

No. 17-1437

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**UNITED STATES COURT OF APPEALS  
FOR THE FEDERAL CIRCUIT**

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STEVEN E. BERKHEIMER,

*Plaintiff-Appellant,*

v.

HP INC., FKA HEWLETT-PACKARD COMPANY,

*Defendant-Appellee.*

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Appeal from the U.S. District Court for the  
Northern District of Illinois, No. 1:12-cv-9023

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**BRIEF OF AMICI CURIAE THE INTERNET ASSOCIATION,  
THE COMPUTER AND COMMUNICATIONS INDUSTRY  
ASSOCIATION, AND THE HIGH TECH INVENTORS  
ALLIANCE IN SUPPORT OF REHEARING EN BANC**

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March 26, 2018

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## CERTIFICATE OF INTEREST

Counsel for amici curiae certifies the following:

1. The full name of the amici represented by me are The Internet Association, the Computer and Communications Industry Association, and the High Tech Inventors Alliance.
2. The names of the real parties in interest represented by me are The Internet Association, the Computer and Communications Industry Association, and the High Tech Inventors Alliance.
3. The Internet Association, the Computer and Communications Industry Association, and the High Tech Inventors Alliance have no parent corporations. No publicly held company owns 10% or more of the stock of The Internet Association, the Computer and Communications Industry Association, or the High Tech Inventors Alliance.
4. The names of all firms and the partners or associates that appeared for the parties now represented by me in the trial court or are expected to appear in this Court (and who have not or will not enter an appearance in this case) are: None.
5. I am not aware of any other cases pending in this or any other court or agency that will directly affect or be directly affected by this Court's decision in the pending appeal.

/s/ Daryl L. Joseffer  
Daryl L. Joseffer

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## STATEMENT OF INTEREST

The Internet Association (“IA”) represents the interests of more than 40 leading Internet companies and their customers. *See* <https://internetassociation.org/our-members/>. It seeks to protect Internet freedom, promote innovation and economic growth, and empower customers and users.

The Computer and Communications Industry Association (“CCIA”) represents more than two dozen companies of all sizes providing high technology products and services, including computer hardware and software, electronic commerce, telecommunications, and Internet products and services. *See* <http://ccianet.org/about/members>.

The members of the High Tech Inventors Alliance (“HTIA”) employ nearly 500,000 U.S. employees, including many of the world’s most innovative computer scientists and engineers. Collectively, they spent \$63 billion last year on research and development. *See* <https://www.hightechinventors.com/about>.

The IA, CCIA, and HTIA represent large patent owners as well as entities that are sometimes accused of infringement. They therefore have an interest in promoting a balanced system in which courts en-

force patents that provide inventive technological solutions while promptly weeding out those that do not.

HP Inc. consents to the filing of this brief; Berkheimer does not.<sup>1</sup>

## ARGUMENT

The Supreme Court has always treated patent-eligibility under 35 U.S.C. § 101 as a “threshold” question, *Bilski v. Kappos*, 561 U.S. 593, 602 (2010), and this Court, too, has repeatedly determined eligibility as a matter of law. But the recent panel decisions in this case and two others—*Aatrix Software, Inc. v. Green Shades Software*, 882 F.3d 1121 (Fed. Cir. 2018), and *Exergen Corp. v. Kaz USA*, Nos. 16-2315, 16-2341, 2018 WL 1193529 (Fed. Cir. Mar. 8, 2018)—threaten to radically change how courts adjudicate eligibility.

Those decisions break from precedent on both procedure and substance. Procedurally, they convert this threshold, predominantly legal question into a predominantly factual one subject to extensive discovery and trial proceedings. That is wrong because courts should almost always be able to determine eligibility based on a patent’s claims and

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<sup>1</sup> No counsel for any party authored this brief in whole or in part. No party, counsel, person, or entity, other than the IA, CCIA, and HTIA, their members, and their counsel, contributed money to fund the preparation or submission of this brief.



specification, along with any needed claim constructions. To satisfy the disclosure requirements of 35 U.S.C. § 112, a specification must identify what was conventional and what was allegedly inventive. If a claim is directed to an abstract idea, and the specification identifies some other, non-abstract feature of the claim as being inventive, the legal question for the court is whether that feature constitutes a specific technological solution to a technological problem. If so, the claim is likely eligible for patenting. Otherwise, it is not.

