

No. 17-

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IN THE  
**Supreme Court of the United States**

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OPENET TELECOM, INC., OPENET TELECOM LTD.,

*Petitioners,*

*v.*

AMDOCS (ISRAEL) LIMITED,

*Respondent.*

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

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**PETITION FOR A WRIT OF CERTIORARI**

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## QUESTION PRESENTED

To be patent eligible, a patent must claim “the means or method of producing a certain result, or effect, and not [the] result or effect produced.” *Corning v. Burden*, 56 U.S. 252, 267-68 (1854). This principle has driven this Court’s patentable subject matter jurisprudence for over 150 years, including most recently the “search for an inventive concept” described in the second step of the *Alice/Mayo* framework. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014) (quoting *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 72 (2012)). Because a patent’s claims define the scope of the invention, this Court stated in both *Alice* and *Mayo* that this second step of the eligibility analysis turns on what is “in the claims.” 134 S. Ct. at 2355; 566 U.S. at 78.

The question presented is: Whether the Federal Circuit erred by looking beyond the claims to the patent specification to assess patent eligibility?

**PARTIES TO THE PROCEEDING**

All parties to the proceedings are identified in the case caption.

**CORPORATE DISCLOSURE STATEMENT**

Openet Telecom Ltd. is the parent company of Openet Telecom, Inc. No publicly traded company owns 10% or more of Openet Telecom Ltd.'s stock.

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## **PETITION FOR A WRIT OF CERTIORARI**

Petitioners Openet Telecom, Inc. and Openet Telecom Ltd. (“Openet”) respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit.

### **OPINIONS BELOW**

The opinion of the court of appeals (App. 1a–73a) is reported at 841 F.3d 1288 (Fed. Cir. 2016). The decision of the district court (App. 74a-101a) is reported at 56 F. Supp. 3d 813 (E.D. Va. 2014). The order denying rehearing (App. 102a-103a) is unpublished.

### **JURISDICTION**

The judgment of the Federal Circuit was entered on November 1, 2016. On March 9, 2017, the Federal Circuit denied Openet’s petition for rehearing. This Court has jurisdiction under 28 U.S.C. § 1254(1). On May 30, 2017, the Chief Justice extended the time to file a petition for certiorari until July 24, 2017. The jurisdiction of the district court was invoked under 28 U.S.C. § 1331.

### **STATUTORY PROVISIONS INVOLVED**

Section 101 of the Patent Act states that “[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101.

## INTRODUCTION

The four patents in this case involve “an accounting and billing problem faced by network service providers.” App. 2a. They describe different ways to “track customer usage of computer network services” in order to generate bills. App. 75a. The claims themselves are broad and functional. For example, Claim 1 of U.S. Patent No. 7,631,065 is a software claim: It requires “computer code” “embodied on a computer readable storage medium.” App. 23a. The claimed “code” does three things: (1) “receive[s]” an “accounting record” from a “first source,” (2) “correlate[s]” that record with “accounting information” from “a second source,” and (3) use[s] that “accounting information” to “enhance” the first record. *Id.* That’s it.

The District Court rightly found this claim was directed to an abstract idea—“correlating two network accounting records to enhance the first record”—and therefore unpatentable under this Court’s decision in *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014). App. 85a-86a. The Federal Circuit panel majority did not disagree that the claim was directed to an abstract idea. But it held that the patent elsewhere contained an “inventive concept” sufficient to make the claim patent eligible. The majority pointed to the “invention’s distributed architecture,” “network devices,” and “gatherers,” which supposedly rendered the invention an “improvement over prior art technologies.” App. 21a-26a.

That analysis was deeply flawed: *None* of those supposed features of the “invention” is mentioned in the actual claim under consideration. The claim itself

is barren of technical detail. Every identified feature instead appears in the patent specification. As Judge Reyna forcefully pointed out in his dissent, this decision to save a claim’s eligibility by relying solely on the patent specification reflects a stark and troubling departure from precedent. App. 44a, 55a-57a.

This Court should grant certiorari to review the Federal Circuit’s decision. First and foremost, the decision conflicts with this Court’s precedent, including *Alice*. There, the Court held that the patent eligibility inquiry must turn on “whether *the claims* are directed” to an abstract idea, and, if so, whether there is an inventive concept “*in the claims*”—not the specification. 134 S. Ct. at 2355 (emphases added).

Second, the decision conflicts with the Federal Circuit’s own precedent. It has held, repeatedly and recently, that “[t]he § 101 inquiry *must focus on the language of the Asserted Claims themselves.*” *See, e.g., Synopsys Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1149 (Fed. Cir. 2016) (emphasis added). The decision below says the exact opposite, leaving the proper eligibility approach uncertain for district courts nationwide. Indeed, there is now a petition for certiorari pending in the *Synopsys* case that argues that the Federal Circuit should have taken the approach there that it adopted in the decision below. *See* Petition for Writ of Certiorari, No. 16-1288 (Apr. 27, 2017). This discord in Federal Circuit precedent on the critical issue of patent eligibility justifies the Court’s review.

