

IN THE
Supreme Court of the United States

ALICE CORPORATION PTY. LTD.,

Petitioner,

v.

CLS BANK INTERNATIONAL, *et al.*,

Respondents.

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

**BRIEF OF NEW YORK INTELLECTUAL
PROPERTY LAW ASSOCIATION AS
AMICUS CURIAE IN SUPPORT OF PETITIONER**

MATTHEW B. MCFARLANE
MAHESHA P. SUBBARAMAN
ROBINS, KAPLAN, MILLER
& CIRESI L.L.P.
601 Lexington Avenue
Suite 3400
New York, NY 10022
(212) 980-7400

ANTHONY F. LO CICERO
*President-Elect, New York
Intellectual Property Law
Association*

CHARLES R. MACEDO*
*Co-Chair of Amicus
Committee, New York
Intellectual Property
Law Association*

JOSEPH M. CASINO
MICHAEL J. KASDAN
DAVID P. GOLDBERG
AMSTER, ROTHSTEIN
& EBENSTEIN LLP
90 Park Avenue
New York, NY 10016
(212) 336-8000
cmacedo@arelaw.com

*Counsel for Amicus Curiae
New York Intellectual Property Law Association*

**Counsel of Record*

TABLE OF CONTENTS

	<i>Page</i>
TABLE OF CONTENTS.....	i
TABLE OF CITED AUTHORITIES	iii
INTEREST OF <i>AMICUS CURIAE</i>	1
INTRODUCTION.....	3
ARGUMENT.....	4
I. THE CURRENT STATE OF PATENT- ELIGIBLE SUBJECT MATTER UNDER 35 U.S.C. § 101 IS UNCLEAR	4
A. The law on patent-eligibility has become confused	6
B. The fractured <i>en banc</i> Federal Circuit opinion further supports granting the petition	10
II. CLARIFICATION OF PATENT- ELIGIBLE SUBJECT MATTER IS CRUCIAL	12
A. Patents play a vital role in the economy...	12
B. Courts need consistency in precedent in order to preserve judicial resources and provide reliable judgments.	14

Table of Contents

	<i>Page</i>
III. THIS IS THE PROPER CASE TO CONSIDER THE ISSUE OF PATENT-ELIGIBILITY	16
A. The Federal Circuit Recognized that this Case Was a Proper Vehicle to Raise the Issue of Patent-Eligibility for <i>En Banc</i> Consideration	16
B. Numerous <i>Amici</i> Have Shown an Interest in the Case and Participated at the Federal Circuit.....	16
C. The Large Number of Diverse Opinions Presented Below Provide a Rich Dialogue that Raises All Relevant Issues Before the Court	17
CONCLUSION	18

TABLE OF CITED AUTHORITIES

	<i>Page</i>
CASES	
<i>Accenture Global Servs. v. Guidewire Software, Inc.</i> , No. 2011-1486, 2013 U.S. App. LEXIS 18446 (Fed. Cir. Sept. 5, 2013)	3, 14
<i>Bancorp Servs., LLC v. Sun Life Assurance Co. of Can.</i> , 687 F.3d 1266 (Fed. Cir. 2012)	7, 8, 9
<i>In re Bilski</i> , 545 F.3d 943 (Fed. Cir. 2008)	7
<i>Bilski v. Kappos</i> , 130 S. Ct. 3218 (2010)	<i>passim</i>
<i>Classen Immunotherapies v. Biogen IDEC</i> , 659 F.3d 1057 (Fed. Cir. 2011)	8
<i>CLS Bank Int’l v. Alice Corp. Pty.</i> , 685 F.3d 1341 (Fed. Cir. 2012), <i>opinion vacated</i> , 484 F. App’x 559 (Fed. Cir. 2012), <i>reheard en banc</i> , 717 F.3d 1269 (Fed. Cir. 2013), <i>petition for cert. filed</i> , (U.S. Sept. 4, 2013)	<i>passim</i>
<i>Compression Tech. Solutions v. EMC Corp.</i> , No. C-12-01746 RMW, 2013 U.S. Dist. LEXIS 78338 (N.D. Cal. May 29, 2013)	15

