

No. 25-853

IN THE

Supreme Court of the United States

UNITED SERVICES AUTOMOBILE ASSOCIATION,

Petitioner,

—v.—

PNC BANK N.A.,

Respondent.

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

**BRIEF OF *AMICUS CURIAE* AMERICAN
INTELLECTUAL PROPERTY LAW ASSOCIATION
IN SUPPORT OF PETITIONER**

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**STATEMENT OF INTEREST OF
AMICUS CURIAE**

The American Intellectual Property Law Association (AIPLA) is a national bar association representing the interests of approximately 6,500 members engaged in private and corporate practice, government service, and academia. AIPLA's members represent a diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property.¹

AIPLA's mission includes providing courts with objective analyses to promote an intellectual property system that stimulates and rewards invention, creativity, and investment while accommodating the public's interest in healthy competition, reasonable costs, and basic fairness. AIPLA has no stake in any of the parties to this litigation or in the result of the case. AIPLA's only interest is in seeking correct and consistent interpretation of the law as it relates to intellectual property issues.

¹ Pursuant to this Court's Rule 37.2, counsel of record for all listed parties received notice at least 10 days prior to the due date of the Amicus Curiae's intention to file this brief. Pursuant to Rule 37.6, no counsel for a party authored this brief in whole or in part, and no such counsel or party made a monetary contribution intended to fund the preparation or submission of the brief. No person or entity other than the amicus curiae, its members, or its counsel, made a monetary contribution intended to fund its preparation or submission.

SUMMARY OF THE ARGUMENT

This Court’s guidance is needed on the appropriate balance between the statutory categories of patent-eligible subject matter and the judicial exceptions. This case offers the opportunity for a course correction of the unpredictable and overly expansive application of the judicial exceptions to the categories of patent-eligible subject matter under 35 U.S.C. § 101 since this Court’s articulation of the *Alice/Mayo* two-step eligibility framework.

Section 101 is an enabling statute in the Patent Act of 1952 that broadly defines the type of subject matter eligible for patenting. While the judicial exceptions to the express categories of eligible subject matter have long been recognized, the courts are struggling with whether and how to apply those exceptions while remaining true to the text and intent of § 101. In particular, the jurisprudence of the “abstract idea” exception that has developed since this Court’s 2014 decision of *Alice Corp. Pty. Ltd. v. CLS Bank International* has been widely described as a malleable, subjective, and unpredictable search for an “inventive concept.” 573 U.S. 208 (2014).

The Patent Act of 1952 was intended to address similar concerns about the lack of a clear, disciplined, and predictable framework to determine whether an invention is entitled to patent protection. Nevertheless, current applications of § 101 have lost the critical and delicate balance between the statute’s broad eligibility categories and the historically narrow judicial exceptions. Those decisions have tipped too far from the clear standards Congress intended in the

1952 Patent Act. This Court could provide needed guidance on how to rebalance the eligibility doctrine.

The 1952 Patent Act provided a clearly delineated statutory framework for the categories of subject matter eligibility and codified separate requirements for patentability to remedy the conflation of the eligibility and patentability concepts. That conflation led to subjectivity and unpredictability in patent litigation, working to the detriment of the U.S. patent system and investment in future innovation. As this Court recognized in *Diamond v. Diehr*, under the 1952 Patent Act, determining whether a claimed invention is patentable is independent of the determination that the “recited subject matter ... was *eligible* for patent protection under § 101.” 450 U.S. 175, 191 (1981) (emphasis added). In other words, patent eligibility is not patentability.

Nearly twelve years ago, this Court decided *Alice*, holding that the claims directed to the abstract idea of “intermediated settlement” were not eligible for patent protection. See 573 U.S. 208. The Court expressly stated that, for purposes of its decision, it “need not labor to delimit the precise contours of the ‘abstract ideas’ category.” *Id.* at 221. Since then, the Court has not spoken on the judicial exceptions to the categories of patent-eligible subject matter under § 101.

