



No. 13-298

In The Supreme Court of the United States

ALICE CORPORATION PTY. LTD.,
Petitioner,

—v—

CLA BANK INTERNATIONAL, et al.,
Respondents.

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

**BRIEF OF AMICI CURIAE
JAMES B. LAMPERT AND DAVID A. CHAVOUS
IN SUPPORT OF NEITHER PARTY**

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QUESTION PRESENTED

Whether claims to computer-implemented inventions—including claims to systems and machines, processes, and items of manufacture—are directed to patent-eligible subject matter within the meaning of 35 U.S.C. § 101 as interpreted by this Court?

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INTEREST OF AMICI CURIAE*

James B. Lampert practiced patent law for almost fifty years and is now largely retired. For fifteen years, he taught patent law at the Boston University Law School. David A. Chavous is a practicing patent attorney with a PhD in Biology. Mr. Lampert and Dr. Chavous are both interested in the sound development of the patent law, including a test and procedure that both the United States Patent and Trademark Office (“USPTO”) and the courts can apply to determine whether a patent claim is patent-eligible.



SUMMARY OF ARGUMENT

This Court has long held that “laws of nature, physical phenomena and abstract ideas” are “excluded from . . . patent protection,” and also that “an application of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection. *Diamond v. Diehr*, 450 U.S. 175, 185, 187 (1981) (“*Diehr*”).

A question plaguing the patent system, not only with software-related and business method patents, but also in biotechnology and the life sciences, is when such an application becomes “deserving of

* The parties have consented in writing to the filing of amicus briefs. No counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution to fund the preparation or submission of this brief. No person other than the amici curiae has made a monetary contribution to fund the preparation or submission of this brief.

patent protection.” In *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. ___, 132 S.Ct. 1289, 1297 (2012) (emphasis in original), this Court said “the question before us is whether the claims do significantly more than simply describe these natural relations. To put the matter more precisely, do the patent claims add enough to their statements of the correlations to allow the processes they describe to qualify as patent-eligible processes that apply natural laws?”

This Court’s prior decisions make clear what is “enough.” The claim, considered as a whole (*Diehr*, 450 U.S. at 188) must be non-obvious, and in determining whether this is so, “natural relations” or other excluded subject matter must be treated as prior art. Simply stated, the test established by this Court’s prior decisions is:

Treating the underlying excluded subject matter (*e.g.*, Alice’s concept of reducing settlement risk) as prior art, is the claim as a whole new and non-obvious?

If a claim as a whole is obvious, the claim is not patent-eligible. If a claim as a whole is non-obvious, the claim probably is patent-eligible.¹ The only

¹ We say “probably” because there may be situations when even a non-obvious claim might foreclose too much potential use of the underlying excluded subject matter. For example, in *Gottschalk v. Benson*, 409 U.S. 63, 71-72 (1972), this Court said that:

analysis this test requires—is the claim new and non-obvious—is one that both the USPTO and the courts regularly apply. Because the test provided by this Court’s prior decisions is familiar, it should enable the Federal Circuit to give both lower courts and the USPTO the guidance they so badly need.

The Federal Circuit has refused to treat excluded subject matter as prior art when trying to determine if a claim that encompasses such excluded subject matter is patent-eligible. Indeed, in the two principal opinions in the en banc decision now before this Court, all ten Federal Circuit judges rejected the proposition that Alice’s claimed use of a computer to implement the underlying concept of reducing settlement risk had to be either novel or non-obvious. None of their seven en banc opinions considered whether Alice’s concept of reducing risk should be treated as prior art, or whether any of the added limitations in Alice’s claims would render the claims as a whole (taking the concept as prior art) non-obvious.