Finally, the decision below injects further confusion into the *Alice* framework that will burden courts and the patent system more generally. As one commentator



pointed out, the decision below reflects that, internally, “the Federal Circuit continues to be divided” on the issue of patent eligibility. Dennis Crouch, *Federal Circuit’s Internal Debate of Eligibility Continues*, Patently-O, Nov. 13, 2016, <https://patentlyo.com/patent/2016/11/internal-eligibility-continues.html>. “By luck-of-the-panel in this case, the minority on the court as a whole”—*i.e.*, those Judges “pushing against” the application of *Alice* and *Mayo*—became the “majority on the panel” in this case. *Id.* And they have not concealed their hostility to the Court’s patent eligibility framework. One judge in the majority has openly advocated for an approach that “avoid[s] resolving an undefined ‘inventive concept’ applied to eligibility.” *Bascom Global Internet Servs. v. AT&T Mobility LLC*, 827 F.3d 1341, 1353 (Fed. Cir. 2016) (Newman, J., concurring). The other, at oral argument in this very case, described the *Alice* framework as a “plague on the patent system.” Oral Arg. Recording 42:17-20. Important legal questions of patent eligibility should not turn on the “luck-of-the-panel” in this way.

This Court should grant certiorari and reverse.

## STATEMENT OF THE CASE

### I. The Law of Patentable Subject Matter

Section 101 of the Patent Act “defines patentable subject matter.” *Mayo*, 566 U.S. at 70. It provides: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. This Court has “long held that

[§ 101] contains an important implicit exception: Laws of nature, natural phenomena, and abstract ideas are not patentable.” *Alice*, 134 S. Ct. at 2354 (the Court has “interpreted § 101 and its predecessors in light of this exception for more than 150 years”). This case is about the third category—abstract ideas.

The reason an abstract idea cannot be patented is that a patent grants an inventor a monopoly for a limited time in exchange for making specific, concrete advancements to a technical field. *Cf. Bonito Boats Inc. v. Thunder Craft Boats*, 489 U.S. 141, 148 (1989) (“from the outset, federal patent law has been about the difficult business ‘of drawing a line between the things which are worth to the public the embarrassment of an exclusive patent, and those which are not’”) (quoting 13 Writings of Thomas Jefferson 335 (Memorial ed. 1904)). If a patent could claim an abstract idea, the patent would monopolize more than the patentee’s contributions to the field and preempt all applications of the idea itself. *Morse*, 56 U.S. at 113. Thus, “[a]n idea of itself is not patentable,” no matter how narrowly claimed. *Rubber-Tip Pencil Co. v. Howard*, 87 U.S. 498, 507 (1874).

Twice in the past five years—first in 2012 in *Mayo*, and again in 2014 in *Alice*—this Court has reaffirmed that only claims reciting inventive elements are patent eligible. *Alice*, 134 S. Ct. at 2355; *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 78 (2012)) Under the *Alice/Mayo* framework, courts must first consider whether an invention claims an abstract idea (*Alice*) or law of nature (*Mayo*). *Id.* If so, under the second step of the *Alice/Mayo* framework, the court must undertake “a search for an inventive concept [to find] an

element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself.” *Alice*, 134 S.Ct. at 2355 (internal quotations omitted).

If a claimed invention passes the patent eligibility threshold of Section 101, a patent may issue for that invention if the patent claims comply with the Patent Act’s validity provisions, including Sections 102 (novelty) and 103 (obviousness). The patent eligibility provisions of Section 101 operate separately and independently of the patent validity provisions of Sections 102 and 103. *See Parker v. Flook*, 437 U.S. 584, 593 (1978). It thus makes no difference for patent eligibility whether a patent purports to be a new application of an existing idea. *Diamond v. Diehr*, 450 U.S. 175, 188-89 (1981). What matters is whether the patent claims specific, inventive means for implementing the idea.

## **II. The Amdocs Patents**

The four patents Amdocs asserts against Openet descend from a single patent application filed in 1997. Each patent-in-suit relates to network accounting and billing. The aforementioned ’065 patent—as well as U.S. Patent Nos. 6,947,984 (“the ’984 patent”) and 7,412,510 (“the ’510 patent”), which share substantively identical specifications with the ’065 patent—“relates to accounting and billing for services in a computer network.” *See* ’065 Patent (1:32-33). The continuation-in-part U.S. Patent No. 6,836,797 (“the ’797 patent”) “relates to data records, and more particularly to records reflecting various services afforded utilizing a network.” ’797 Patent (1:16-18).

The field of data processing—known as “data mediation”—existed long before the four patents issued. It has been used for as long as telecommunications companies have tracked and billed customers’ network usage: “[d]ata mediation software collects, processes, and compiles [the relevant] network records so that network usage can be tracked and billed appropriately.” *Amdocs (Isr.) Ltd. v. Openet Telecom. Inc.*, 761 F.3d 1329, 1331 (Fed. Cir. 2014); *see also* ’065 Patent (1:64-66) (“Telephone companies track information such as circuit usage so it can be correlated with account information.”).

The four patents at issue in this case claim basic data compilation processes. The asserted claims vary in level of detail, with the broadest patent (the ’065 Patent) claiming a computer program that receives an accounting record from one source, correlates it with accounting information from a second source, and adds data from that second source to the first accounting record. App. 23a. Claim 1 is representative of the asserted claims:

1. A computer program product embodied on a computer readable storage medium for processing network accounting information comprising:

computer code for receiving from a first source a first network accounting record;

computer code for correlating the first network accounting record with accounting information available from a second source; and

computer code for using the accounting information with which the first network accounting record is correlated to enhance the first network accounting record.