In the meantime, the Federal Circuit has struggled in an increasing number of cases to apply the abstract idea exception without the help of precise contours. As a result, that court’s application of the *Alice/Mayo* eligibility test has conflated the eligibility analysis with the more particular requirements of

patentability and expanded the scope of ineligibility under the abstract idea exception. In so doing, the Federal Circuit has failed to heed this Court’s warning in *Alice* that courts must “tread carefully in construing this exclusionary principle lest it swallow all of patent law,” because “[a]t some level, ‘all inventions ... embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.’” 573 U.S. at 217.

ARGUMENT

- I. **The statutory patent eligibility inquiry is separate and distinct from the statutory patentability requirements.**
 - A. **Before 1952, the eligibility and patentability inquiries were analyzed together as part of a search for an “inventive concept” that led to inconsistent and unpredictable outcomes.**

The Patent Act of 1952 introduced an essential revision to the law by separately codifying the requirements of patent eligibility and the requirements of patentability. Congress thereby provided a statutory framework for the development of predictable doctrines applicable to wide-ranging and unforeseeable future innovations.

Prior to the enactment of the 1952 Patent Act, the patent law commingled eligibility and the conditions of patentability, and courts struggled to define what “inventions” could be patented. For well over a century, a single statutory provision identified the subject matter that could be patented and the requirements (i.e., novelty) for that subject matter to

be patented. *See* Rev. Stat. § 4886 (1887). That had been Congress's approach to protecting "inventions" since 1790.

In that first patent statute, Congress provided that "any useful art, manufacture, engine, machine, or device, or any improvement therein not before known or used" could be patented if "the invention or discovery [is] sufficiently useful and important." Act of Apr. 10, 1790, ch. 7, § 1, 1 Stat. 109, 109-10. In 1793, Congress added the word "new" to the statute and expanded eligible subject matter to include any "composition of matter." Act of Feb. 21, 1793, ch. 11, § 1, 1 Stat. 318, 318-19.

In the 19th century, this Court qualified these statutory subject matter categories with decisions that claims directed to natural phenomena, laws of nature, and abstract ideas are ineligible for patent protection. Many of the decisions used such phrases as "patentable process," "new and useful," and "patentable invention." *See, e.g., Le Roy v. Tatham*, 55 U.S. (14 How.) 156, 174-75 (1853); *Corning v. Burden*, 56 U.S. (15 How.) 252, 267-68, 270-71 (1854); *Cochrane v. Deener*, 94 U.S. 780, 786-88 (1877); *Dolbear v. Am. Bell Tel. Co.*, 126 U.S. 1, 207 (1888). These decisions looked for an "inventive concept" with criteria that overlapped with or transcended the requirement of novelty itself. *See, e.g., Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948) (collecting cases).

By the 1940s, it was recognized that there were significant problems with U.S. patent law's inconsistent approach to the definition of "invention." *See* David O. Taylor, *Patent Reform, Then and Now*,

2019 Mich. St. Law Rev. 431, 440-49 (2019). The patent bar itself was extremely frustrated with what was known as the requirement for “invention”—in other words, “the way you determined when things [were] patentable and whether they were ‘inventions’ or not.” Giles S. Rich, *Selected Speeches of Giles S. Rich*, 3 J. Fed. Cir. Hist. Soc’y 103, 127 (2009).

The prevailing “criteria” for patentability was proving inadequate. The National Patent Planning Commission reported that “[o]ne of the greatest technical weaknesses of the patent system is the lack of a definitive yardstick as to what is invention.” Nat’l Patent Planning Comm’n, *The American Patent System*, H.R. Doc. No. 78-239, at 10 (1943). “Novelty alone is not sufficient, nor is utility, nor is the final accomplishment....The difficulty there is that there is no accepted uniform standard among these several tribunals which can be applied in the same or similar cases....The present confusion threatens the usefulness of the whole patent system and calls for an immediate and effective remedy.” *Id.* at 5.

B. The 1952 Patent Act established a broad scope of patent eligibility and discrete standards for patentability.

When Congress enacted the 1952 Patent Act, it established the modern framework of our patent system to define when the limited monopoly of a patent may be awarded for a claimed invention. The statute put in place a robust definition for “the type of material which *can* be the subject matter of a patent” and other sections that set forth the various “conditions and requirements” for patentability. H.R.