Cited Authorities

	<i>Page</i>
<i>Content Extraction & Transmission LLC v. Wells Fargo Bank</i> , No. 12-2501 (MAS) (TJB), No. 12-6960 (MAS) (TJB), 2013 U.S. Dist. LEXIS 107184 (D.N.J. July 31, 2013)	11
<i>Cybersource Corp. v. Retail Decisions, Inc.</i> , 654 F.3d 1366 (Fed. Cir. 2011)	8, 9
<i>Dealertrack, Inc. v. Huber</i> , 674 F.3d 1315 (Fed. Cir. 2012)	9
<i>Diamond v. Chakrabarty</i> , 447 U.S. 303 (1980)	5, 6
<i>Diamond v. Diehr</i> , 450 U.S. 175 (1981)	<i>passim</i>
<i>Gottschalk v. Benson</i> , 409 U.S. 63 (1972)	5
<i>Highmark, Inc. v. Allcare Health Mgmt. Sys.</i> , 687 F.3d 1300 (Fed. Cir. 2012), <i>cert. granted</i> , No. 12-1163, 2013 U.S. LEXIS 5130 (U.S. Oct. 1, 2013)	9
<i>Mayo Collaborative Services v. Prometheus Labs.</i> , 132 S. Ct. 1289 (2012)	5, 8

Cited Authorities

	<i>Page</i>
<i>Michael Sandborn & Mark Sandborn P'ship v. Avid Tech., Inc.</i> , No. 11-11472-FDS, 2013 U.S. Dist. LEXIS 126772 (D. Mass. Sept. 5, 2013)	15
<i>MySpace, Inc. v. GraphOn Corp.</i> , 672 F.3d 1250 (Fed. Cir. 2012)	8, 9, 14
<i>Parker v. Flook</i> , 437 U.S. 584 (1978).....	5
<i>Planet Bingo, LLC v. VKGS, LLC</i> , No. 1:12-CV-219, 2013 U.S. Dist. LEXIS 116898 (W.D. Mich. Aug. 19, 2013)	11, 15
<i>Research Corp. Techs., Inc. v. Microsoft Corp.</i> , 627 F.3d 859 (Fed. Cir. 2010)	9
<i>Ultramercial, LLC v. Hulu, LLC</i> , 657 F.3d 1323 (Fed. Cir. 2011), <i>cert. granted, vacated and remanded</i> , 132 S. Ct. 2431 (2012), <i>rev'd and remanded</i> , 722 F.3d 1335 (Fed. Cir. 2013), <i>petition for cert. pending</i> (U.S. Aug. 23, 2013) (No. 13-255)	8-9, 10
<i>Zillow, Inc. v. Trulia, Inc.</i> , No. C12-1549JLR, 2013 U.S. Dist. LEXIS 127606 (W.D. Wash. Sept. 6, 2013)	3, 10, 11, 15

Cited Authorities

Page

STATUTES

35 U.S.C. § 101 *passim*

RULES

Sup. Ct. R. 1017

Sup. Ct. R. 37.61

OTHER AUTHORITIES

Charles R. Macedo & Sandra A. Hudak,
*Understanding Patent Eligibility of New
Technology in the United States*, J. Intell.
Prop. L. & Prac. (2012)7

David Kappos, USPTO Dir., An Examination
of Software Patents, Address at Center for
Am. Progress (Nov. 20, 2012)13

Econ. & Statistics Admin. and USPTO,
*Intellectual Property and the U.S. Economy:
Industries in Focus* (Mar. 2012).....12

Memorandum from Andrew H. Hirshfeld,
Deputy Commissioner for Patent Examination
Policy, to the Patent Examining Corps,
Federal Circuit Decision in *CLS Bank et
al. v. Alice Corp.*, (May 13, 2013) 11-12

INTEREST OF *AMICUS CURIAE*

The New York Intellectual Property Law Association (“NYIPLA” or “Association”) respectfully submits this *amicus curiae* brief in support of Petitioner, Alice Corporation Pty., Ltd (“Alice”).¹

The arguments set forth herein were approved on October 4, 2013 by an absolute majority of the officers and members of the Board of Directors of the NYIPLA, including any officers or directors who did not vote for any reason, including recusal, but do not necessarily reflect the views of a majority of the members of the Association, or of the law or corporate firms with which those members are associated. After reasonable investigation, the NYIPLA believes that no officer or director or member of the Committee on *Amicus* Briefs who voted in favor of filing this brief, nor any attorney associated with any such officer, director or committee member in any law or corporate firm, represents a party in this litigation. Some officers, directors, committee members or associated attorneys may represent entities, including other *amici curiae*, which have an interest in other matters which may be affected by the outcome of this litigation.