The other patents differ slightly, but are not meaningfully less generic. The '797 patent “concentrat[es] on the structure of the [data records],” 761 F.3d at 1335, and claims a method for “generating a single record reflecting multiple services for accounting purposes” by identifying selected services and collecting data about those services. '797 Patent (16:30-37). The '984 and '510 patents each relate to “creating reports based on the generated [data records], and . . . sending alerts based on those reports.” 761 F.3d at 1333. They each claim collecting network usage information from components on a network, filtering and aggregating the information, completing a plurality of data records, storing the records in a database, and outputting records in response to queries submitted to the database. '984 Patent (15:31-63); '510 Patent (16:4-25).

The asserted claims do not include technical details or technological solutions for completing these standard record processing tasks. The sole technology is in the patent specifications, but it is also nonspecific and dated. For example, the specifications teach implementation of the claimed inventions using generic and functional components such as “network devices,” “information source modules (ISMs),” and “gatherers.” *E.g.*, '065 Patent (4:29-54). “The network devices represent any devices that could be included in a network.” *Id.* (5:11-12). “[T]he ISMs represent modular, abstract interfaces that are designed to be platform-neutral,” such as “Generic Proxy Server[s].” *Id.* (5:35-63). “[G]atherers can be any

hardware and/or software that perform the functions of a gatherer.” *Id.* (6:58-60). The specifications also recognize that the claimed process is nothing new, stating that “distributed data gathering, filtering and enhancements performed in the system . . . enables load distribution,” which was a useful feature in the 1990s when computers had limited memory and data processing capabilities. *Id.* (4:34-38).

### **III. Proceedings Below**

#### **A. The District Court Finds the Asserted Claims Unpatentable**

Amdocs filed suit against Openet in the Eastern District of Virginia in 2010. In 2013, Judge Brinkema of the Eastern District of Virginia entered a claim construction order and granted summary judgment of non-infringement in favor of Openet. *Amdocs (Isr.) Ltd. v. Openet Telecom, Inc.*, Case No. 1:10-cv-910-LMB/TRJ, 2013 U.S. Dist. LEXIS 9257, 2013 WL 265602 (E.D. Va. Jan. 22, 2013). In 2014, the Federal Circuit affirmed part of the claim construction but found disputed issues of material fact and remanded the case for further proceedings. 761 F.3d 1329. On remand, and in the immediate wake of *Alice*, Openet moved for judgment on the pleadings pursuant to Fed. R. Civ. P. 12(c), arguing that the asserted claims were not drawn to patentable subject matter.

The district court, applying the two-step *Alice/Mayo* framework, found the functional and generic claims of the four patents unpatentable. Its analysis of claim 1 of the '065 patent was typical of its analysis of the four patents. It first found that “claim 1 focuses on the concept

of correlating two network accounting records to enhance the first record,” which is an abstract idea. App. 85a-86a. The district court then found that the claim “does not add to the idea of correlating two network accounting records,” noting that “it is difficult to conceive of broader terms with which the idea of correlating two records could be described.” App. 86a. “Claim 1 does not limit the correlation to any specific hardware, nor give any detail regarding how the records are correlated or enhanced.” App. 86a. The district court criticized Amdocs for basing its patent eligibility arguments on “unclaimed aspects of how the invention operates,” which “cannot affect patent eligibility” if not claimed. App. 88a-89a.

The district court’s lengthy opinion paid close heed to the preemption concerns underlying patent eligibility considerations: “If [a] claimed abstract idea has no substantial practical application except in connection with the particular field claimed, then allowing a claim to that idea, even if limited to a particular field would wholly preempt the idea and in practical effect would be a patent on the idea itself.” App. 80a-81a (citing *Gottschalk v. Benson*, 409 U.S. 63, 71-72 (1972)). Recognizing the distinction between patent eligibility and invalidity, the district court found that Amdocs’s patent eligibility “argument misses the point” by focusing on “novelty” under 35 U.S.C. § 102 and “the notice function” of 35 U.S.C. § 112, rather than the “preemption” concerns implicit in § 101. App. 98a. The district court accordingly found that “Amdocs’s asserted claims recite such conventional operation, in such a general way, that even if the inventor had developed an actual working system, the patent claims could foreclose fields of research beyond the actual invention.” App. 99a.

## **B. A Sharply Split Federal Circuit Reverses and Finds the Claims Patent Eligible**

A divided Federal Circuit reversed the district court. Judge Plager, joined by Judge Newman, acknowledged that “[t]he two-step framework, set out by the Supreme Court for distinguishing patents that claim so-called laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts is now familiar law.” App. 9a. The panel majority, however, eschewed any “single universal definition of abstract idea,” finding “it is difficult to fashion a workable definition to be applied to . . . as-yet-unknown inventions.” App. 10a. Absent a “single, succinct, usable definition or test,” the panel majority determined that the proper “decisional mechanism” for patent eligibility determinations is “to examine earlier cases in which a similar or parallel descriptive nature can be seen.” App. 10a-11a.

