

2015-1863

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

IPLEARN-FOCUS, LLC

Plaintiff-Appellant,

v.

MICROSOFT CORP.

Defendant-Appellee.

Appeal from the United States District Court for the Northern District of California
Case No. 3:14-cv-00151-JD, Judge James Donato

**BRIEF OF *AMICUS CURIAE* BROADBAND iTV, INC., NETWORK-1
TECHNOLOGIES, INC., AND MIRROR WORLDS TECHNOLOGIES,
LLC IN SUPPORT OF PLAINTIFF-APPELLANT'S PETITION FOR EN
BANC REHEARING**

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August 24, 2016

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

IPLearn-FOCUS, LLC v. MICROSOFT CORP.

No. 2015-1863

CERTIFICATE OF INTEREST

Counsel for amici curiae state the following:

1. The full names of every party or amicus represented by me are:

Broadband iTV, Inc., Network-1 Technologies, Inc. and Mirror Worlds Technologies, LLC

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

Not applicable.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

Mirror Worlds Technologies, LLC is a wholly owned subsidiary of Network-1 Technologies, Inc. There are no parent corporations or publicly held companies that own 10 percent or more of the stock of Network-1 Technologies, Inc. or Broadband iTV, Inc.

4. The names of all law firms and the partners or associates that appeared for any of the parties or amicus now represented by me in the trial court or agency or are expected to appear in this Court are:

Charles R. Macedo, Jessica Capasso, and Sandra A. Hudak of Amster, Rothstein & Ebenstein LLP.

Dated: August 24, 2016

By: /s/ Charles R. Macedo

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STATEMENT OF INTEREST

Amici Curiae Broadband iTV, Inc. (“BBiTV”), Network-1 Technologies, Inc. (“Network-1”), and Mirror Worlds Technologies, LLC (“MW”) (collectively “Amici”) respectfully submit this *amici curiae* brief in support of the petition for en banc rehearing filed by Plaintiff-Appellant IPLearn-Focus, LLC (“Petitioner”).¹

BBiTV is a former practicing entity and patent holder in the field of delivering video-on-demand content via television communication services. It continues to enhance its technology by investing in ventures within its field and that commercially implement its inventions. BBiTV maintains a substantial interest and investment in the fruits of its development in the form of its patents.

Network-1 and MW collectively own twenty-four patents covering various telecommunications and data networking technologies as well as technologies relating to document stream operating systems and the identification of media content. These patents include inventions by world class professors from such prestigious higher education institutions as Yale University, University College London, and University of Copenhagen. Network-1 and MW work with such inventors to develop and commercialize and license the results of their research

¹ Amici has concurrently filed a motion requesting leave to file this *amici curiae* brief. Both parties have consented to this motion. Pursuant to FRAP 29(c)(5), 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 Amici or their counsel made a monetary contribution to fund the preparation or submission of this brief.

and thus, maintain a substantial interest in protecting it.

Confusion among courts resulting in overzealous application of the law on patent-eligibility under 35 U.S.C. § 101 is causing harm to patent owners, inventors, and the marketplace. The errors committed by the District Court here have been repeated by other courts and have infected the law of patent-eligibility. Thus, Amici each believe it is important for this Court to grant the Petition.

SUMMARY OF THE ARGUMENT

Amici submit this brief to address a growing and alarming trend in the misapplication of the law on patent-eligibility since *Alice Corp. v. CLS Bank, Int'l*, 134 S. Ct. 2347 (2014). The District Court decision that was affirmed here without opinion is one in a series of district court decisions post-*Alice* that have mis-used § 101 to invalidate claims, untethered to the language of the claims, the underlying facts, or the governing law. Indeed, district courts have overextended *Alice* and *Mayo Collaborative Servs. v. Prometheus Labs.*, 132 S. Ct. 1289 (2012) to find claims invalid under § 101 without regard to the presumption of validity or any factual findings required by the language of the claims before them.

As noted by Petitioner, rehearing en banc by this Court is warranted because the Panel's decision is inconsistent with Supreme Court precedent in *Alice* and *Mayo*, as well as *Microsoft Corp. v. i4i Partnership*, 131 S. Ct. 2238, 2245 (2011). The Panel's affirmance also conflicts with this Court's most recent

guidance in *BASCOM v. AT&T Mobility*, No. 2015-1763 (Fed. Cir. June 27, 2016) and *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016).

Significantly, there was no support in the record here establishing that the elements of the claims were merely well-known and conventional, both individually and as an ordered combination. (Pet. at 5-10). Nevertheless, the Panel's decision upheld summary judgment of ineligibility, even where the patent owner alleged that the combination of elements was *not* conventional. Indeed, although the same three patents invalidated here have survived challenges under §§ 102 and 103, the District Court held that the claims were merely directed to an abstract idea plus well-known elements *without any evidence or other support* that those elements were merely conventional at the time of the invention. (Pet. at 6, 9-10). This error by the District Court is part of a bigger picture problem: that district courts are generally *ignoring their obligation to provide evidentiary support for their underlying factual findings in § 101 analyses*.