Substantively, the recent panel decisions “shoehorn a significant factual component into the *Alice* § 101 analysis,” *Aatrix*, 882 F.3d at 1130 (Reyna, J., concurring in part, dissenting in part), by treating Section 101 as a prior-art defense comparable to anticipation or obviousness. That is wrong for two reasons. First, novelty is irrelevant because a claim directed to an abstract idea must contain some “additional” inventive feature, apart from the abstract idea. *Alice Corp. v. CLS Bank*, 134 S. Ct. 2347, 2358 (2014).

Second, inventive for this purpose does not mean novel or non-obvious over the prior art. Section 101 asks whether any “additional features” in a claim directed to an abstract idea are sufficient to “trans-

form the nature of the claim’ into a patent-eligible application.” *Id.* at 2355 (quoting *Mayo Collab. Servs. v. Prometheus Labs.*, 566 U.S. 66, 78 (2012)). In applying that test, this Court and the Supreme Court have correctly focused on whether additional limitations are stated at a high level of generality or instead limit the claims to a specific, technological solution to a technological problem. Because Section 101 serves a different function than the Section 102 and 103 prior-art defenses, it applies a different test.

The uncertainty engendered by the recent decisions warrants immediate consideration, and correction, by the en banc Court.

**I. Patent-eligibility should rarely, if ever, turn on factual disputes.**

The Supreme Court has made clear, and this Court has confirmed, that “§ 101 subject matter eligibility is a ‘threshold test’ that typically precedes the novelty or obviousness inquiry.” *Return Mail v. USPS*, 868 F.3d 1350, 1370 (Fed. Cir. 2017) (quoting *Bilski*, 561 U.S. at 602). All of the Supreme Court’s § 101 decisions resolve eligibility as a matter of law, based on the patent claims and written description at issue. None of those decisions has mentioned any need for experts, extrinsic evidence, or discovery. *See, e.g., Alice*, 134 S. Ct. at 2355–60. Even in a

case with as complicated a background as *Mayo*, the Court determined eligibility without any discovery having been conducted. *Mayo*, 566 U.S. at 77–80; *see also Ass’n for Molecular Pathology v. PTO*, 689 F.3d 1303, 1324 (Fed. Cir. 2012), *aff’d in part, rev’d in part*, 133 S. Ct. 2107 (2013).

This Court, too, has “repeatedly recognized that in many cases it is possible and proper to determine patent eligibility under 35 U.S.C. § 101 on a Rule 12(b)(6) motion.” *Genetic Techs. v. Merial, L.L.C.*, 818 F.3d 1369, 1373–74 (Fed. Cir. 2016) (collecting cases). This Court was right about that because a patent’s claims and specification, and any needed claim constructions, should provide a sufficient basis for determining eligibility.

Under 35 U.S.C. § 112, the specification must describe the claimed invention and enable persons skilled in the art to perform it. The written-description requirement “ensure[s] that the scope of the right to exclude, as set forth in the claims, does not overreach the scope of the inventor’s contribution to the field of art as described in the patent specification.” *In re Katz Interactive Call Processing Patent Litig.*, 639 F.3d 1303, 1319 (Fed. Cir. 2011) (citation omitted). In seeking to satisfy that

requirement, therefore, a specification should describe the alleged advance over the prior art. Indeed, the PTO expressly requires that “[t]he specification must set forth the precise invention for which a patent is solicited, in such manner as to distinguish it from other inventions and from what is old.” 37 C.F.R. § 1.71(b); *see also* MPEP § 608.01(c) (“Where applicable, the problems involved in the prior art or other information disclosed which are solved by the applicant’s invention should be indicated.”); *id.* § 608.01(b) (“A patent abstract . . . should include that which is new in the art to which the invention pertains.”).

Enablement also requires an applicant to identify which aspects are conventional and which are inventive, because conventional aspects require less description. While novel aspects require a full, enabling disclosure, it usually suffices to note that other aspects are already well known to persons of skill in the art. *See, e.g., ALZA Corp. v. Andrx Pharm., LLC*, 603 F.3d 935, 940–41 (Fed. Cir. 2010).

Because a patent’s specification should distinguish between what was conventional and what was allegedly inventive, it “is particularly useful in determining what is well-known or conventional.” *Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1317 (Fed. Cir. 2016).