Rep. No. 82-1923, at 6 (1952) (emphasis added); S. Rep. No. 82-1979, at 4 (1952).

The subject matter eligible for patent protection under § 101 includes: “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. This broad language reflected the understanding that “anything under the sun that is made by man” is eligible for patenting, “*subject to the conditions and requirements*” in §§ 102, 103, and 112 of the 1952 Patent Act.² H.R. Rep. No. 82-1923, at 6 (emphasis added); S. Rep. No. 82-1979, at 4; 35 U.S.C. § 101.

Three distinct and conceptually separate statutory requirements for obtaining a patent were codified in §§ 102, 103 and 112. Section 102 was directed to the novelty requirement, codifying the conditions in the existing law relating to novelty. In the accompanying House and Senate Reports, § 102 was described as “the statutory novelty required for patentability, and includes, in effect, an amplification and definition of ‘new’ in § 101.” H.R. Rep. No. 82-1923, at 6-7; S. Rep. No. 82-1979, at 4.

Section 103 codified, for the first time, the nonobvious requirement, “a condition [of patentability] which ... has existed for more than 100 years” in the court decisions. H.R. Rep. No. 82-1923,

² The Leahy-Smith America Invents Act (“AIA”) did not change the intent of the 1952 Patent Act with respect to eligibility but stated that § 101 prohibits the patenting of a human organism. See Leahy-Smith America Invents Act, Pub. L. No. 112-29, § 33(a), 125 Stat. 284, 340 (2011).

at 7; S. Rep. No. 82-1979, at 4. It was intended to ensure that “the difference between the subject matter sought to be patented and the prior art ... is such that the subject matter as a whole would have been obvious at the time to a person skilled in the art, then the subject matter cannot be patented.” *Id.* Judge Giles S. Rich, a key member of the Drafting Committee,³ later recounted that § 103 sought to eliminate the “inventive concept” requirement because “[e]veryone realized that it was subjective” and noted that “[t]he essence of being a patent lawyer or examiner—or a judge in a patent case—was to know an invention when you saw one.” Giles S. Rich, *Laying the Ghost of the “Invention” Requirement*, 1 AIPLA Q.J. 24, at 30 (1972). While Judge Rich recognized that the statutory test set forth in § 103 “may present knotty problems ... it is a definite pattern of thinking and does not leave the Patent Office or the courts free to conclude that a thing is not patentable for any old reason” Giles S. Rich, *Principles of Patentability*, 28 Geo. Wash. L. Rev. 393, 406 (1960).

Section 112 separately required that the patent specification provide a written description of the

³ The Drafting Committee was formed by the National Council of Patent Law Associations to coordinate the efforts of the patent bar and the House subcommittee’s Law Revision Counsel in response to uncertainty and confusion emanating from the Court’s jurisprudence and the long-felt need for patent reform. The Drafting Committee—led by Henry Ashston, and comprised of Giles S. Rich (who later became a judge on the Court of Customs and Patent Appeals and then the Federal Circuit), patent attorney Paul Rose, and primary draftsman P.J. Federico—successfully drafted what became the 1952 Patent Act. See Taylor, *Patent Reform, Then and Now* at 449-58.

invention as well as the manner and process of making and using it, to enable a person skilled in the art to make and use the claimed invention. Section 112 also required that the patent claims clearly and distinctly point out the subject matter that is the invention.

C. Distinctions between eligibility and patentability under the 1952 Patent Act have not always been observed.

The enactment of the 1952 patent law revision and the introduction of the nonobvious requirement in § 103 was supposed to provide statutory mechanisms for policing patentability and the scope of awarded patents. However, this fundamental change was not entirely reflected in the Court's 1978 decision of *Parker v. Flook*, 437 U.S. 584 (1978). The *Flook* decision improperly made its patent eligibility determination by considering factors more appropriate to an assessment of nonobviousness under § 103. The dissenters in that case wrote that ineligibility of the claimed process was improperly based on a finding that one step of that process would not be patentable subject matter if considered in isolation. *Id.* at 599-600.