1. Petitioners consented to the filing of *amicus curiae* briefs in support of either party or neither party in a docket entry dated September 13, 2013, and Respondents consented to this filing in a docket entry dated September 9, 2013. Pursuant to Sup. Ct. R. 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than NYIPLA, its members, or its counsel made a monetary contribution to its preparation or submission.

The NYIPLA is a professional association of approximately 1,300 attorneys whose interests and practices lie in the area of patent, trademark, copyright, trade secret and other intellectual property law. The Association's members include a diverse array of attorneys specializing in patent law, from in-house counsel for businesses that own, enforce and challenge patents, to attorneys in private practice who represent inventors in various proceedings before the United States Patent and Trademark Office ("PTO").

A substantial percentage of the Association's member attorneys participate actively in patent litigation, representing both patent owners and accused infringers. The NYIPLA's members also frequently engage in patent licensing matters on their clients' behalf, representing both patent licensors and licensees.

The entities served by the Association's members include inventors, entrepreneurs, venture capitalists, businesses, universities, and industry and trade associations. Many of these entities are involved in research, patenting, financing and other commercial activity relating to the financial industry and other software dependent fields.

The NYIPLA's members and their respective clients have a strong interest in the issues presented by this case because their day-to-day activities depend on the consistently-applied and longstanding broad scope of patent-eligible subject matter under the Patent Act in general. Because of the vital and increasing importance of computer-implemented technology to the economy, moreover, the NYIPLA and its members

have a particularly strong interest in ensuring that their reasonable expectation that those principles continue to be consistently applied in those important areas.

INTRODUCTION

[P]rior to granting *en banc* review in *CLS Bank*, [the Court of Appeals for the Federal Circuit] commented: “no one understands what makes an idea abstract.” After *CLS Bank*, nothing has changed. “Our opinions spend page after page revisiting our cases and those of the Supreme Court, and still we continue to disagree vigorously over what is or is not patentable subject matter.”

Accenture Global Servs. v. Guidewire Software, Inc., No. 2011-1486, 2013 U.S. App. LEXIS 18446 (Fed. Cir. Sept. 5, 2013) (Rader, C.J., dissenting) (citing *CLS Bank Int’l v. Alice Corp.*, 685 F.3d 1341, 1349 (Fed. Cir. 2012), *opinion vacated*, 484 F. App’x 559 (Fed. Cir. 2012), *petition for cert. filed* (U.S. Sept. 4, 2013) and *MySpace, Inc. v. GraphOn Corp.*, 672 F.3d 1250, 1259 (Fed. Cir. 2012)).

Not surprisingly, the Federal Circuit’s lack of clarity *en banc* has led to unpredictable and inconsistent results among the lower courts and placed many patents under a cloud of uncertainty. As aptly stated by the district court in *Zillow, Inc. v. Trulia, Inc.*, after delaying its rulings for the *en banc* decision, the *CLS* decision did not achieve “the hoped for clarity with respect to the test the court should apply here.” No. C12-1549JLR, 2013 U.S. Dist. LEXIS 127606, at *5 (W.D. Wash. Sept. 6, 2013).

While NYIPLA offers no opinion on the merit of the claims at issue, NYIPLA respectfully requests that the Court grant Petitioner a Writ of Certiorari to hear the question presented. This case represents an ideal vehicle for the Court to alleviate the current state of confusion that will otherwise linger concerning the law governing patent-eligibility.

In short, this is an important issue, with substantial debate, extensive contradictory authority, no resolution below or likely in the near future without this Court's intervention, and parties and *amici* with substantial economic interests willing to participate.

The Association respectfully submits that this Court's intervention is necessary to clarify the law of patent eligibility and more specifically the scope of the abstract idea exception to patent eligibility, at least as applied to computer-implemented inventions.

ARGUMENT

I. THE CURRENT STATE OF PATENT-ELIGIBLE SUBJECT MATTER UNDER 35 U.S.C. § 101 IS UNCLEAR

In *Bilski v. Kappos*, this Court reaffirmed the general principles that govern patent-eligible subject matter under Section 101, as synthesized in *Diamond v. Diehr*. This Court has consistently framed the inquiry based on two questions:

1. Does the claimed subject matter fall within one of the four statutory categories of patent-eligible

subject matter: (i) process, (ii) machine, (iii) manufacture, or (iv) composition of matter (or any improvement thereof)?