After adopting that “flexible approach” to patent eligibility, App. 11a, the panel majority surveyed recent Federal Circuit decisions. App. 14a-22a. The panel majority recognized that the patent claims at issue here are “somewhat (at least facially) similar” to data processing claims held unpatentable in other cases. App. 24a. But it held that they “are much closer” to claims held patent eligible in other cases, because they were “directed to an improvement in computer functionality under step one . . . or recit[ing] a sufficient inventive concept under step two—particularly when the claims solve a technology based problem.” App. 25a. In so ruling, the panel assumed that the patent claims were directed to an abstract idea, without identifying what



the abstract idea was, before jumping to the second step. App. 25a. (“Indeed, even if we were to agree that claim 1 is directed to an ineligible abstract idea under step one, the claim is eligible under step two because it contains a sufficient ‘inventive concept.’”); *accord* App. 43a (“The majority avoids determining whether the asserted claims are directed to an abstract idea, or even identifying what the underlying abstract idea is.”)

When it turned to the second step of the *Alice* analysis, the panel majority ruled that patents were patent eligible by looking to the patents’ *specifications*. It “examined the claims in light of the specification,” App. 23a, and held that the “claim[s] entail[ed] an unconventional technological solution (enhancing data in a distributed fashion) to a technological problem (massive record flows which previously required massive databases),” even though the technological features were not recited in the claims. App. 26a. What’s more, the panel majority conceded that the claimed invention “requires arguably generic components, including network devices and ‘gatherers’ which ‘gather’ information.” App. 26a.

Judge Reyna dissented vigorously. First, he insisted that the court could not gloss over the first step in the *Alice/Mayo* framework. App. 43a. Judge Reyna explained that the eligibility inquiry requires courts to determine whether the claim is directed to an abstract idea because a court can only evaluate whether an inventive concept has been added to an abstract idea if it first identifies what the abstract idea is. App. 49a-50a. Judge Reyna found that, at the very least, a claim is directed to an abstract idea if it recites a “desired goal . . . absent structure or procedural means for achieving that goal.” App. 49a. Judge Reyna

concluded that patent claims at issue here are abstract under that standard—while they may “recite[] a software product embodied on a storage medium, [they] . . . provide no structural limitation of either the physical medium or the digital software.” App. 58a.

Second, Judge Reyna criticized the majority for importing the critical elements of its eligibility analysis, such as the use of distributed architecture, from the patents’ specifications. App. 44a. Judge Reyna emphasized that this “contravenes the fundamental principle” that patent eligibility must turn on the claims—and not on whether a different patent eligible invention could have been claimed based on the disclosures of the specification. App. 44a. Thus, Judge Reyna looked solely to the claims in the four patents and found that the claims in two of them (the ’065 and ’797 patents) lacked the requisite detail to be patent eligible. App. 58a, 79a. Judge Reyna would have found the claims in the other two patents (the ’984 and ’510 patents) eligible under his approach. But the methodological flaws in the panel opinion identified by Judge Reyna infected the panel’s analysis of all the patent claims at issue. App. 63a-64a.

## **REASONS FOR GRANTING THE PETITION**

### **I. The Decision Below Conflicts with this Court’s Precedent and Other Decisions of the Federal Circuit.**

The decision below undermines more than 150 years of case law prohibiting patents that claim functions without claiming specific structures or steps for performing those claimed functions. Indeed, until this case, the Federal

Circuit adhered to the correct rule that patent eligibility turns solely on the claims. *E.g.*, *Synopsys*, 839 F.3d at 1149 (“complex details from the specification cannot save a claim directed to an abstract idea that recites generic computer parts”). This Court should grant certiorari to restore that rule.

**A. To Be Patent Eligible, the Inventive Elements Must Be Found in the Claims.**

1. For over 150 years, this Court has required that a patent claim recite more than broad, generic functions to be patent eligible. A function (such as correlating or enhancing data) is akin to a formula or algorithm. It is not an invention at all but rather a building block that should be free to all. *Le Roy v. Tatham*, 55 U.S. 156, 175 (1852) (“A principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right.”). The patent system is designed to protect inventive ways of *performing* functions, not the functions themselves. Accordingly, a “patent confers . . . the exclusive right to use the means he specifies to produce the result or effect he describes, and nothing more.” *Morse*, 56 U.S. at 119.

In 1854, this Court stressed the difference between the patentable performance of functions and unpatentable functions when it was confronted with Samuel Morse’s attempt to claim “the use of the motive power of the electric or galvanic current, which I call electromagnetism, however developed for marking or printing intelligible characters, signs, or letters, at any distances . . .” *Morse*, 56 U.S. at 112. Morse’s invention overcame a problem in the prior art associated with the use of

a “galvanic current” over a distance—the current “gradually [became] weaker as it advanced on the wire” until it “was not strong enough to produce a mechanical effect.” *Id.* at 107. Solving this problem paved the way for widespread adoption of telegraphic communication using Morse code. But the patent claim was nonetheless rejected because it recited nothing more than a function—using electromagnetism to transmit signals. *Id.* at 113. Nothing limited the claim to any hardware or specific steps for performing the function. *Id.* Morse’s claim, if upheld, would have prevented others from using electromagnetism to transmit messages, even in better ways. *Id.* at 112-113 (“[W]hile he shuts the door against inventions of other persons, the patentee would be able to avail himself of new discoveries in the properties and powers of electromagnetism which scientific men might bring to light.”).