Three years later, this Court's 1981 decision of *Diamond v. Diehr* correctly recognized the distinction between the eligibility analysis under § 101 and the separate patentability requirements of §§ 102, 103, and 112. "Section 101 ... is a general statement of the type of subject matter that is eligible for patent protection 'subject to the conditions and requirements of this title.'" *Diehr*, 450 U.S. at 189. "The question therefore of whether a particular invention is novel is

‘wholly apart from whether the invention falls into a category of statutory subject matter.’” *Id.* at 190 (quoting Judge Rich’s opinion in *In re Bergy*, 596 F.2d 952, 961 (C.C.P.A. 1979)).

This Court in *Diehr* further explained that, when conducting an eligibility analysis, the patent claims must be considered as a whole; the claims are not to be dissected into old and new elements; a new combination of process steps may be patentable even if all the constituents were well known before the combination was made; and novelty is “of no relevance” in determining whether the claimed subject matter falls within the § 101 categories of eligibility.⁴ *Id.* at 188-89.

Underscoring its point, the Court expressly rejected the statement that “[t]he fact that one or more of the steps in respondents’ process may not, in isolation, be novel or independently eligible for patent protection is irrelevant to the question of whether the claim as a whole recites subject matter eligible for patent protection under § 101.” *Id.* Importantly, it

⁴ It was well recognized that, when considering patentability, the claimed invention must be considered as a whole because inventions are often new combinations of known elements or steps. Sections 102 and 103 of the 1952 Patent Act were drafted to reflect that understanding. Indeed, § 102’s novelty requirement looks to the invention as a whole; a prior art reference is novelty-destroying only if it expressly or inherently includes all of the elements of the claimed invention. Likewise, § 103 looks to the difference(s) between the prior art and the claimed invention; if those differences would have been obvious to a person of ordinary skill in the art, then a patent may not be obtained on the claimed invention.

further noted that “[a] rejection on either [§§ 102 or 103] grounds does not affect the determination that respondents’ claims recited subject matter which was eligible for patent protection under § 101.” *Id.* at 191.

As the *Diehr* Court recognized, this approach to assessing patent eligibility without regard to the patentability requirements is entirely consistent with both the text and the legislative history of the 1952 Patent Act, including § 101. *Id.* at 190.

II. The Federal Circuit has expanded the “abstract idea” exception to eligibility far beyond its intended purpose.

This Court’s jurisprudence has historically recognized three “judicial exceptions” to the broad categories of statutory eligible matter: laws of nature, natural phenomena, and abstract ideas, explaining that these exceptions reflect “the basic tools of scientific and technological work.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71 (2012). The monopolization of these basic tools or “building blocks of human ingenuity” might impede innovation more than promote it, thereby undermining the very purpose of our patent laws. *Alice*, 573 U.S. at 216.

In *Alice* and *Mayo*, this Court articulated a two-step framework for assessing whether a patent claim falls within one of the judicial exceptions. The *Alice* decision applied the framework set out in *Mayo* to address the abstract idea exception. Step one of the *Alice/Mayo* test requires a determination of whether the patent claim is directed to a patent-ineligible concept, *i.e.*, an abstract idea. If it is, then step two

requires a determination of whether the claim's elements considered individually and as an ordered combination contain an "inventive concept" sufficient to transform the claimed abstract idea into an application that is patent-eligible. *Alice*, 573 U.S. at 221.

With respect to step one, the *Alice* Court found that the claim at issue was directed to the concept of intermediated settlement. It concluded that "there is no meaningful distinction" between that and the concept of risk hedging in *Bilski*, finding both of which were "squarely within the realm of 'abstract ideas'" as the Court has used the term. *Id.* Otherwise, the Court expressly declined to "delimit the precise contours of the 'abstract ideas' category." *Id.*

With respect to step two of the framework—the search for an "inventive concept," the *Alice* court concluded that the claim merely instructed a generic computer be used to perform the claimed steps, which was insufficient to overcome the abstract idea claim. According to the court, each of the steps performed by the computer was "purely conventional" without either improving the functioning of the computer or effecting an improvement in any other technology. *Id.* at 217-18, 221-22. Thus, the claim at issue was deemed ineligible under § 101. *Id.*