Because it has not recognized this Court’s long-standing and basic principles, the Federal Circuit has been unable to articulate a coherent or workable

The mathematical formula involved here has no substantial practical application except in connection with a digital computer, which means that if the judgment below is affirmed, the patent would wholly pre-empt the mathematical formula and in practical effect would be a patent on the algorithm itself,

but did not address whether the claim, taken as a whole, was obvious.

test of what adds “enough.” The Federal Circuit also has not provided either the lower courts or the USPTO coherent guidance for deciding when “an application” of excluded subject matter “may well be deserving of patent protection”

The test announced by this Court’s precedents and set forth above would provide meaningful guidance. It would allow USPTO examiners—who are the gatekeepers to the patent system and who must initially decide whether a patent should or should not be granted—to determine whether a claim as a whole is non-obvious, using, *e.g.*, the familiar analysis set forth in *KSR Int’l v. Teleflex, Inc.*, 550 U.S. 328 (2007). Every examiner uses the analytical framework of *KSR* almost every day as a matter of course.

It would also provide needed guidance to the lower courts. Obviousness is an analysis they regularly undertake; and because an issued patent has already gone through the USPTO filter, a court’s analysis in most cases should be greatly simplified. The USPTO record typically will already have differentiated between the aspects of a claimed invention which are excluded subject matter, and those that apply excluded subject matter and potentially make a claim patent-eligible. The Federal Circuit decision here, and its later decisions in *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335 (Fed. Cir. 2013) and *Accenture Global Services v. Guidewire Software*, 728 F. 3d 1336 (Fed. Cir. 2013) are typical. The Federal Circuit has had no difficulty in sorting out the underlying “abstract” idea and the potentially “meaningful” limitations in the claims.

The same is true in the vast majority, if not all, of this Court's prior "subject matter" decisions, *e.g.*, *LeRoy v. Tatham*, 55 U.S. (14 How.) 156 (1852), *O'Reilly v. Morse*, 56 U.S. (15. How.) 62 (1853), *Funk Brothers Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127 (1948), *Gottschalk v. Benson*, 409 U.S. 63 (1972), *Parker v. Flook*, 437 U.S. 584 (1978) ("*Flook*"), *Diehr*, *Bilski v. Kappos*, 561 U.S. ___, 130 S. Ct. 3218 (2010), *Mayo*, and *Association for Molecular Pathology v. Myriad Genetics*, 569 U.S. ___, 133 S.Ct. 2107 (2013) ("*Myriad*"). In each, there appears to have been little or no dispute about what was the "idea" and what was its "application." In each, the result would have been exactly the same if the test suggested here had been applied. Only in *LeRoy* (where the patent was directed to a machine and not to the underlying principle) and *Diehr* (where it was "nowhere suggested that all these steps, or at least the combination of those steps, were in context obvious, already in use, or purely conventional" (*Mayo*, 132 S.Ct. at 1299)) could the claims at issue have been found non-obvious.

The amici curiae recognize that others may argue that this test improperly combines Sections 101 (subject matter) and 103 (obviousness); or that under this Court's prior decisions, a claim that involves excluded subject matter is patent-eligible if either (i) the claim (taking the excluded subject matter as prior art) is new and non-obvious, or (ii) the claim is limited so that it does not effectively cover all practical applications of the excluded subject matter.

However, this brief argues that it is entirely proper for a court to hold a claim invalid under § 101 in cases, such as that here and in this Court's prior decisions, when it is clear that only the excluded subject matter is potentially non-obvious.² In *Mayo*, 132 S.Ct. at 1303, this Court said that relying on Sections 102 and 103 to perform the "screening function" would "make the 'law of nature' exception to § 101 patentability a dead letter," "is not consistent with prior law," and that "to shift the patent-eligibility inquiry entirely to these later sections risks creating significantly greater uncertainty."

As for the two requirements—(i) that the excluded subject matter must be "considered as if . . . well known" (*Parker v. Flook*, 437 U.S. at 592), and (ii) that excluded subject matter must remain "free to all men and reserved exclusively to none" (*Funk*, 333 U. S. at 130)—they are inexorably intertwined. The first ensures the second. If a claim is limited to what the patentee contributed above and beyond the excluded subject matter itself, it will almost necessarily not unacceptably "preempt."



ARGUMENT

Almost sixty years ago, Justice Whittaker, writing for a unanimous Court in *Graham v. John*

² So far as we know, no one contends that, once Alice's underlying concept is treated as prior art, the added limitations in Alice's claims are not conventional and routine, or that they are "enough" to make the claims as a whole non-obvious.