When a patent describes technology as being conventional, or treats technology as being within the background knowledge of a person skilled in the art by providing only minimal description of it, courts should treat it as being non-inventive. A patentee's statements in a patent do not bind opposing parties, but they do bind the patentee. So a patentee cannot create a genuine dispute of fact by seeking to attack statements in its own patent with extrinsic evidence. The specification is a formal legal document filed in the patent office, and it provides part of the basis on which the government chooses to award a patent. Thus, "[a]dmissions in the specification regarding the prior art are binding on the patentee for purposes of a later inquiry into obviousness," *Pharmastem Therapeutics, Inc. v. Viacell, Inc.*, 491 F.3d 1342, 1362 (Fed. Cir. 2007), or anticipation, *Constant v. Advanced Micro Devices, Inc.*, 848 F.2d 1560, 1570 (Fed. Cir. 1988).

There is no reason to apply a different rule to eligibility. Not surprisingly, then, "this [C]ourt has determined claims to be patent-ineligible at the motion to dismiss stage based on intrinsic evidence from the specification *without need for 'extraneous fact finding outside*

*the record.’” Secured Mail Sols. LLC v. Universal Wilde, Inc.*, 873 F.3d 905, 912 (Fed. Cir. 2017) (emphasis added).

To be sure, fact disputes might occasionally be relevant to claim construction. Because eligibility depends in part on claim scope, claim construction is needed to assess eligibility in some cases, *see, e.g., Content Extraction & Transmission LLC v. Wells Fargo Bank*, 776 F.3d 1343, 1349 (Fed. Cir. 2014), and claim construction may occasionally require a court to consider extrinsic evidence and make findings of fact, *Teva Pharm. USA v. Sandoz*, 135 S. Ct. 831, 841 (2015). But once a court understands the claim scope, eligibility is a legal question that should not require additional factfinding.

And even for claim construction, a party cannot use extrinsic evidence to “contradict[] the intrinsic record.” *Profectus Tech. v. Huawei Techs.*, 823 F.3d 1375, 1379 (Fed. Cir. 2016). When “the intrinsic record fully governs the proper construction,” extrinsic evidence is irrelevant. *Wasica Fin. GmbH v. Cont’l Auto. Sys.*, 853 F.3d 1272, 1278 (Fed. Cir. 2017).

For these reasons, eligibility should rarely turn on a dispute that is properly characterized as factual. Indeed, although this Court has

stated that eligibility might depend on a disputed question of fact, it has never held, in any case after *Alice*, that a fact dispute precluded resolution of eligibility on a motion to dismiss or for summary judgment.

## **II. The panel opinion vastly expands the role of factfinding under Section 101 by applying an incorrect legal standard.**

The decisions in this case, *Aatrix*, and *Exergen* apply the wrong legal standard by treating Section 101 as a prior-art defense akin to anticipation or obviousness. Section 101 has a different focus, and thus applies a different test.

If a claim is directed to an abstract idea, “we then ask, ‘[w]hat else is there in the claims before us?’” *Alice*, 134 S. Ct. at 2355 (quoting *Mayo*, 566 U.S. at 78). Apart from an abstract idea, a claim must contain an “additional feature[]” that is inventive (and not itself abstract). *Id.* at 2358.

Thus, it does not matter whether the abstract idea itself is inventive (and, thus, whether a patent’s specification states that the claimed invention, as opposed to a specific, non-abstract feature, is inventive). *See* Pet. for Reh’g at 10 (citing cases). The opinions in *Exergen* illustrate the importance of that point. The panel majority deferred to the district court’s “fact finding” that “the claimed combina-

tion”—*i.e.*, the claimed invention—“was not proven to be well-understood, routine, and conventional” because those techniques had not previously been used in conjunction with newly derived equations. 2018 WL 1193529, at \*6. Dissenting in part, Judge Hughes pointed out that the panel had “erroneously conflate[d] step two with a novelty inquiry” by asking whether the claimed invention was routine and conventional instead of whether “the claim elements *other than* the invention’s use of the ineligible concept to which it is directed” were inventive. *Id.* at \*12 (emphasis added).

Moreover, although courts sometimes describe an “inventive” feature as being one that is not “routine and conventional,” the Section 101 analysis does not just look to whether something was well known in the art. Sections 102 and 103 focus on the content of the prior art. But *Alice* step 2 has a different focus: to ensure that a claim directed to an abstract idea “in practice amounts to significantly more than a patent upon the [ineligible concept] itself” and is “more than a drafting effort designed to monopolize the [abstract idea].” *Alice*, 134 S. Ct. at 2355, 2357 (quoting *Mayo*, 566 U.S. at 77).