2. If so, is the claimed subject matter directed to one of three so-called “fundamental principles,” *i.e.*, laws of nature, natural phenomena or abstract ideas, which are exceptions to patent-eligible subject matter?

See Bilski v. Kappos, 130 S. Ct. 3218, 3225 (2010); *Diamond v. Diehr*, 450 U.S. 175, 185 (1981) (harmonizing, *inter alia*, *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980); *Parker v. Flook*, 437 U.S. 584, 589 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972)).²

The NYIPLA respectfully submits that the first inquiry should be a clear and logical application of the U.S. patent statutes and Supreme Court jurisprudence.

However, as discussed below, the lower courts have reached inconsistent conclusions as to the subject matter within the “abstract idea” exception in the second question. In fact, even after the Federal Circuit squarely raised this issue to be considered *en banc*, some were so unsure about the state of the law that one of the Federal Circuit Judges questioned the validity of “hundreds of thousands of patents.” *CLS Bank Int’l v. Alice Corp. Pty*, 717 F.3d 1269,

2. Last term, the Supreme Court reaffirmed these principles in *Mayo Collaborative Services v. Prometheus Labs.*, 132 S. Ct. 1289 (2012), in the context of addressing the laws of nature exception to patent-eligibility. However, some of the discussion in *Mayo* has led to confusion, as discussed below.

1313 (Fed. Cir. 2013) (Moore, J., dissenting). Innovators, courts, and patent practitioners alike need guidance from this Court to identify those patents properly directed to inventions that do not cover patent-ineligible “fundamental principles.”

A. The law on patent-eligibility has become confused

At the time this Court decided *Bilski v. Kappos*, which reaffirmed its previous precedent in *Diehr*, the analysis of whether a claim fell under the exception of an abstract idea was relatively straightforward. The precedent for analyzing claims involving abstract ideas included guidance that the machine-or-transformation test is a useful, but not dispositive, tool, the *application* of an abstract idea may be patent-eligible subject matter, and claims should be considered as a whole for abstractness. *Bilski*, 130 S. Ct. at 3227, 3230 (citing *Diehr*, 450 U.S. at 187-88).

Bilski reflects this Court’s recognition of Congress’ express intent to permit broad patent-eligibility with limited judicial exceptions. *Bilski*, 130 S. Ct. at 3231 (“the Court once again declines to impose limitations on the Patent Act that are inconsistent with the Act’s text.”); *see also Diamond v. Chakrabarty*, 447 U.S. 303, 309 (U.S. 1980) (“Congress intended statutory subject matter to ‘include anything under the sun that is made by man.’”). Although the Court in *Bilski* declined to exclusively use the machine-or-transformation test, it openly encouraged the Federal Circuit to continue to try and delineate other limiting criteria to patent-eligible subject matter. *Id.* at 3231 (“In disapproving an exclusive

machine-or-transformation test, we by no means foreclose the Federal Circuit’s development of other limiting criteria that further the purposes of the Patent Act and are not inconsistent with its text.”).³

Since *Bilski*, however, the Federal Circuit has not yet developed a reliable approach to this Section 101 analysis and judicial analysis of “abstract ideas” has become muddled.⁴ Instead, widely divergent tests and approaches to evaluating patent-eligibility under Section 101 arose as evidenced by the six opinions offered by the *en banc* panel below.

For example, inconsistent with this Court’s directive in *Diehr* to analyze the claim as a whole, some Federal Circuit panels have appeared to dissect claims into their various elements and analyze the elements considered to be “inventive” divorced from the remaining elements of the claim. See, e.g., *Bancorp Servs., LLC v. Sun Life Assurance Co. of Can.*, 687 F.3d 1266, 1279 (Fed. Cir. 2012) (setting aside purportedly “insignificant computer-based limitations” and then analyzing the additional

3. As noted by the majority opinion in *Bilski* at the Federal Circuit, other efforts by the Federal Circuit and its predecessor courts to create rules on patent-eligibility were inadequate. *In re Bilski*, 545 F.3d 943, 959-60 (Fed. Cir. 2008) (Explaining, for example, that the “Freeman-Walter-Abele test is inadequate,” “the ‘useful, concrete and tangible results’ test is inadequate,” and that the “technological arts” test is “unclear” and “no such test has ever been explicitly adopted” by any court).