Deere Co., 383 U.S. 1, 18 (1966), pointed out the importance of a patentability test that not only the courts, but also the USPTO, could understand and apply:

While we have focused attention on the appropriate standard to be applied by the courts, it must be remembered that the primary responsibility for sifting out unpatentable material lies in the Patent Office. To await litigation is, for all practical purposes, to debilitate the patent system.

The Federal Circuit's failure to articulate a coherent test has left the USPTO equally unable to perform that "primary responsibility." The USPTO guidance is as fractured as the Federal Circuit's decisions. Rather than providing an examiner a clear test, the Manual of Patent Examining Procedure (MPEP) provides a confusing array of quotes and hints with little explanation as to how an examiner should apply the requirement that a claim must be drawn to patent-eligible subject matter.

Examiners are directed to determine whether the claim "recites" any excluded subject, and to determine "if the judicially excepted subject matter has been practically applied in the product." (MPEP, Sec. 2106, p 2100.II.A). To "assist" them in doing so, the MPEP tells examiners that "a claim does not have to be novel or non-obvious to qualify as a subject matter eligible claim." *Id.* at pp 2100-20 and 21. The MPEP also dedicates ten pages to "Factors to Be Considered in an Abstract Idea Determination of a Method Claim," discussing patent eligibility. *See* <http://search.uspto.gov/search?affiliate=web-sdmg>

uspto.gov&query=mpep&go=Go, “Patent Subject Matter Eligibility”).

The “factors” provide no real guidance. Examiners are told to “consider” at least four different “factors” (*Id.* at pp 2100-14 to -16), to “weigh” them keeping in mind that the “presence or absence of a single factor will not be determinative” (*Id.* at pp 2100-17), and then somehow to decide “if the factors indicate that the method claims is not merely covering an abstract idea.” (*Id.* at pp 2100-18).

The Federal Circuit apparently recognized that its prior decisions did not provide the needed clarity and guidance to either the USPTO or the district courts. Accordingly, it ordered en banc review in *CLS Bank* to answer two questions. *CLS Bank v. Alice*, 484 F. App’x 559 (Fed. Cir. 2012). The first, and most important, was

What test should the court adopt to determine whether a computer-implemented invention is a patent ineligible “abstract idea”; and when, if ever, does the presence of a computer in a claim lend patent eligibility to an otherwise patent-ineligible idea?³

³ The second en banc question was directed to whether it mattered whether the invention was claimed as a method, system or storage medium, and whether the various forms of claims should be considered equivalent for § 101 purposes. Eight of the ten en banc judges concluded, in our view correctly, that the claims should rise and fall together regardless of claim type.

Unfortunately, the Federal Circuit proved itself unable to provide an answer. *CLS Bank v. Alice*, 717 F.3d 1269 (Fed. Cir. 2013). As Judge Newman said in her en banc opinion, *CLS Bank v. Alice*, 717 F.3d at 1321:

The court, now rehearing this case en banc, hoped to ameliorate this uncertainty by providing objective standards for Section 101 patent-eligibility. Instead we have propounded at least three incompatible standards, devoid of consensus, serving simply to add to the unreliability and cost of the system of patents as an incentive for innovation.

Judge Moore agreed. *CLS Bank v. Alice*, 717 F.3d at 1314:

Our court is irreconcilably fractured over these system claims and there are many similar cases pending before our court and the district courts.

From the Federal Circuit's recent decisions (*See e.g., CLS Bank*, 717 Fed.3d 1269 (2103), *Ultramercial*, 722 F.3d 1336 (Fed. Cir. 2013), and *Accenture*, 728 F. 3d 1335 (Fed Cir. 2013)), it appears that a majority, if not all, of the Federal Circuit judges agree that laws of nature, natural phenomena, abstract ideas and principles are not patentable, and that patents should not be allowed to preempt the basic tools of science and technological work. The Federal Circuit judges also appear to agree that it is important "to prevent the 'monopolization' of the 'basic tools of science and technological work,' which 'might tend to impede

innovation more than it would tend to promote it.” *CLS Bank*, 717 F.3d at 129. *See also CLS Bank*, 717 F.3d at 1276-1277, 1280-1281, and 1297; *Ultramercial*, 722 F.3d at 1341, 1345-1346; and *Accenture* 728 F. 3d at 1341.