Nearly twelve years have passed without further guidance from this Court on the appropriate boundaries of the "judicial exceptions," or on the balance between the *Alice/Mayo* two-step test and the express statutory framework separating the eligibility and patentability inquiries. Meanwhile, § 101 challenges have grown exponentially, with most of the

cases involving the “abstract idea” exception. *See* Matthew G. Sipe, *Patent Law 101: I Know It When I See It*, 37 Harv. J. L. & Tech. 447, 468 (2024). The Federal Circuit’s decision in this case underscores the need for further guidance. The court applied the *Alice/Mayo* test and put claims directed to “depositing a check using a handheld mobile device” in the same ineligible abstract idea category as the fundamental economic concepts of “intermediated settlement” or “risk hedging.”

At step one, although it purported to look at the claim as a whole to determine whether it was directed to an abstract idea, the Federal Circuit panel proceeded to characterize **each step** as “routine data collection and analysis steps.”⁵ App. at 8a (emphasis added). This dissection of the claim into its elements violates a fundamental principle in *Diehr* that the claimed invention must be considered as a whole, not dissected into old and new elements. Moreover, a new combination of process steps may be patentable even if all the constituents were well known before the combination was made. *Diehr*, 450 U.S. at 188. Indeed, the *Diehr* court expressly stated that even if a claim did not meet the requirements of § 102 (novelty) and § 103 (nonobviousness), that would not negate a

⁵ The court also criticized the claim as “lack[ing] any clear description” of how the steps are performed and therefore not having the requisite “degree of specificity concerning what the technological improvement is and how it is accomplished.” App. at 9a. This amounts to a shorthand analysis of whether the claims have sufficient written description to demonstrate the inventors possessed the full scope of the invention and whether they are enabled—two of the requirements of § 112.

determination that the subject matter was eligible under § 101. *Id.* at 191.

The Federal Circuit’s step two analysis in this case also improperly applies the “inventive concept” inquiry to narrow the eligibility of inventions that employ a computer or, in this case, a handheld device. The court applied its rule that computer implementation of claims directed to an abstract idea will only be deemed to have an “inventive concept” if the claims improve the functionality of the computer. Here, the court ruled that “computer-mediated implementation of routine or conventional activity is not enough to provide an inventive concept.” App. at 11a.

But the *Alice* decision did not impose such a narrow scope on eligibility of computer-implemented processes. Instead, the Court indicated that there were other ways to demonstrate that claims using a computer could be deemed patent eligible, such as by effecting an improvement in any other technology or technical field. 573 U.S. at 225.

The Federal Circuit’s misapplication of the *Alice/Mayo* step two did not stop there. As it did in step one, the court again dissected the claim to find each of the individual steps “well-known and routine.” This both conflates eligibility and the patentability requirements, and ignores the intent of the 1952 Patent Act, which sought to address the historical case law problems associated with the “inventive concept” approach by codifying § 102 and § 103 as separate requirements.

Moreover, consistent with this Court’s precedent, a § 103 analysis includes an analysis of secondary considerations of non-obviousness that may rebut a prima facie showing of obviousness.⁶ No such safeguards currently exist in the amorphous “routine and conventional” analysis of the *Alice/Mayo* test to prevent conflating the eligibility and nonobviousness inquiries. *See, e.g., Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1380 (Fed. Cir. 2015) (Linn, J., concurring) (noting that “[t]his case represents the consequence” of discounting “without qualification, any post-solution activity that is purely conventional or obvious” (internal quotation omitted)). As Judge Rich wisely wrote, “[t]he ultimate reason for writing section 103 into the statutory law was that the requirement for invention was a lead razor which could not take an edge and could be nothing other than a blunt instrument.” Giles S. Rich, *Why and How Section 103 Came to Be*, 1977, 14 Fed. Cir. B.J. 181, 192 (2004) (reprinted).