4. See generally Charles R. Macedo & Sandra A. Hudak, *Understanding Patent Eligibility of New Technology in the United States*, J. Intell. Prop. L. & Prac. (2012), available at www.arelaw.com/publications/view/patenteligibilityus.

features that remain in the claims ignoring the computer aspects.); *Cybersource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1374 (Fed. Cir. 2011) (explaining that the patent-eligibility analysis must “look to the *underlying invention* for patent-eligibility purposes” rather than limit the analysis to the statutory category (“process, machine, manufacture, or composition of matter”) of the claim language) (emphasis added).

Some have attributed those departures to language in *Mayo* which suggests that a requirement for patent-eligibility is that a claim “ha[ve] additional features that provide practical assurance that the [claim] is more than a drafting effort designed to monopolize the [fundamental principle] itself.” *Mayo*, 132 S. Ct. at 1297; see *Bancorp*, 687 F.3d at 1279 (interpreting *Mayo*’s statement—“What else is there in the claims before us?”—as setting aside the fundamental principle in the claim at issue rather than analyzing the elements of the claim as a whole). Yet the Court, in *Mayo* nor otherwise, did not expressly disavow or overrule its instructions in *Diehr*, which would be a required step to reach such an explanation for neglecting to consider the claim as a whole. *Diehr*, 450 U.S. at 188.

The Federal Circuit’s variability in its approaches to Section 101 mainly stems from a divergence of views at the Federal Circuit regarding how much of a bar patent-eligibility should be to obtaining a claim:

1. Some judges have required that claims must be “manifestly abstract” in order to be patent ineligible under Section 101. See e.g., *MySpace*, 672 F.3d at 1264; *Classen Immunotherapies v. Biogen IDEC*, 659 F.3d 1057, 1065-66 (Fed. Cir. 2011); *Ultramercial, LLC v. Hulu, LLC*, 657

F.3d 1323, 1327 (Fed. Cir. 2011), *cert. granted, vacated and remanded*, 132 S. Ct. 2431 (2012), *rev'd and remanded*, 722 F.3d 1335 (Fed. Cir. 2013), *petition for cert. pending* (U.S. Aug. 23, 2013) (No. 13-255); *Research Corp. Techs., Inc. v. Microsoft Corp.*, 627 F.3d 859, 868 (Fed. Cir. 2010)).

2. Other judges have used Section 101 as a fine sieve, searching for abstractness by parsing out the claim or insisting on a “robust application” of Section 101 prior to analysis under Sections 102, 103, or 112. *See, e.g., Bancorp*, 687 F.3d at 1279; *MySpace*, 672 F.3d at 1269 (Mayer, J., dissenting) (“[a] robust application of section 101 is required to ensure that the patent laws comport with their constitutionally-defined objective.”); *see also Highmark, Inc. v. Allcare Health Mgmt. Sys.*, 687 F.3d 1300, 1324 (Fed. Cir. 2012), *cert. granted*, No. 12-1163, 2013 U.S. LEXIS 5130 (U.S. Oct. 1, 2013) (No. 12-1163) (“Where, as here, a patent describes an abstract idea, but discloses no new technology or “inventive concept,” ... for applying that idea, a robust application of section 101 at the summary judgment stage will save both courts and litigants years of needless litigation.”) (Mayer, J., dissenting).

3. Still others take an approach in between the two: using Section 101 as a “coarse filter” under which abstractness still must be “manifestly evident,” but the claims are also broadly evaluated for “meaningful limits” such as meeting the machine-or transformation test or including more than a mere field of use restriction. *See, Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1331, 1333-34 (Fed. Cir. 2012); *Cybersource*, 654 F.3d. at 1375.

The diverse positions underlying these various opinions helps explain why, as the Federal Circuit openly

admits, “[d]efining ‘abstractness’ has presented difficult problems.” *Ultramercial*, 722 F.3d at 1342.

