

IN THE
Supreme Court of the United States

ALICE CORPORATION PTY. LTD.,

Petitioner,

v.

CLS BANK INTERNATIONAL AND CLS SERVICES LTD.,

Respondent.

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

**BRIEF OF PUBLIC KNOWLEDGE AS
AMICUS CURIAE IN SUPPORT OF RESPONDENT**

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35 U.S.C. § 101 (2013) 3, 5–9

INTEREST OF *AMICUS CURIAE*

Public Knowledge is a non-profit organization that is dedicated to preserving the openness of the Internet and the public’s access to knowledge; promoting creativity through balanced intellectual property rights; and upholding and protecting the rights of consumers to use innovative technology lawfully. As part of this mission, Public Knowledge advocates on behalf of the public interest for a balanced patent system, particularly with respect to new and emerging technologies.

Public Knowledge has previously served as *amicus* in key patent cases. *E.g.*, *Microsoft Corp. v. i4i Ltd. P’ship*, 131 S. Ct. 2238 (2011); *Bilski v. Kappos*, 130 S. Ct. 3218 (2010); *Quanta Computer, Inc. v. LG Elecs. Corp.*, 553 U.S. 617 (2008).

SUMMARY OF ARGUMENT

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ARGUMENT

- I. The Claims at Issue Are Ineligible Under Section 101 Because They Effectively Preempt Substantially All Uses of an Abstract Idea**
- A. A Fourteen-Line Computer Implementation of the Patented Technology Illustrates that the Claims Are Not Meaningfully Limited Beyond an Abstract Idea**

The claims use complex, technical-sounding language like “shadow accounts” that make the claim to appear

substantially limited beyond a mere abstract idea. However, a careful reading of the claims shows that this complex language does not in fact actually provide such substantial limitations.

To demonstrate this, we prepare a computer program that implements all the features of the claims. The computer program is very short, indicating that the verbose language of the claims does not in fact demand specific, particular implementations but rather can expansively cover all implementations.

```

10 LET account1 = 200.00
20 LET account3 = 300.00
30 INPUT "Value to exchange for transaction"; exchange
40 IF account1 < exchange THEN PRINT "Inadequate
    value" : STOP
50 account1 = account1 - exchange
60 account3 = account3 + exchange
70 PRINT "Instruction to 1st institution: adjust 2nd
    account by "; -exchange

```

Certain judges of the Federal Circuit were clearly misled by the claim language. They believed that the claim required particular, specific implementation details, due to the apparently technical language of the claims and the patent specification. However, our presented computer implementation shows these beliefs to be in error.

B. Read with Proper Expansiveness, the Claims Cover Substantially All Computer Implementations of a Basic, Abstract Accounting Idea of Third-Party Escrow

As can be plainly seen, the computer program presented is nothing more than the basic steps of accounting performed by a third-party escrow. All of the steps relate either directly to inherent aspects of this idea or insignificant pre- or post-solution activity.

Since the computer program implements all the features of the claims at issue, this necessarily means that the patent claims are directed to nothing more than the abstract idea of accounting by a third-party escrow. Accordingly, practically anyone implementing this abstract idea would need to include the same steps as those in our computer program, and thus would infringe the claims of the patent.

Thus, the patent claims preempt essentially all computer-implemented uses of accounting by a third-party escrow.

C. The Court Should Disapprove the Preemption of Substantially All Computer Uses of an Abstract Idea, and Thus Hold the Claims at Issue Ineligible Under Section 101

Under this Court's precedent, a patent claim is ineligible under 35 U.S.C. § 101 (2013) if that claim has the practical effect of removing all uses of an abstract idea from the public domain. In the present case, the claim would have the practical effect of removing all uses of an abstract idea *on a general purpose computer* from the public domain. The Court should find such a claim ineligible as well, for the following reasons.

First, the addition of a general purpose computer is no more significant than the addition of post-solution or pre-solution activity that the Court has previously held not to render an otherwise abstract idea patentable. Cases such as **mayo** and *Parker v. Flook* have disregarded post-solution and pre-solution activity on the rationale that [it does not significantly contribute to the subject matter of the claim, and that any competent draftsman could render a claim patentable by simple and insignificant addition of such limitations]. The same applies to the addition of a general-purpose computer. It does not contribute significantly to the inventive aspect of the claim, and any competent draftsman could easily insert a general purpose computer.

Furthermore, the Court has reasoned that abstract ideas must remain unpatentable to ensure that the basic tools of innovation remain free to all. *See Bilski v. Kappos*, 130 S. Ct. 3218 (2010); **mayo**; **benson**. Allowing patents on those basic tools of innovation would hinder, rather than promote, the progress of technology. Computers are also a basic tool of innovation, which enable software developers to test out new ideas, improve on existing ones, and create new innovations. They are essential to the progress of technology. Allowing patents on abstract ideas merely implemented on general purpose computers would thus equally hinder the progress of technology.

Finally, strong policy considerations indicate that mere inclusion of a general purpose computer should not render an otherwise abstract idea patentable. Computers are in widespread use today, and are effectively unavoidable. Thus, while as a truly formal matter a general purpose computer is only one possible way of implementing an abstract idea, in a practical sense a general pur-

pose computer is the only way of implementing almost any of the abstract ideas used in society today. Condemning the public to resort to pencil and paper to avoid patent infringement is a simply untenable demand.

The Federal Circuit's holding in **alappat** should not affect this conclusion. There, the lower court held that a general-purpose computer, when instructed to perform a specific program, becomes a special-purpose computer. This is simply a statement of how a computer works internally, and says nothing about the degree to which a patent claim is limited by incorporation of a general purpose computer.