This Court’s guidance is needed on the appropriate balance between the statutory categories of patent-eligible subject matter and the judicial exceptions. Without it, courts applying the *Alice/Mayo* test will continue to run afoul of Congress’s express intent as found in the framework of the 1952 Patent Act. *See Diehr*, 450 U.S. at 182 (“in dealing with the patent laws, we have more than once cautioned that ‘courts

⁶ *See, e.g., Graham v. John Deere Co.*, 383 U.S. 1, 35-36 (1966); *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007); *Apple Inc. v. Samsung Elecs. Co., Ltd.*, 839 F.3d 1034, 1076 (Fed. Cir. 2016); *ZUP, LLC v. Nash Mfg., Inc.*, 896 F.3d 1365, 1373 (Fed. Cir. 2018); *Teva Pharms. Int’l GmbH v. Eli Lilly & Co.*, 8 F.4th 1349, 1360 (Fed. Cir. 2021).

should not read into the patent laws limitations and conditions which the legislature has not expressed” (internal citations omitted)). That framework was intended to reduce the subjectivity and unpredictability of a commingled eligibility/patentability test that looked for an “inventive concept.”

The needed course correction on the application of the *Alice/Mayo* two-step test should recalibrate the “judicial exceptions” jurisprudence. *Alice* recognized that courts must “tread carefully in construing this exclusionary principle lest it swallow all of patent law,” because “[a]t some level, ‘all inventions ... embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.’” 573 U.S. at 217.

III. The current jurisprudence on the judicial exceptions, including the abstract idea exception, has created uncertainty that impedes innovation.

The Federal Circuit’s application of the *Alice/Mayo* two-step test has been widely recognized as inconsistent and unpredictable. One Federal Circuit judge went so far as to call it an “incoherent body of doctrine.” *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1348 (Fed. Cir. 2018) (Plager, J., concurring-in-part and dissenting-in-part). See Matthew G. Sipe, *Patent Law 101: The View from the Bench*, 88 Geo. Wash. L. Rev. Arguendo 21, 28-30 (2020) (a 2019 survey of federal district court judges found that they “consider subject-matter eligibility to be the least settled area of law.”). Indeed, in an unfortunate harkening back to the days before the

1952 Patent Act, current eligibility law has been analogized to Justice Potter Stewart’s commentary on how to define what is hard-core pornography: “I know it when I see it.” Compare Sipe, *Patent Law 101: I Know It When I See It* at 450 with Rich, *Laying the Ghost* at 30 (“[t]he essence of being a patent lawyer or examiner—or a judge in a patent case—was to know an invention when you saw one.”).

Among the three judicial exceptions, the Federal Circuit has specifically highlighted the difficulty of applying the abstract idea exception. “[T]here is no ... single, succinct, usable definition or test.” *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016). “[T]he phrase ‘abstract ideas’ is a definitional morass.” *Interval Licensing LLC*, 896 F.3d at 1350 (Plager, J., concurring-in-part and dissenting-in-part).

The malleability of the *Alice/Mayo* framework with its undefined abstract idea exception has led not only to unpredictable results but also to outcomes that expand that judicial exception. This in turn narrows the breadth of eligibility intended by Congress to promote and protect future innovation.⁷ Because “the

⁷ The USPTO has struggled to translate this Court’s *Alice/Mayo* test into workable examination guidance. The immediate consequences of *Alice* were stark: the likelihood of receiving a rejection for patent-ineligible subject matter increased by thirty-one percent in the eighteen months following *Alice*. Andrew A. Toole & Nicholas A. Pairolero, *Adjusting to Alice: USPTO Patent Examination Outcomes after Alice Corp. v. CLS Bank International*, (2020), 1, https://www.uspto.gov/sites/default/files/documents/OCE-DH_AdjustingtoAlice.pdf. In an effort to bring greater consistency to this issue, the Patent Office

contours of the abstract idea exception are not easily defined,” “the abstract idea exception is almost impossible to apply consistently and coherently.” *Smart Sys. Innovations, LLC v. Chi. Transit Auth.*, 873 F.3d 1364, 1377 (Fed. Cir. 2017) (Linn, J., concurring-in-part and dissenting-in-part). As Judge Linn explained, “if applied in a legal vacuum divorced from its genesis and treated differently from the other two exceptions, it can strike down claims covering meritorious inventions not because they attempt to appropriate a basic building block of scientific or technological work, but simply because they seemingly fail the Supreme Court’s test.” *Id.*