But although the Federal Circuit agrees with these, it has not applied the fundamental “excluded subject matter must be treated as prior art” principle established in this Court’s prior decisions. In *CLS Bank*, 717 F.3d at 1282, 1297, it said “We do not read the Court’s occasional use of [the word ‘inventiveness’] in the § 101 context as imposing that such limitations must necessarily exhibit ‘inventiveness’ in the same sense as that term more commonly applies to two of the statutory requirements for patentability, *i.e.*, novelty and nonobviousness,” and that “any requirement for ‘inventiveness’ beyond Sections 102 and 103 is inconsistent with the language and intent of the Patent Act.” *Id.* at 1297.

In *CLS Bank*, the Federal Circuit also misread this Court’s guidance, saying “The Supreme Court’s reference to ‘inventiveness’ in *Prometheus* must be read as shorthand for is inquiry into whether implementing the abstract idea in the context of the claimed invention inherently requires the recited steps.” *CLS Bank*, 717 F.3d at 1303.

We submit that the Federal Circuit’s characterization of this Court’s precedent is incorrect. In *Mayo v. Prometheus*, this Court expressly noted that the “other steps in [Flook’s] process . . . were all ‘well known’ to the point where, putting the formula to one side, there was no

‘inventive concept’ in the claimed application of the formula.” *Mayo*, 132 S.Ct. at 1299. It also said that this Court’s prior decisions both “warn us against interpreting patent statutes that make patent eligibility ‘depend simply on the draftsman art’ without reference to the ‘principles underlying the prohibition against patents for [natural laws]’” and “insist that a process that focuses upon the use of a natural law also contain other elements or a combination of elements, sometimes referred to as an ‘inventive concept,’ sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the natural law itself.” *Mayo*, 132 S.Ct. at 1294.

With respect to “inventive concept,” this Court cited the pages of *Flook* (437 U.S. at 594) and *Bilski* (130 S. Ct. at 3230) that say “Respondent’s process is unpatentable under § 101, not because it contains a mathematical algorithm as one component, but because once that algorithm is assumed to be within the prior art, the application, considered as a whole, contains no patentable invention.” This is not “shorthand,” but a mandate from this Court on how to determine whether a claim is patent-eligible.

Because the Federal Court has not required that a claim including “prior art” excluded subject matter must be non-obvious, the closest the Federal Circuit has come to articulating a “test” as to whether a claim is patent-eligible is to ask if added limitations to the claim are “meaningful” (*CLS Bank*, 717 F.3d at 1281, 1289) or ensure that the claim does not “pose . . . any risk of preempting an abstract idea.” (*Accenture*, 728 F.3d at 1341) But neither of these

provides anything approaching an objective standard for the USPTO, the lower courts or the Federal Circuit. Limitations are not objectively “meaningful” unless, as required by this Court, they are “enough” to make a claim as a whole non-obvious. Similarly, there can be no objective assurance that a claim will not “wholly pre-empt the mathematical formula and in practical effect . . . be a patent on the algorithm itself” (*Gottschalk*, 409 U.S. at 67) unless the claim is non-obvious and thus limited to what the patentee really contributed.

A test that does not require a USPTO Examiner or a court to ask whether a claim is novel and non-obvious, even when the underlying excluded subject matter is treated as prior art, does not satisfy this Court’s requirements and is inevitably unworkable.

I. THIS COURT’S DECISIONS ARE CLEAR THAT “EXCLUDED” SUBJECT MATTER MUST BE TREATED AS PRIOR ART, WHETHER OR NOT PREVIOUSLY KNOWN.

For more than 160 years, this Court has consistently held that, in determining whether a claim is patentable, excluded subject matter is to be considered to be prior art, whether or not it was in fact previously known. In deciding whether a claim is patent-eligible under § 101, lower courts and the USPTO must treat excluded subject matter as prior art.