These errors were not only made in the present case, but are being made in other decisions relying upon this lax and improper approach to invalidating property rights of patent owners. This alarming trend of loosely applying § 101, such that claims directed to arguably novel inventions may be invalidated without the same rigorous analysis required by the other statutory conditions of patentability, has allowed the judicial exception to patent-eligibility to “swallow all

of patent law.” *Alice*, 134 S. Ct. at 2354; *see also Mayo*, 132 S. Ct. at 1293.

Since *Alice*, hundreds of patents and thousands of claims have been declared ineligible by lower courts using an overly broad interpretation of *Alice*. Thus, Amici urge this Court to grant the Petition, and provide some much needed clarity regarding what is, in fact, patent-eligible after *Alice* and the evidentiary standards which must be used when determining whether the claims before them merely claim an abstract idea, or “something more.” While *BASCOM* and *Enfish* (and *Rapid Litigation Mgmt. Ltd. v CellzDirect Inc.*, No. 2015-1570 (Fed. Cir. Jul. 5, 2016)) have offered some assistance, additional guidance is needed.

ARGUMENT

I. Like Other Statutory Conditions of Patentability, Patents May Not Be Invalidated under Section 101 without Sufficient Support in the Record

In *i4i*, the Supreme Court made crystal clear that “by its express terms, §282 establishes a presumption of patent validity, and it provides that a challenger must overcome that presumption to prevail on an invalidity defense.” 131 S. Ct. at 2245. As with challenges based on non-compliance with §§ 102, 103, and 112, parties challenging the validity of a patent under § 101 must overcome that presumption of validity. *Id.*; *accord CLS Bank Int’l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, 1284 (Fed. Cir. 2013) (Lourie, J., concurring), *aff’d* 134 S. Ct. 2347 (2014) (“as with obviousness and enablement, that presumption applies when § 101 is raised as a basis for invalidity in district court proceedings”).

Consequently, challenges to validity under § 101 should be held to the same evidentiary standards required of these other sections, such that patent challengers are not permitted to evade the statutory presumption of validity with a lower standard of proof for § 101 than is required for other invalidity defenses.

A. At Step Two, Factual Findings that Elements are Routine, Well-Understood, and Conventional Should Be Supported by Evidence

In *i4i*, the Supreme Court explained that “[i]n evaluating whether [35 U.S.C. §§ 101, 102, and 103] and other statutory conditions have been met, PTO examiners *must make various factual determinations*” *Id.* at 2242 (emphasis added). “While the ultimate question of patent validity is one of law, *the same factual questions* underlying the PTO’s original examination of a patent application will also bear on an invalidity defense in an infringement action.” *Id.* at 2242–43 (internal citations omitted; emphasis added). *Teva Pharms. USA v. Sandoz, Inc.*, 135 S. Ct. 831, 836 (2015) continues to recognize that even questions of law like claim construction can turn on underlying findings of fact. Thus, even though a § 101 analysis may ultimately be a conclusion of law, it nonetheless includes “evidentiary underpinnings,” such as whether the elements of a claim are “well-understood, routine, [and] conventional” or whether they, individually or as an ordered combination, add “something more.” *Alice*, 134 S. Ct. at 2354, 2359.

Unsurprisingly, the Supreme Court’s patent-eligibility precedent has treated this analysis of the “additional elements” of the claims as a factual one that

requires support. For example, *Mayo* considered all of the steps of the claims beyond the natural phenomenon, and found that these additional elements were either a limitation to “a particular technological environment” or “[p]urely ‘conventional or obvious’ ‘[pre]-solution activity.’” 132 S. Ct. at 1297–98. Importantly, *Mayo supported these conclusions with evidence*. *Id.* (“As the patents state, methods for determining metabolite levels were well known in the art”). *Mayo* also considered whether the combination of the elements added anything that was not already present when the steps are considered separately and concluded, based on a factual consideration specific to the claims before it, that the combination was also unoriginal. *Id.* at 1298 (citing *Diamond v. Diehr*, 450 U.S. 175, 188 (1981) (“[A] new combination of steps in a process may be patentable even though all the constituents of the combination were well known and in common use before the combination was made”)).

Alice built on *Mayo*, and held that “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention” because, “[g]iven the ubiquity of computers, **wholly generic** computer implementation is not generally the sort of ‘additional featur[e]’ that provides any ‘practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.’” 134 S. Ct. at 2358 (quoting *CLS Bank*, 717 F.3d at 1286 (Lourie, J., concurring) and *Mayo*, 132 S. Ct. at 1297) (emphasis

added). *Alice* went on to find the individual element of the claims before them to be wholly generic, both individually and as an ordered combination, and ***provided support for that conclusion***. *Id.* at 2359 (“Using a computer to create and maintain ‘shadow’ accounts amounts to electronic recordkeeping — one of the most basic functions of a computer.” (citing *Gottschalk v. Benson*, 409 U.S. 63, 65 (1972))).²

Indeed, the Supreme Court patent-eligibility precedent provides ample support for the principle that the underlying factual findings of a patent-eligibility analysis must be supported. Evidence must be supplied not only with regard to whether the additional limitations of the claims are conventional, but also, *inter alia*, whether the alleged abstract idea is an algorithm or a longstanding business practice³; and whether the claims substantially preempt the alleged abstract idea.