The confusion wrought by the Federal Circuit’s expanding application of the judicial exceptions has not been limited to its decisions and those of the district courts.⁸ Stakeholders across the patent

published the 2019 Revised Patent Subject Matter Eligibility Guidance, which sought to clarify the distinction between claims directed solely to abstract ideas and claims that integrate abstract ideas into a practical application. *See generally* PTO, 2019 Revised Patent Subject Matter Eligibility Guidance, 84 Fed. Reg. 50 (Jan. 7, 2019). However, the Patent Office’s Manual of Patent Examining Procedure continued to identify the root of the issue: “the courts have declined to define abstract ideas.” § 2106.04(a) (9th ed. rev. 2024).

⁸ Data compiled from July 2014 to June 2019 reveal that of the 838 Federal Circuit and district court decisions addressing § 101 following *Alice*, sixty-two percent of the challenged patents had one or more claims deemed ineligible. Robert Sachs, *Alice: Benevolent Despot or Tyrant? Analyzing Five Years of Case Law Since Alice v. CLS Bank: Part I*, IPWatchdog, (Aug. 29, 2019) <https://ipwatchdog.com/2019/08/29/alice-benevolent-despot-or-tyrant-analyzing-five-years-of-case-law-since-alice-v-cls-bank>

system have voiced deep concerns over the state of § 101 jurisprudence. In a 2022 report to Congress, the Patent Office noted that, “critics expressed concern that the jurisprudence has unreasonably and improperly expanded the scope of application of the judicially created exceptions to eligibility, resulting in significant inconsistencies, uncertainty, and unpredictability in the issuance and enforcement of patents.” PTO, Report to Congress on Patent Eligible Subject Matter: Public Views on the Current Jurisprudence in the United States, 41 (June 24, 2022), <https://www.uspto.gov/sites/default/files/documents/USPTO-SubjectMatterEligibility-PublicViews.pdf>; *see also* David O. Taylor, *Confusing Patent Eligibility*, 84 Tenn. L. Rev. 157, 227 (2016) (“Beyond confusing relevant policies and doctrines, the current approach to determining patent eligibility lacks administrability.”). Indeed, in response to a 2019 survey, members of AIPLA, one of the largest intellectual property bar associations in the United States, identified subject-matter eligibility as the biggest challenge facing the field of intellectual property law in the next three to five years.

The adverse impact on the innovation community around the unpredictable application of the *Alice/Mayo* test and the corresponding expansion of the judicial exceptions is significant. *See Am. Axle & Mfg. v. Neapco Holdings LLC*, 966 F.3d 1347, 1357 (Fed. Cir. 2020) (Newman, J., dissenting) (warning

part-*i*. These figures represent a “massive growth” in ineligible outcomes: “a 1056% increase in decisions finding ineligible claims and a 914% increase in invalidated patents” in the five years since *Alice*. *Id.*

that the Federal Circuit’s rulings on patent eligibility “have become so diverse and unpredictable as to have a serious effect on the innovation incentive in all fields of technology”). A 2019 study surveyed 475 investors across various industries and found significant consensus on this point. Seventy-four percent of the investors reported that patent eligibility is an important consideration in their firms’ decisions whether to invest in companies’ developing technology, and sixty-two percent reported that their firms were less likely to invest if laws of patent eligibility made patents more difficult to obtain. David O. Taylor, *Patent Eligibility and Investment*, 41 *Cardozo L. Rev.* 2019, 2054-55 (2020). The survey further found that “the more an investor knows about eligibility law, the less likely that investor will report shifting investments into the medical device and software and Internet industries.” *Id.* at 2076. One investor put it bluntly: “[t]here is a hole in the innovation ecosystem as a result of these ... decisions.” *Id.* at 2084. As USPTO Director John Squires has explained to Congress, “without reliable patent protection, AI start-ups cannot secure the venture capital needed to compete against state-backed giants in China and elsewhere.” Statement of Director Squires before the United States Senate Subcommittee on Intellectual Property Committee on the Judiciary (October 10, 2025) (“Squires Senate Statement”), <https://www.uspto.gov/about-us/news-updates/statement-director-squires-united-states-senate-subcommittee-intellectual>.

