayo/Alice* framework. At step one, the district court overly abstracted the claims. It removed all details of the patent claims and found that all 14 claims were *directed to* “a method of managing a vehicle inventory,” which is merely part of the language of the preamble of the claims. In doing so, the district court ignored the content of the actual recited method steps.

In reality, the claims each contain multiple specific steps to provide a particular improved technical process for tracking, locating, and managing vehicles in a dealer’s inventory. They do not simply recite “improving vehicle management inventory using a computer.” But the district court, following the guidance of the Federal Circuit, ignored these detailed steps. This error is similar to that made by the lower courts in *American Axle*. See, e.g., Br. of United States, at 13–19. As the Solicitor General explained, such an overgeneralizing analysis is contrary to the Court’s

repeated recognition that “[a]t some level, all inventions . . . embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Id.* at 12 (quoting *Alice*, 573 U.S. at 217) (marks omitted). Indeed, “any claim can be considered to involve an abstract idea if one steps back far enough from the specific claim elements[.]”²

This petition and *American Axle* invite the Court to address the fundamental questions underlying patent eligibility. If this Court grants certiorari in *American Axle*, its resulting guidance on the substantive § 101 inquiry will necessarily inform the lower courts’ eligibility analysis of Spireon’s patent on remand.³

II. THIS CASE ILLUSTRATES THE LOWER COURTS’ ROUTINE MISAPPLICATION OF STEP TWO.

“Clarification of both steps [of the *Mayo/Alice* framework],” and not just step one, “is especially important,” as the Solicitor General explained. *See* Br. of United States, at 9. Both the *American Axle* court and the district court here erred with respect to step one and also made the same mistakes in applying step two.

In the present case, as explained above, the claims were overgeneralized at step one, all the way to the

² C. Graham Gerst & Lily Parker, *Section 101 on Trial: Understanding How Eligibility Issues Have Fared Before Juries*, IPWatchdog, Jan. 31, 2022, <https://www.ipwatchdog.com/2022/01/31/section-101-trial-understanding-eligibility-issues-fared-juries/id=145016> (last accessed May 31, 2022).

³ The Solicitor General recognized that a merits decision in *American Axle* “can . . . be translated to other contexts[.]” *i.e.*, beyond the industrial and “natural law” contexts to a case like Spireon’s. Br. of United States, at 21.

preamble of “managing a vehicle inventory.” At step two, the district court then brushed aside all of the specifically-recited steps. It did so first by finding that the steps were “functional” and also that the patent’s disclosures did not “explain *how* the functions are achieved.” App. 19a. As recognized by the Solicitor General, however, this analysis is “more appropriate to the enablement inquiry” of 35 U.S.C. § 112, not the patent-eligibility inquiry of § 101. *See* Br. of United States, at 16.

Second, the district court found that each of the method steps in Spireon’s patent claims were routine and conventional. In doing so, the district court looked at the claimed steps individually instead of as an ordered combination. *See* App. 20a–23a. Similar to *American Axle*, the district court failed to analyze Spireon’s claims “in accordance with the longstanding principle that a *combination* of claim elements may reflect a patent-eligible invention even though each individual element was part of the prior art.” Br. of United States, at 19.

The district court made a number of factual determinations outside the pleadings, *e.g.*, whether the patent (i) provided a “technological solution,” (ii) explained “how the result [of the claim] is achieved,” and (iii) relied on “routine and conventional methods[,]” App. 17a–23a, to reach its conclusion on eligibility. Such a resolution at the Rule 12 stage, assuming facts against the non-movant, undermined the presumption of validity of Spireon’s patent under 35 U.S.C. § 282 and prevented an eligibility analysis based on developed factual evidence and expert testimony.⁴

⁴ Contrary to Procon’s assertions, a patent owner is not required to plead patent eligibility or otherwise “anticipate or

Confusion over whether patent eligibility is a question of law for the court or a question of fact for the jury is not unique to Spireon’s case. In her brief, the Solicitor General explained that after the Court decides the “substantive Section 101 standard,” it may wish to address in *American Axle* or a future case “whether applying that standard entails a legal, factual, or hybrid analysis.” Br. of United States, at 22. The importance of this subsidiary issue is highlighted in the present case.

III. PROCON’S DISAGREEMENT WITH SPIREON’S PETITION DOES NOT JUSTIFY A DENIAL OF CERTIORARI.

Procon characterizes Spireon’s petition as an attempt to “shoehorn” this “straightforward” case into the questions presented in *American Axle* solely to cause delay. Br. in Opp., at 14–15, 18. Respectfully, Spireon disagrees.

American Axle raises fundamental questions concerning the Section 101 eligibility standard and the proper application of the Court’s *Mayo/Alice* framework. Contrary to Procon’s argument, it is difficult to imagine how questions so central to the operation of patent law would *not* impact the result in this case. The same or similar questions presented, raised by multiple petitions for certiorari, all point to the same problem—the failure of the lower courts to examine

overcome [an] affirmative defense[]” under § 101 in its complaint (or, in this case, its counterclaim). Compare *O’Gorman v. City of Chicago*, 777 F.3d 885, 889 (7th Cir. 2015), with e.g., Br. in Opp., at i (asking whether “Spireon alleged or otherwise identified any facts to counter [Procon’s alleged] factual evidence”).

eligibility in a consistent and predictable manner.⁵ By filing this petition, Spireon joins the overwhelming chorus asking for clarification after years of erroneous application of the law by the lower courts.

Spireon has argued, at every step, that its patent claims are not directed to an abstract idea, App. 11a, and that the steps of its claims recite “specific methods for managing vehicle inventory for a dealer using a location device in a specific way that allows dealers to associate and disassociate the location devices . . .” (*i.e.*, the registration method discussed in the petition), App. 18a. It has further always maintained that its method steps are not “routine and conventional” and that Procon has improperly disregarded the Rule 12 standards. App. 21a–22a.⁶

If the Court grants certiorari in *American Axle*, Spireon requests the opportunity to have its patent judged against this Court’s clarification of the *Mayo/Alice* framework. Spireon believes its patent claims are eligible under § 101 because the claims recite a specific technical solution that improves the process of vehicle inventory management.

⁵ In addition to this case and *American Axle*, § 101 petitions are pending in *Interactive Wearables, LLC v. Polar Electro Oy*, No. 21-1281, and *Ameranth, Inc. v. Olo, Inc.*, No. 21-1228.

⁶ Procon’s opposition suggests that Spireon’s petition should be denied because Spireon’s arguments allegedly “shifted” in the Federal Circuit. Contrary to Procon’s contention, Spireon was not “limited to the precise arguments [it] made below[,]” *Yee v. Escondido*, 503 U.S. 519, 534 (1992), nor was it precluded from making a “new argument to support what has been [its] consistent claim[,]” *Lebron v. Nat’l R.R. Passenger Corp.*, 513 U.S. 374, 379 (1995), *i.e.*, Spireon’s patent is eligible under § 101.

CONCLUSION

The petition for a writ of certiorari should be held pending the Court's consideration and disposition of *American Axle* or any other presently pending case presenting questions under 35 U.S.C. § 101, and then granted, vacated, and remanded in light of any such merits decision.

Respectfully submitted,

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