In *BASCOM*, this Court properly clarified that, even if each element was

² *Bilski* likewise found that two claims at issue described the concept of hedging, and the “remaining claims [were] broad examples of how hedging can be used in commodities and energy markets,” which were insufficient “field of use” limitations or token “postsolution components” that did not make the concept patentable. 561 U.S. 593, 612 (2010).

³ Amici maintain that the Supreme Court has only identified “abstract ideas” that are fundamental truths (e.g., laws of nature or algorithms) or “fundamental economic practice[s] long prevalent in our system of commerce.” See Brief of Amici Curiae BBitV et al., *Netflix, Inc. v. Rovi Corp.*, No. 2015-1917, at 7–14 (Fed. Cir. Dec. 18, 2015). The Supreme Court has supported with evidence findings that a concept is longstanding. *Id.* at 9 (citing *Alice*, 134 S. Ct. at 2356 (citing to publications from 1896 and textbooks) and *Bilski*, 561 U.S. at 611)).

well-known in the art individually, the claims may still contain an inventive concept as an ordered combination. Slip op. at 15 (finding inventive concept “in the non-conventional and non-generic arrangement of known, conventional pieces”). Thus, support must also be provided as to whether the combination is well-known or might contain an inventive concept. This view is supported by the Supreme Court’s balanced approach to obviousness under § 103, under which “a patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was, independently, known in the prior art.” *KSR v. Teleflex*, 127 S. Ct. 1727, 1742 (2007). Instead, it is “important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements . . . because inventions in most, if not all, instances rely upon building blocks long since uncovered, and claimed discoveries almost of necessity will be combinations of what, in some sense, is already known.” *Id.*; accord *Alice*, 134 S. Ct. at 2355 n.3 (because patent-eligibility analysis “considers all claim elements, both individually and in combination, it is consistent with the general rule that patent claims ‘must be considered as a whole’”).

Here, however, Petitioner has argued that there is *no support* in the record to establish that the combination of additional elements was merely routine and conventional. While the District Court’s opinion cited to the patent specification in

support of its step two analysis, it incorrectly referred to the premise of the patents as relying on the “ubiquity of standard computer technology” rather than determining whether the combination of elements in the *claims* was conventional. This is error, which requires correction by this Court to avoid an improper lowering of the standard of proof required to invalidate patents, contrary to the statutory presumption of validity.

B. A Claim’s Novelty over the Prior Art May Be Relevant in Showing that Its Elements Are Not Merely Conventional

Although § 101 and §§ 102 and 103 involve different inquiries, the scope and content of the prior art is nonetheless relevant to determining what is well-known and conventional for purposes of a patent-eligibility analysis. *See, e.g., Mayo*, 132 S.Ct. at 1304 (2012) (“in evaluating the significance of additional steps, the § 101 patent-eligibility inquiry and, say, the § 102 inquiry might sometimes overlap.”); *see also Alice*, 134 S. Ct. at 2357 (claims are patent-eligible if the claim contains an “inventive concept”); *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1347 (Fed. Cir. 2015) (“pragmatic analysis of § 101 is facilitated by considerations analogous to those of §§ 102 and 103 Courts have found guidance in deciding whether the allegedly abstract idea ... is indeed known, conventional, and routine, or contains an inventive concept, by drawing on the rules of patentability”); *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 715 (Fed. Cir. 2014) (novelty “is a factor to be considered” in step two).

Thus, just as there must be evidence in the record to support findings that the additional elements of the claims were conventional, evidence that those elements *were not* used in the prior art weighs against a finding that those elements were conventional. Because validity determinations *must* evaluate claims as a whole,⁴ §§ 102 and 103 determinations finding that elements were not included in the prior art should weigh against finding, especially on summary judgment, that the claims are patent-ineligible under § 101 as only involving generic application of the abstract idea that would substantially preempt all applications.

Here, the District Court failed to consider the impact of the additional elements of the claims by ignoring previous §§ 102 and 103 determinations finding the claims patentable. This Court should grant the Petition to correct that error and provide additional guidance as to the importance of considering evidence in determining whether claims contain an inventive concept at step two.

CONCLUSION

For the reasons set forth herein, Amici respectfully urges the Court to grant the petition, and clarify the bounds of patent-eligibility.

⁴ *Cf. Warner-Jenkinson v. Hilton Davis*, 520 U.S. 17, 29 (1997) (“Each element contained in a patent claim is deemed material to defining the scope of the patented invention.”).

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Respectfully submitted,

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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

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I certify that I served a copy on counsel of record on 8/24/2016

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