Indeed, the threat posed by the current state of § 101 jurisprudence is not limited to the domestic innovation landscape; it also endangers the United

States' position as a global leader in protecting today's innovations as well as its ability to secure patent protection for future, currently unforeseeable innovation. Commentators have recognized that "the uncertainty and unpredictability in patent eligibility appears to be weakening U.S. leadership, and importantly signals to other countries that subject matter that was globally accepted as patent eligible subject matter now can be denied protection in the U.S." A.B.A. Section of Intell. Prop. L., Comment Letter Regarding USPTO Patent Eligibility Jurisprudence Study, 13 (Sept. 2, 2021), https://www.americanbar.org/content/dam/aba/administrative/intellectual_property_law/advocacy/aba-ipl-comment-letter-response-to-uspto-patent-eligibility-9-2-21.pdf.

In fact, other nations have adapted their patent systems to welcome technologies that U.S. law has deemed patent ineligible. A 2017 study reported that 1,694 patent applications rejected on § 101 grounds claiming the same or similar inventions were granted by either the European Patent Office and/or the Chinese Patent Office. See Kevin Madigan & Adam Mossoff, *Turning Gold into Lead: How Patent Eligibility Doctrine Is Undermining U.S. Leadership in Innovation*, 24 Geo. Mason L. Rev. 939, 956 (2017). To "maintain U.S. leadership in essential and emerging technologies—including artificial intelligence—the U.S. must address the uncertainty of post-*Alice* § 101 jurisprudence and at the very least match its foreign counterparts such as the [European Patent Office] and [China National Intellectual Property Administration] with respect to 'eligible' technology." Innovation Alliance, Comments to the

USPTO's Request for Information on Patent Eligibility Jurisprudence, 7 (Oct. 15, 2021), <https://innovationalliance.net/wp-content/uploads/2021/10/Innovation-Alliance-Response-to-PTO-101-RFI-FINAL.pdf>.

The morass of eligibility jurisprudence was sufficiently dire in 2020 that Chief Judge Moore of the Federal Circuit called for this Court's guidance:

As the nation's lone patent court, we are at a loss as to how to uniformly apply § 101 Section 101 is clear: "[w]hoever invents or discovers any new and useful process" ... "may obtain a patent. Yet, we have struggled to consistently apply the judicially created exceptions to this broad statutory grant of eligibility, slowly creating a panel-dependent body of law and destroying the ability of American businesses to invest with predictability.... Our confusion has driven commentators, amici, and every judge on this court to request Supreme Court clarification.... If a circuit split warrants certiorari, such an irreconcilable split in the nation's only patent court does likewise."

Am. Axle & Mfg., Inc. v. Neapco Holdings LLC, 977 F.3d 1379, 1382 (Fed. Cir. 2020) (Moore, C.J., concurring).

Fast forward six years: we are at the precipice of another technological revolution with the

advancement of artificial intelligence for use across all fields of technology. In addition, quantum technology as well as advanced communications and network technologies are emerging fields that will not only drive U.S. competitiveness in the near future but are critical to our national security. The door to eligibility should be open for these important technological areas.

The courts and U.S. patent system—as well as the innovation ecosystem that it was intended to incentivize—need guidance to ensure that the judicial exceptions, including the abstract idea exception, do not swallow the broad categories of patent-eligible subject matter as set forth in § 101. As USPTO Director Squires warned Congress recently, the use of § 101 “as a blunt instrument to exclude entire technological fields ... risks disqualifying exactly the kind of advances America needs most—advances in artificial intelligence, biotechnology, and data science.... Eligibility is the difference between an ecosystem of American innovators and a future where leadership in AI is ceded abroad.” *See* Squires Senate Statement.

Left unaddressed, the over-expansion of judicial exceptions to § 101 will continue to stifle U.S. innovation, deter the investments necessary to accelerate such progress, and cede American technological leadership to foreign competitors.

CONCLUSION

The petition for writ of certiorari should be granted.

Respectfully submitted,

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