For similar reasons, the mere recitation in a patent claim of computer hardware, not specifically related to the inventive aspects of the claim, should not affect eligibility of the claim. This would enable a clever draftsman to evade § 101.

II. The Court Should Proactively Clarify the Law of Subject Matter Eligibility in Order to Avoid Further Errors Relating to Abstract Ideas Implemented on General-Purpose Computer Hardware

The Supreme Court has taken numerous subject matter eligibility cases recently. It does so because the Federal Circuit is in a confused state about the law of § 101, primarily because a small faction of that court repeatedly applies incorrect analytical techniques to improperly find patents eligible even when this Court's precedents demand otherwise.

To clearly enunciate the law for the Federal Circuit and to prevent the need for further appeals, this Court

should explicitly reject those improper analytical techniques, some of which have been catalogued below.

A. Because Implementation Details in the Specification Do Not Necessarily Limit the Scope of Claims, the Court Should Enunciate the Inappropriateness of Relying on Such Details in Evaluating Subject Matter Eligibility

In assessing whether a claim is ineligible under § 101, courts must consider the entire breadth of the claim. Claims directed to an abstract idea will still cover specific, concrete implementations of that abstract idea, so the mere fact that a claim covers a concrete implementation is no indicator that a claim is directed to eligible subject matter.

Nevertheless, certain judges of the Federal Circuit persistently err by relying on specific examples to find patent claims eligible. In the present case, the plurality opinion justified its finding that the system claims of the patents at issue were eligible, by selecting a complex-looking flowchart from the specification to point to the supposed complexity and concreteness of the claim. By doing so, they failed to contemplate the possibility that other, simpler, abstract ideas were *also* covered by that same claim—ideas such as the 14-line computer program presented in this brief.

Ironically, those same judges of the Federal Circuit criticize their opposed colleagues for failing to read the “claims as a whole.” It is in fact those opposed colleagues who have actually read the claims as a whole, contemplating the vast scope of what they cover. It is that plurality of the Federal Circuit, instead, who fails to read

the claims as a whole, focusing wrongly on specific examples and obfuscatory language that misleadingly make abstract ideas appear patentable.

B. The Court Should Reaffirm its Longstanding View that Mere Drafting Decisions, such as Choosing Between System and Method Claims, Do Not Affect Subject Matter Eligibility

The formalistic approach favored by some judges of the Federal Circuit lends to easy circumvention by clever patent drafting. For example, the suggestion that the method claims in the present case are ineligible, while system claims directed to the same technology are eligible, simply encourages patent applicants to use system claims in order to skirt the abstract ideas test.

Granting such weight to mere formal drafting practices ignores the basic rationale behind the Supreme Court's exceptions to § 101. In explaining the basis for the three exceptions to § 101, this Court has applied the fundamental principle that patents must ultimately incentivize innovation. While patents on many inventions do serve this principle, patents to abstract ideas, laws of nature and physical phenomena would in fact deter innovation by taking away those "basic tools of research available to all."

Several judges of the Federal Circuit ignore this basic rationale. Judge Rader, for example, has intimated that the three exceptions to § 101 are essentially tautological, because one "cannot invent an abstract idea, law of nature or physical phenomenon" since they have been around the whole time.

This unduly narrow, formalistic view of the exceptions to § 101 fails to adequately protect the concerns

about incentives for innovation explicitly relied upon by this Court. Under Judge Rader’s view, mere addition of even the most insignificant step to an otherwise abstract method would suddenly make that abstract method patentable, because the combination would not have existed before. The Court has specifically denounced this possibility, in holding numerous times that insignificant post-solution activity and pre-solution activity cannot render an otherwise abstract idea patentable.

C. Recitation of Basic, Widely Available Platform Technologies, Regardless of Detail, Cannot Render an Abstract Idea Patentable

The Federal Circuit repeatedly cites recitations of basic general purpose computing hardware as evidence that a claim is directed to eligible subject matter under § 101. This is often done by overstating this court’s dicta in *Bilski*, that the “machine or transformation” test is an “important clue” in assessing subject matter eligibility.

The Court should clarify that mere recitation of general purpose platform technologies, such as general purpose computers, cannot render an otherwise ineligible claim eligible. Such a holding would be consistent with this Court’s precedent, and more importantly would strongly advance the principles of incentivizing innovation, by protecting those “basic tools of innovation” meant to be “available to all.”

As an analogy, consider a claim directed to the basic idea of addition, performed with paper and pencil. The paper and pencil could be described in great detail:

Drawing one or more numerical figures, with a pencil comprising a wooden shaft substantially in the shape of a hexagonal prism,

the wooden shaft surrounding a cylindrical graphite barrel, the wooden shaft having a distal end including a rubber eraser, the wooden shaft further having a proximal end sharpened to thereby expose a portion of the cylindrical graphite barrel.

Such a claim would certainly satisfy the machine-or-transformation test (a pencil is a machine of sorts, and the adherence of graphite to paper would constitute transformation of matter, among other things), but certainly such a claim would not be eligible subject matter, regardless of the level of detail. This is because paper and pencil are the basic tools of invention. To permit the patenting of abstract ideas merely tied to such basic tools would be tantamount to permitting the patenting of those abstract ideas alone.

Certain judges of the Federal Circuit criticize this approach, believing that it improperly imports questions of novelty and obviousness into § 101. However, as this Court's precedent makes clear, this is not the case. *See Parker v. Flook*, 437 U.S. 584 (1978).

CONCLUSION

For the foregoing reasons, *amicus* respectfully submits that the Court should affirm the district court.

Respectfully submitted,

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