It made no difference that Morse intended to use his invention for transmitting telegraphic messages in Morse code, or even that his invention was one of the great technological advancements of the nineteenth century. The Court found that only “[w]hoever discovers that a certain useful result will be produced, in any art, machine, manufacture, or composition of matter, *by the use of certain means*, is entitled to a patent for it.” *Id.* at 119 (emphasis added). The requirement that patents must claim specific and inventive ways of implementing functions has been adopted in numerous other cases over the years. *See Flook*, 437 U.S. at 590-591 (collecting cases).

2. This Court has made clear, time and again, that, when assessing eligibility within this framework, what matters are the patent *claims*. Most recently, in *Alice*, the Court framed the patent eligibility inquiry this way: “First,

we determine whether *the claims* at issue are directed to one of those patent-ineligible concepts. If so, we then ask, “[w]hat else is there *in the claims* before us?” 134 S. Ct. at 2355 (citations omitted; emphases added). Similarly, in *Mayo*, the Court’s focus was on “the particular *claims* before” it. 566 U.S. at 72. In *Bilski v. Kappos*, the Court analyzed what the “*claims* in petitioners’ application do.” 561 U.S. 593, 612 (2010). And so on.

By focusing on the specification rather than the claim to evaluate patent eligibility, the Federal Circuit ran afoul of this Court’s precedents and permitted the type of claim the *Alice/Mayo* framework was meant to weed out. Claim 1 of the ’065 patent merely recites correlating and enhancing data records without any additional features. The other patent claims at issue are similarly generic and invalid. And nothing in their specifications can change the fundamentally abstract nature of the claims at issue. “A claim that recites an abstract idea must include ‘additional features’ to ensure that the claim is more than a drafting effort designed to monopolize the abstract idea.” *Alice*, 134 S.Ct. at 2357. No such features are present in the claims here. As Federal Circuit Judge Bryson explained, courts must take care to see through (and find ineligible) patents “dressed up in the argot of invention” that, when uncloaked, “simply describe a problem, announce purely functional steps that purport to solve the problem, and recite standard computer operations to perform some of those steps.” *Loyalty Conversion Sys. Corp. v. Am. Airlines, Inc.*, 66 F. Supp. 3d 829, 845 (E.D. Tex. 2014) (Bryson, J.).

The deficiencies in the patent claims in this case are no different than the deficiencies that rendered

countless other patents ineligible even if they purported to solve “massive” technological problems in their day. *See* App. 26a. Where claims are too generic to be patentable because they impede others from using new or different tools to perform the same functions, this Court has not hesitated to invalidate them. For example, in *Incandescent Lamp Patent*, the Court found invalid a patent for generating light using a filament made of “fibrous and textile materials” when it was asserted against Thomas Edison’s incandescent lightbulb. *Consol. Elec. Light Co. v. McKeesport Light Co.*, 159 U.S. 465, 472 (1895). Although the bamboo filament in Thomas Edison’s lightbulb unquestionably “made use of a fibrous or textile material, covered by the patent,” *id.* at 471-72, this Court found that a patent could not “put under tribute the results of the brilliant discoveries made by others” who seek to perform the same light-generation function in different and better ways. *Id.* at 474; *see also id.* at 476 (“[T]hat paper happens to belong to the fibrous kingdom did not invest them with sovereignty over this entire kingdom, and thereby practically limit other experimenters to the domain of minerals.”). So too here. Because Amdocs did not claim a specific inventive way of performing the function of records correlation—perhaps one that uses specific gatherers or network devices—it cannot have “sovereignty over th[e] entire kingdom” and prevent others from correlating records in new, different, and better ways. *Id.*

This Court has applied similar reasoning in other cases to emphasize that patents cannot broadly or generically claim functions that would prevent others from using new tools in the same space to develop better or alternative ways of generating the claimed result. In

*Fuller v. Yentzer*, the Court explained that a patent cannot “be sustained if the claim is for a result, the established rule being that the invention, if any, within the meaning of the Patent Act, consists in the means or apparatus by which the result is obtained.” 94 U.S. 288, 288 (1877). And in *Burr v. Duryee*, the Court refused to allow a patent to cover “all previous or future inventions for the same purpose.” 68 U.S. 531, 576 (1864); accord *Wyeth v. Stone*, 30 F. Cas. 723, 727 (C.C.D. Mass., 1840) (Story, J.) (“The patentee claims an exclusive title to the art of cutting ice by means of any power, other than human power. Such a claim is utterly unmaintainable in point of law. It is a claim for an art or principle in the abstract, and not for any particular method or machinery, by which ice is to be cut. No man can have a right to cut ice by all means or methods, or by all or any sort of apparatus.”).

3. The claim language must be the focus of the patent eligibility analysis to ensure that the public knows what is, and is not, protected by a patent. If patentees are instead allowed to patent generic functions (such as correlating and enhancing data) without providing specific inventive details in the claims, such patents will impede innovation by stymying those that seek to design-around patents and create better ways of performing the claimed functions. Mark A. Lemley, *The Myth of the Sole Inventor*, 110 MICH. L. REV. 709, 717, 753-54 (2012) (arguing that designing-around patent claims drives innovation); Craig A. Nard, *A Theory of Claim Interpretation*, 14 HARV. J.L. & TECH. 1, 40-41 (2000) (“The practice of designing-around extant patents creates viable substitutes and advances, resulting in competition among patented technologies.”).