B. The fractured *en banc* Federal Circuit opinion further supports granting the petition

The disjointed approaches to patent-eligible subject matter under Section 101 culminated in the *en banc* decision in the present case, with *six* different views on the subject and no clear majority to establish precedential guidance. *CLS Bank Int’l v. Alice Corp. Pty*, 717 F.3d 1269, 1292 n.1 (Fed. Cir. 2013) (Rader, J., dissenting-in-part) (“[T]hough much is published today discussing the proper approach to the patent eligibility inquiry, nothing said today beyond our judgment has the weight of precedent.”). The only issue on which a majority could agree was that the claims at hand are not patent-eligible. *Id.* (“Although a majority of the judges on the court agree that the method claims do not recite patent eligible subject matter, no majority of those judges agrees as to the legal rationale for that conclusion.”). However, in the face of the contradictory rationales provided by the court, the fact-specific conclusion as to the patent-eligible status of Alice’s patents does little to guide further patent-eligibility analyses.

Unsurprisingly, the lack of a consensus regarding the scope of Section 101 and the patent-eligibility of abstract ideas continues to stymie the lower courts. Recently in *Zillow, Inc. v. Trulia, Inc.*, for which a decision had been deferred pending the decision in *CLS*, the district court again deferred findings regarding patent-eligibility because the Federal Circuit did not provide “the hoped for clarity with respect to the test the court should apply

here.” No. C12-1549JLR, 2013 U.S. Dist. LEXIS 127606, at *5 (W.D. Wash. Sept. 6, 2013). Without intervention by this Court, it is unlikely that the district court in *Zillow* will receive the guidance it needs to determine patent-eligibility—a lamentable result for the application of a threshold test. *Bilski*, 130 S. Ct. at 3225 (“The § 101 patent eligibility inquiry is only a threshold test.”).

The Western District of Washington is not alone in its confusion. Other district courts have been similarly hamstrung by the lack of clarity on how to analyze an invention’s patent-eligibility under 35 U.S.C. § 101. Those courts are left to pick on their own from the various proffered approaches, each approach potentially leading to a different outcome. *See, e.g., Planet Bingo, LLC v. VKGS, LLC*, No. 1:12-CV-219, 2013 U.S. Dist. LEXIS 116898, at *11 (W.D. Mich. Aug. 19, 2013) (“[D]espite the seeming futility of adopting one of the non-precedential approaches from *CLS Bank*, the Court will endeavor to follow the law as it sees it.”); *Content Extraction & Transmission LLC v. Wells Fargo Bank*, No. 12-2501 (MAS) (TJB), No. 12-6960 (MAS) (TJB), 2013 U.S. Dist. LEXIS 107184, at *12 (D.N.J. July 31, 2013) (describing the analysis for determining abstractness as “ephemeral”). The plethora of divergent and seemingly inconsistent Federal Circuit opinions on this issue has effectively left the district courts without any guidance at all.

Even the PTO concluded that, “[g]iven the multiple divergent opinions”, the *en banc* decision warranted further “study” in order to evaluate “whether further detailed guidance is needed on patent subject matter eligibility under 35 U.S.C. § 101.” *See, e.g.,* Memorandum from Andrew H. Hirshfeld, Deputy Commissioner for

Patent Examination Policy, to the Patent Examining Corps, Federal Circuit Decision in *CLS Bank et al. v. Alice Corp.*, (May 13, 2013), *available at* http://www.uspto.gov/patents/law/exam/clsbank_20130513.pdf.

Thus, although the Federal Circuit has attempted to provide guiding criteria on a patent-eligibility analysis in more than ten cases since *Bilski*, it has not established a clear directive on how to approach such an analysis and recent history has proven that further percolation through the lower courts will not help resolve existing rifts.

II. CLARIFICATION OF PATENT-ELIGIBLE SUBJECT MATTER IS CRUCIAL

The NYIPLA encourages this Court to grant Petitioner’s Writ of Certiorari to hear the question presented because the current confusion on the subject matter eligible for patent protection threatens both the economy-boosting effects of maintaining a functional patent system and faith in the judiciary to produce reliable, consistent outcomes.