Because *Alice* step 2 has a different purpose, it applies a different standard that looks to whether the additional elements are sufficiently transformative that the claim “amounts to significantly more than” a claim to the abstract idea. *Id.* Reciting the use of generic computer equipment at a high level of generality is not sufficient under Section 101 because it does not do much more than limit the abstract idea to a particular technological environment, and thus does not amount to significantly more than a claim to the abstract idea itself. *E.g., id.* at 2358. In contrast, reciting a specific technological implementation—*i.e.*, identifying *how* to use an abstract idea in a specific way to produce a result improving computer functionality—may be sufficient. *E.g., DDR Holdings v. Hotels.com*, 773 F.3d 1245, 1258–59 (Fed. Cir. 2014).

That is different from whether something was well known in the art. Indeed, the Supreme Court rejected an “invitation to substitute §§ 102, 103, and 112 inquiries” for Section 101 precisely because that approach “assum[ed] that those sections can do work that they are not equipped to do.” *Mayo*, 566 U.S. at 90–91. And this Court has held a patent claim to be ineligible as a matter of law even after a jury found

the claim was novel and nonobvious. *See Symantec*, 838 F.3d at 1311, 1320–21; *see also id.* at 1330 (Stoll, J., dissenting in part).

To be sure, inquiries into eligibility and novelty “might sometimes overlap,” *Mayo*, 566 U.S. at 90, and this Court has stated that “pragmatic analysis of § 101 is facilitated by considerations analogous to those of §§ 102 and 103 as applied to the particular case.” *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1347 (Fed. Cir. 2015). But there is nothing pragmatic about effectively treating eligibility as being a duplicative prior-art defense and thereby “opening the door . . . for the introduction of an inexhaustible array of extrinsic evidence, such as prior art, publications, other patents, and expert opinion” on what is supposed to be a threshold issue. *Aatrix*, 882 F.3d at 1130 (Reyna, J., concurring in part, dissenting in part). “The obligation to determine what type of discovery is sought to be patented must precede the determination of whether that discovery is, in fact, new or obvious.” *Parker v. Flook*, 437 U.S. 584, 593 (1978).

### **III. The exceptional importance of this issue warrants rehearing en banc.**

The uncertainty caused by the panel’s departure from precedents of this Court and the Supreme Court cries out for en banc review. It

would be an understatement to say that this issue recurs frequently. Section 101 “is being litigated daily (if not hourly) in federal courts across the country.” *Intellectual Ventures I LLC v. Erie Indemnity Co.*, 134 F. Supp. 3d 877, 895 (W.D. Pa. 2015), *vacated in part*, 850 F.3d 1315 (Fed. Cir. 2017).

Early resolution of eligibility is important because much of the harm from low-quality computer-related patents takes the form of litigation expenses and settlements. Litigating a patent case through discovery and trial is extremely expensive for the litigants (and time-consuming for the courts). See Elvir Causevic & Ian D. McClure, *Effectively Discharging Fiduciary Duties in IP-Rich M&A Transactions*, 14 Berkeley Bus. L.J. 87, 104 (2017). Indeed, many meritless suits are settled simply to avoid the higher cost of litigation. Council of Econ. Advisers, *The Patent Litigation Landscape: Recent Research and Developments*, Issue Brief 1 (Mar. 2016), <https://goo.gl/GsHnGa>. Delay in resolving Section 101 defenses would increase the nuisance value of settlement, thereby taxing and impairing genuine innovation and burdening the district courts. As a threshold inquiry, Section 101 has played

an indispensable role in weeding out bad patents early in litigation, and it should continue to do so.

## CONCLUSION

This Court should grant the petition for rehearing en banc.

Respectfully submitted,

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March 26, 2018

## **CERTIFICATE OF COMPLIANCE**

This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a), (g), and Federal Circuit Rules 29, 32(a), and 35(g). The brief contains 2,596 words, excluding the parts of the brief exempted by Federal Rules of Appellate Procedure 32(a)(7)(A) and 32(f), as well as Federal Circuit Rule 32(b). In preparing this certificate, I relied on the word count program in Microsoft Word.

/s/ Daryl L. Joseffer  
Daryl L. Joseffer

## CERTIFICATE OF SERVICE

In accordance with Federal Rule of Appellate Procedure 25 and Federal Circuit Rule 25, I certify that on March 26, 2018, I caused a copy of the foregoing document to be served electronically on all registered counsel through the Court's CM/ECF system.

/s/ Daryl L. Joseffer  
Daryl L. Joseffer