By focusing the eligibility analysis on what is claimed, this Court has ensured that specific advances are rewarded while leaving others room to innovate. *See* Joshua D. Sarnoff, *Patent-Eligible Inventions after Bilski: History and Theory*, 63 HASTINGS L.J. 53 (2011) (exploring historical and policy underpinnings of the requirement that claims contain an inventive element to be patent eligible). But where the claims lack a specific inventive advance—leaving them so generic as to broadly preclude further innovation—this Court has rejected them. *See, e.g., Morse*, 56 U.S. at 113 (rejecting claim because “[i]f this claim can be maintained, it matters not by what process or machinery the result is accomplished.”). These concerns are particularly important for software patents, such as those at issue here. Wendy Seltzer, *Software Patents and/or Software Development*, 78 BROOKLYN L. REV. 929, 943 (2013) (“It is not the ideas, but their often-challenging development and implementation, that need incentive.”); Mark A. Lemley, *Software Patents and the Return of Functional Claiming*, 2013 WIS. L. REV. 905, 908 (“We wouldn’t permit in any other area of technology the sorts of claims that appear in thousands of different software patents.”)

The Federal Circuit has parted ways with this long line of precedent. If left to stand, the decision below will authorize courts to permit patents that cover broad subject areas so long as there is something in the patent specification that could be characterized as a technological field or improvement over prior art. This will result in approval of “broad and sweeping” claims that are “vastly disproportionate to their minimal technological disclosure.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1265-66 (Fed. Cir. 2014) (Mayer, J., dissenting).



And that, in turn, will leave “practitioners in the dark about what causes an improvement to either rise or not rise to the level of a ‘patent-eligible concept’ or a ‘patent-eligible application’ deserving of patent protection. This ambiguous process opens the door for subjective jurisprudence.” Paul R. Juhasz, *Amdocs v. Openet Exposes Achilles Heel in the Alice Two-Step Process*, Patent Horizon (Nov. 10, 2016), <http://www.patenthorizon.com/blog-posts/amdocs-v-openet-exposes-achilles-heel-in-alice-two-step-process>.

The Court should grant review in this case to ensure that the decision below does not serve as a roadmap for circumventing the second step of the *Alice/Mayo* framework. Absent such review, the decision will support the continued effort of certain judges, including one on the panel below, to make patent eligibility virtually automatic for any patent that purports to be new and useful, without regard to the abstractness of its claimed invention. *Bascom*, 827 F.3d at 1353 (Newman, J., concurring) (“I propose returning to the letter of Section 101, where eligibility is recognized for ‘any new and useful process, machine, manufacture or composition of matter’” no matter if “any of these classes is claimed so broadly or vaguely”). This Court should grant this petition and again confirm that it is the patent claims that must include a non-abstract “means or method of producing a certain result, or effect, and not [merely] . . . the result or effect produced.” *Diehr*, 450 U.S. at 182, n.7.

**B. The Federal Circuit Is Split Over Whether It May Look Beyond the Claims to Find Abstract Claims Patent Eligible.**

Certiorari is also justified to resolve the internal conflict at the Federal Circuit over whether the eligibility analysis must be confined to the patent claims.

1. The contrast between the decision below and the Federal Circuit’s *Synopsys* decision could hardly be more stark. *See* 839 F.3d 1138.<sup>1</sup> In that case, the Federal Circuit invalidated claims related to microprocessor designs because “[t]he § 101 inquiry *must focus on the language of the Asserted Claims themselves.*” *Id.* at 1149 (emphasis added). Here, the Federal Circuit took the exact opposite approach as there is nothing in the language of the asserted claims that confers eligibility. They speak in broad terms of correlating and enhancing data; the patents’ sole technological details are included in their specifications. App. 3a, 55a-56a.

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1. There is currently a petition for certiorari pending in *Synopsys*, which is scheduled for consideration at the long conference. The first question presented in that petition raises the same question as this petition. The petition in *Synopsys*, however, takes a position directly contrary to the petitioner in this case—arguing that the patent eligibility analysis should extend into the specification—underscoring the internal division in the Federal Circuit. Because the issues overlap, the Court may wish to consider the petition for certiorari in this case along with the petition in *Synopsys*, and grant the cases in tandem. If it grants certiorari in *Synopsys* before it considers this case, it should at the very least hold and GVR this petition.

And the decision below does not only conflict with *Synopsys*. That case followed a line of cases that restricted the patent eligibility analysis to the claims themselves. See, e.g., *Accenture Global Servs., GmbH v. Guidewire Software, Inc.*, 728 F.3d 1336, 1345 (Fed. Cir. 2013) (“the important inquiry for a § 101 analysis is to look to the claim”); *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1346 (Fed. Cir. 2014) (“We focus here on whether the claims of the asserted patents fall within the excluded category of abstract ideas.”). In those cases, it made no difference whether the specification purported to recite a technological solution to a technological problem. The abstract, functional claims were simply ineligible.

There is no prospect that this division will be resolved absent the Court’s intervention, leaving patent eligibility dependent on the members of the panel selected to hear a case. Indeed, just a month before the decision below issued, a different Federal Circuit panel found that “[t]he district court erred in relying on technological details set forth in the patent’s specification and not set forth in the claims to find an inventive concept.” *Intellectual Ventures*, 838 F.3d at 1322. Here, the panel instead reversed the district court for *not* relying on technological details set forth in the patent’s specification. See App. 44a (Reyna, J., dissenting) (“The majority also relies on the specification to import innovative limitations into the claims at issue.”). Certiorari is needed to resolve which approach is correct.