A. Patents play a vital role in the economy

Unpredictability in the patent system is harmful to the U.S. economy and the patent system as a whole. As the Economics and Statistics Administration and the PTO reported in March 2012, “[t]he granting and protection of intellectual property rights is vital to promoting innovation and creativity and is an essential element of our free-enterprise, market-based system.” Econ. & Statistics Admin. and USPTO, *Intellectual Property and the U.S. Economy: Industries in Focus* (Mar. 2012), www.uspto.gov/economicsandstatistics/publications/economic/industryfocus/.

uspto.gov/news/publications/IP_Report_March_2012.pdf. This report recognizes that computers and peripheral equipment are among the most patent-intensive and job-producing sectors in the U.S. economy.⁵

This is why, as Judge Moore explained in her dissent below, leaving the law unclear in this area presents a real danger to our economy. *CLS Bank Int'l v. Alice Corp. Pty*, 717 F.3d 1269, 1313 (Fed. Cir. 2013) (Moore, J., dissenting). Specifically, she argued that ignoring this Court's precedent to "evaluate each claim as a whole when analyzing validity" and instead using the reasoning of Judge Lourie's concurring opinion could "render ineligible nearly 20% of all the patents that actually issued in 2011." *Id.* She worries that this decision might "decimate the electronics and software industries" as well as other industries that are built off of computer-implemented patent claims. *Id.* Regardless of whether her ultimate analysis on the validity of the claims at issue in this case is the correct approach, the fact that there is irreconcilable disagreement within the appeals court dedicated to patent law, on the analysis of claims related to such pervasive technology, is destabilizing to the economy.

5. Indeed, as Former Director Kappos explained: "Because many breathtaking software-implemented innovations power our modern world, at levels of efficiency and performance unthinkable even just a few years ago, patent protection is every bit as well-deserved for software-implemented innovation as for the innovations that enabled man to fly, and before that for the innovations that enabled man to light the dark with electricity, and before that for the innovations that enabled the industrial revolution." See David Kappos, USPTO Dir., An Examination of Software Patents, Address at Center for Am. Progress (Nov. 20, 2012), available at www.uspto.gov/news/speeches/2012/kappos_CAP.jsp.

The importance of computer-implemented inventions to the U.S. economy extends far beyond the importance of the American computer industry *per se*. Computer-implemented inventions are critical to the productivity of all sectors of the U.S. economy. Computers power our modern service economy as surely as steam and then internal combustion engines powered the manufacturing sector that drove our economic prosperity in the nineteenth and twentieth centuries.

Accordingly, the NYIPLA believes this Court should adopt a clear and consistent jurisprudence that allows for and encourages patent-eligible computer-implemented inventions that promote innovation and creativity.

B. Courts need consistency in precedent in order to preserve judicial resources and provide reliable judgments

Given the current confused state of the law, opinions on Section 101 in the Federal Circuit “spend page after page” arguing over the proper analysis of patent-eligible subject matter. *Accenture*, 2013 U.S. App. LEXIS 18446, at *33 (Rader, C.J., dissenting) (citing *MySpace*, 672 F.3d at 1259). This case alone, which began six years ago, has been fully briefed for all three of its appearances, and resulted in a six-opinion, 135-page split decision. It generated hundreds of pages of Section 101 court analysis and eight different Federal Circuit opinions. Unfortunately, this impressive expenditure of judicial time and resources has led to neither a clear resolution of the proper method of analysis of the patent-eligibility of computer-implemented inventions, nor a uniformity of the patent law on this issue.

This conflicting dialogue has instead created insecurity for all stakeholders involved—innovators, businesses that rely on intellectual property assets, and accused infringers alike. Lack of clarity from the courts has wasted resources and has left district courts without the proper guidance to apply the law to cases before them. *See, e.g., Zillow*, 2013 U.S. Dist. LEXIS 127606, at *22 (re-postponing its decision because of lack of guidance from this case in the hopes that the results of claim construction would assist in the decision) (“[T]he Federal Circuit ‘propounded at least three incompatible standards, devoid of consensus, serving simply to add to the unreliability and cost of the system of patents as an incentive for innovation.’” (quoting *CLS Bank*, 717 F.3d at 1321 (Newman, J., concurring in part and dissenting in part)); *Michael Sandborn & Mark Sandborn P’ship v. Avid Tech., Inc.*, No. 11-11472-FDS, 2013 U.S. Dist. LEXIS 126772, at *7 (D. Mass. Sept. 5, 2013) (“Neither the Supreme Court nor the Federal Circuit has set forth any definitive framework for conducting the § 101 analysis in the context of an allegedly abstract concept.”); *Planet Bingo*, 2013 U.S. Dist. LEXIS 116898, at *11 (“As a result of the Federal Circuit’s present fractured state, this Court is left in a quandary.”); *Compression Tech. Solutions v. EMC Corp.*, No. C-12-01746 RMW, 2013 U.S. Dist. LEXIS 78338, at *11 n.1 (N.D. Cal. May 29, 2013) (“The [CLS Bank *en banc*] opinion does not . . . provide a clear test for eligibility under section 101 because a majority of judges could only agree on the holding of the case and not on a legal rationale for their conclusion.”).