2. This case provides an ideal vehicle to resolve this question because the panel adopted the wrong approach below. Relying “on the specification to import innovative limitations into the claims at issue . . . contravenes the

fundamental princip[le] that the section 101 inquiry is about whether *the claims* are directed to a patent-eligible invention, not whether *the specification* is so directed.” App. 44a (Reyna, J., dissenting). This has been the standard in countless prior decisions, and it should not be changed now. *See, e.g., Affinity Labs of Tex., LLC v. DIRECTV Digital, LLC*, 838 F.3d 1253, 1258 (Fed. Cir. 2016) (“The inventive concept step requires us to look with more specificity at what the claim elements add.”); *Affinity Labs of Tex., LLC v. Amazon.com, Inc.*, 838 F.3d 1266, 1269 (Fed. Cir. 2016) (“the claims do no more than describe a desired function or outcome, without providing any limiting detail that confines the claim to a particular solution to an identified problem”).

Left uncorrected, the decision below will transform the patent eligibility analysis by authorizing courts to ask whether a patent-eligible invention *could have been claimed* based on details in the specification—rather than whether a patent-eligible invention actually was claimed. Here, the specifications referenced hardware found in a computer network to collect, correlate, and enhance network accounting records, but nothing in the claims recited those technical details or explained how the network accounting records would be enhanced or correlated. The claims instead only spoke of correlating and enhancing records. And they were construed only to specify where—not how—the claimed enhancement would occur.

These abstract claims should not have been saved by combing the specification for technical details. Only the claims inform “what type of discovery is sought to be patented” and accordingly only the claims themselves

should determine whether an invention is patent eligible. *Flook*, 437 U.S. at 593; see also Giles S. Rich, *The Extent of the Protection and Interpretation of Claims—American Perspectives*, 21 INT’L REV. INDUS. PROP. & COPYRIGHT L. 497, 499 (1990) (“To coin a phrase, *the name of the game is the claim.*”) (emphasis added).

3. Examples abound of the inconsistent results that will continue absent review of the decision below. In *Digitech*, the Federal Circuit found claims directed to “a process of taking two data sets and combining them into a single data set” to be unpatentable, even though that patent specification “disclose[d] an ‘improved device profile’” that overcame a problem in the prior art. *Digitech Image Techs., LLC v. Elecs. for Imaging, Inc.*, 758 F.3d 1344, 1347-48, 1351 (Fed. Cir. 2014). Here, the panel majority found virtually indistinguishable claims patentable—like the *Digitech* claims, the claims here call for the combination of data sets by “receiving from a first source a first network accounting record,” “correlating [that] record with accounting information available from a second source,” and “using the [correlated] accounting information . . . to enhance the first network accounting record.” App. 23a.

Similarly inconsistent with the decision below is the Federal Circuit’s conclusion that claims that recited steps such as “receiving a plurality of data streams” and “displaying . . . results” to derive “a composite indicator” were ineligible. *Electric Power Group, LLC v. Alstom S.A.*, 830 F.3d 1350, 1351-52 (Fed. Cir. 2016). Yet the decision below found the claims in the ’797 patent eligible, which claim steps of “collecting data describing [a] plurality of services” and “utilizing a graphical user interface” to

select data fields to “generat[e] a single record.” App. 37a. The Court explained in *Electric Power Group* that, “[t]hough lengthy and numerous, the claims do not go beyond requiring the collection, analysis, and display of available information in a particular field, stating those functions in general terms, without limiting them to technical means for performing the functions that are arguably an advance over conventional computer and network technology.” *Id.* at 1351. The claims below are no different. Certiorari should be granted to stop these facially-inconsistent, panel-dependent outcomes.

### **C. Whether the Claims Have Been Construed Should Not Be Probative of Patent Eligibility**

The Federal Circuit justified its approach in part on the fact that an earlier claim construction relied on the specification. But patent eligibility should not turn on the presence, absence, or particulars of a claim construction ruling.

Patent eligibility should rise or fall based on whether a patent has *claimed* an abstract idea or contains specific inventive elements—not on whether a court or the parties have put a gloss on specific claim terms during the course of litigation. After all, patent eligibility can be and often is assessed before claim construction has even occurred. And the presence of broad, abstract claim language will be a drag on innovation; the prospect that the language may one day be construed more narrowly than it appears does not relieve the damage that broad claims do to the patent system. *Cf. Mayo*, 132 S. Ct. at 1301-02. That is why the eligibility analysis has always focused on the claim language itself.

Further, a narrowed abstract claim remains an abstract claim; the narrowing does not somehow make it patent eligible. *See, e.g., Intellectual Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1321 (Fed. Cir. 2016) (“A narrow claim directed to an abstract idea, however, is not necessarily patent-eligible, for while preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility.”); *Synopsys*, 839 F.3d at 1151 (“A claim for a new abstract idea is still an abstract idea,” and “[t]he search for a § 101 inventive concept is . . . distinct from demonstrating § 102 novelty.”).

The claim construction here was typical of claim constructions that narrow the scope of an abstract claim based on disclosures in the specification but leave the claim abstract. The district court looked to the specification to “define the outer limits of the claim term.” *Amdocs*, 761 F.3d at 1340. Nothing in the claim construction made the claimed concept of “enhancing” data less functional or less abstract. It did not import into the claim any technical elements from the specification; it merely identified the location where the data records would be “enhanced” under the claim.

The requirement that a claim must recite specific inventive elements in addition to the claimed abstract idea “cannot be circumvented by attempting to limit the use of [a] formula to a particular technological environment” or the performance of an abstract idea to a specific location. *Flook*, 437 U.S. at 584. And that is all that the claim construction did here—it clarified that a settled data compilation process would occur in a specific location. The construction did not transform the abstract

claim into something patent eligible. Indeed, “nothing is better settled in this court than that the application of an old process to a new and analogous purpose does not involve invention, even if the new result had not before been contemplated.” *Ansonia Brass & Copper Co. v. Elec. Supply Co.*, 144 U.S. 11, 18 (1892). That the patents purport to be useful in tracking data generated on the internet thus does not alone provide an inventive concept. “[I]f a claim is directed essentially to a method of calculating, using a mathematical formula, even if the solution is for a specific purpose, the claimed method is nonstatutory.” *Flook*, 437 U.S. at 595.

In the end, it is the claims that must establish patent eligibility—and not the specification, whether that specification is referenced directly or smuggled through a claim construction. Certiorari should thus be granted for this reason as well: to ensure that a reference to a specification during claim construction is not used as a backdoor for upholding otherwise abstract patent claims.

## **II. Clarifying the Application of the *Alice/Mayo* Framework Is Vitally Important**

The Court’s resolution of the issues raised in this petition is vitally important given the prevalence of patent eligibility issues in patent litigation, and the effect that incorrect decisions can have on further innovation. *See supra*, Section I.A.3. Since *Alice* was decided in 2014, there have been at least 392 district court decisions evaluating the patent eligibility of 862 patents covering 24,496 patent claims. Robert R. Sachs *et al.*, *#Alicestorm: April Update and the Impact of TC Heartland on Patent Eligibility* (June 1, 2017), <http://www.bilskiblog.com/>



[blog/2017/06/alicestorm-april-update-and-the-impact-of-tc-heartland.html](http://blog/2017/06/alicestorm-april-update-and-the-impact-of-tc-heartland.html).

1. Lower courts want more clarity on how to implement the two-part test for eligibility established in *Alice*. For example, one court recently asked for “practical guidance” about how to “distinguish[] software and computer patents that are valid under § 101 from those that are not.” *Synchronoss Techs., Inc. v. Dropbox Inc.*, No. 16-cv-00119-HSG (N.D. Cal. Dec. 22, 2016). Another has described the *Alice* analysis as a “difficult exercise” absent additional direction. *Device Enhancement LLC v. Amazon.com, Inc.*, 189 F. Supp. 3d 392, 400-401 (D. Del. 2016).

The additional direction should not come from the decision below, which parts ways with decades of precedent by looking beyond the claims of a patent to find inventive concepts. Yet the decision below has already been used to uphold the type of vague patents *Alice* and *Bilski* were meant to eradicate. See *Vermint Sys., Inc. v. Red Box Recorders Ltd.*, 226 F. Supp. 3d 190, 198 (S.D.N.Y. 2016) (citing decision below to find that “Claim 1 may initially appear to be a relatively simple method—but it must be read in light of its limitations and against the parameters outlined in the specification.”); accord *Finjan, Inc. v. Blue Coat Sys., LLC*, 2016 U.S. Dist. Lexis 173116 (N.D. Cal. Dec. 13, 2016) (“This case presents an interesting scenario where the claims themselves are basic and broad, but significant clarifying detail is provided in a specification.”). Certiorari should be granted to ensure a return to the fundamental principle that patent eligibility rises and falls based on the level of detail in the claims.

2. Members of the patent bar have similarly called for the Court to provide further guidance on the implementation of the *Alice/Mayo* framework. The American Bar Association Section of Intellectual Property Law, American Intellectual Property Law Association, and Pharmaceutical Research and Manufacturers of America have all cited the “confusion caused by recent court rulings on patent-eligibility” and observed that “lower courts and the USPTO have struggled to implement the Supreme Court’s test in a predictable and consistent manner.” Ryan Davis, *IP, Pharma Groups Call For Patent Eligibility Law Overhaul*, Law360, (Jan. 30, 2017), <https://www.law360.com/articles/884771/ip-pharma-groups-call-for-patent-eligibility-law-overhaul>.

In fact, IBM’s chief patent counsel has declared that “right now there’s no bigger issue” than patent eligibility under Section 101. See Richard Lloyd, *Whether it’s reformed or abolished something needs to be done about 101*, iAM (Intellectual Property Asset Management) Blog, Apr. 15, 2016, <http://www.iam-media.com/blog/detail.aspx?g=bf931c59-698b-4114-8b87-31a1ceb226c9>. Michelle Lee, the former director of the U.S. Patent & Trademark Office, has similarly called for “greater clarity on [this] issue.” *Id.*

This case provides an ideal opportunity to answer these calls and provide additional guidance to the courts, the patent bar, and the public, so that cutting-edge innovations are not suppressed by the standard announced below.

**CONCLUSION**

For the foregoing reasons, the Court should grant this petition for a writ of certiorari.

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