As discussed above, in addition to stakeholders, the lower courts themselves want Supreme Court guidance. *See, e.g., Planet Bingo*, 2013 U.S. Dist. LEXIS 116898, at

*11 (“As Circuit Judge Newman aptly noted in her *CLS Bank* opinion, as a result of the split en banc decision, “the only assurance” is that, *unless the Supreme Court takes up the issue again*, the patent-eligibility of any invention challenged on abstractness grounds “*will depend on the random selection of the [Federal Circuit] panel.*” *CLS Bank*, 717 F.3d at 1321.” (emphasis added)).

III. THIS IS THE PROPER CASE TO CONSIDER THE ISSUE OF PATENT-ELIGIBILITY

The issues raised during the history of the case below, as well as the dire need for guidance in this area of law, make this case an appropriate choice for revisiting the subject of characterizing abstractness in a patent claim.

A. The Federal Circuit Recognized that this Case Was a Proper Vehicle to Raise the Issue of Patent-Eligibility for *En Banc* Consideration

It is not insignificant that the Federal Circuit hand-picked this case to address the patent-eligibility of computer-implemented inventions. *CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 484 Fed. Appx. 559, 559 (Fed. Cir. 2012). Unfortunately, since the Federal Circuit did not come up with a cohesive answer to the questions presented, the task has been left with this Court instead.

B. Numerous *Amici* Have Shown an Interest in the Case and Participated at the Federal Circuit

This case has garnered significant input from third parties, including sixteen *amicus curiae* briefs for the *en banc* rehearing at the Federal Circuit. Those briefs,

representing the views of patent practitioners, companies in computer and communications related industries, and government agencies, collectively confirm that this case involves an “important question of federal law,” and that many believe that the Federal Circuit “decided [this question] in a way that conflicts with relevant decisions of this Court”; thus, this case fits the “character” of the compelling reasons required for Supreme Court review. Sup. Ct. R. 10.

C. The Large Number of Diverse Opinions Presented Below Provide a Rich Dialogue that Raises All Relevant Issues Before the Court

Within the discourse contained in the six split opinions from the *en banc* rehearing, the two opinions from the original appeal to the Federal Circuit, and many hundreds of pages of briefs from the parties and *amici*, there is plenty of material to draw upon in developing an instructive directive on this issue. The patents at issue involve claims directed to methods, computer-readable media, and systems, and thus this Court may provide guidance on how to analyze “abstract ideas” for both processes and tangible objects. The discussion includes exchange over when a Section 101 analysis must take place, how the check for an “inventive concept” is used in a Section 101 analysis, and the extent to which a claim must be evaluated “as a whole.” Within this abundance of disagreement, there lies a diamond in the rough—ample material to inform this Court’s judgment.

CONCLUSION

The NYIPLA supports the articulation of fair and reasonable principles that can be predictably applied and clearly define the bounds of patent-eligible subject matter. For these reasons, the NYIPLA respectfully urges the Court to grant Alice's Petition.

Respectfully submitted,

MATTHEW B. MCFARLANE
MAHESHA P. SUBBARAMAN
ROBINS, KAPLAN, MILLER
& CIRESI L.L.P.
601 Lexington Avenue
Suite 3400
New York, NY 10022
(212) 980-7400

ANTHONY F. LO CICERO
*President-Elect, New York
Intellectual Property Law
Association*

CHARLES R. MACEDO*
*Co-Chair of Amicus
Committee, New York
Intellectual Property
Law Association*

JOSEPH M. CASINO
MICHAEL J. KASDAN
DAVID P. GOLDBERG
AMSTER, ROTHSTEIN
& EBENSTEIN LLP
90 Park Avenue
New York, NY 10016
(212) 336-8000
cmacedo@arelaw.com

*Counsel for Amicus Curiae
New York Intellectual Property Law Association*

**Counsel of Record*

October 7, 2013