In *O’Reilly v. Morse*, 56 U.S. (15 How.) 62 (1854), this Court quoted at length from an English case, *Neilson v. Harford*, involving patent eligibility of claims directed to the principle that hot air would

promote ignition of fuel better than cold, and to a device in which a heated receptacle was provided. This Court said that *Neilson* was “elaborately argued, and appears to have been carefully considered.” *O’Reilly*, 56 U.S. at 114. According to this Court, *Neilson* explained that “a principle was not patentable” (*Id.* at 115), but that the “mechanical mode” that Neilson had invented, a “heated receptacle [interposed] between the blower and furnace [for] heating the air after it left the blower and before it was thrown into the furnace” (*Id.*, at 115), would support a patent.

This Court has approved and consistently applied this dichotomy between a principle and its application in its own subsequent decisions.

In *Funk*, 333 U.S. at 130, this Court accepted that the patentee had “discovered” that certain strains of bacteria could be mixed without inhibiting each other. But it nonetheless held that patent claims to a mixture of these bacteria did “not disclose an invention or discovery within the meaning of the patent statutes” because “once nature’s secret of the non-inhibitive quality of certain strains . . . was discovered, the state of the art made the production of a mixed inoculant a simple step.” *Id.* at 132. The only question left was whether the claims recited more than the discovery of “nature’s secret.” This Court answered that question in the negative:

Even though [the discovery] may have been the product of skill, it certainly was not the product of invention There is no way in which we could call it such unless we

borrowed invention from the discovery of the natural principle itself. *Id.*

In *Flook*, this Court again used the “discovery is prior art/obviousness” analysis to invalidate claims directed to a new mathematical algorithm. There, the patent claims were directed to an algorithm for calculating an alarm limit in a catalytic chemical conversion process. This Court first observed that “this case must also be considered as if the principle or mathematical formula were well known” (437 U.S. at 592); *i.e.*, that the first step in analyzing patent eligibility is to treat the law of nature as prior art. In particular, this Court said:

[T]he process itself, not merely the mathematical algorithm, must be new and useful. Indeed, the novelty of the mathematical algorithm is not a determining factor at all. Whether the algorithm was in fact known or unknown at the time of the claimed invention, as one of the “basic tools of scientific and technological work,” it is treated as though it were a familiar part of the prior art.” (*Id.* at 591)

This Court then asked the critical question: was there anything in the claims beyond the algorithm that would impart patentability? This Court’s answer was “no.”

Here it is absolutely clear that respondent’s application contains no claim of patentable invention. The chemical processes involved in catalytic conversion of hydrocarbons are well known, as are the practice of

monitoring the chemical process variables, the use of alarm limits to trigger alarms, the notion that alarm limit values must be recomputed and readjusted, and the use of computers for “automatic monitoring-alarming.” (*Id.* at 594).

This Court assumed that the algorithm was both “novel and useful.” *Id.* at 588. But this was irrelevant to whether the claim was patentable. The algorithm was prior art and could not be the basis for a patentable claim.

This Court’s more recent decisions in *Bilski*, *Mayo*, and *Myriad* resolve any doubt that *Flook* means what it said: a mathematical formula or other excluded subject matter (*e.g.*, a natural phenomenon or law of nature) is treated as prior art, whether or not it was first discovered by the patentee.

In *Bilski*, 130 S. Ct. at 3230, this Court noted that it had “concluded that the process at issue [in *Flook*] was ‘unpatentable under § 101, not because it contain[ed] a mathematical algorithm as one component, but because once that algorithm [wa]s assumed to be within the prior art, the application, considered as a whole, contain[ed] no patentable invention.’”

In *Mayo*, 132 S.Ct. at 1300, this Court again quoted, as it had in *Flook*, *Neilson*’s statement that “the case must be considered as if the principle [was] well known,” and noted that *Neilson*’s “claimed process included not only a law of nature . . . but also several unconventional steps that confined the claims to a particular useful application of the principle.” The Court observed that, in *Flook*,

the use of alarm limits to trigger alarms, the notion that alarm limit values must be recomputed and readjusted, and the use of computers for “automatic monitoring-alarming” were all “well known,” to the point where, putting the formula to the side, there was no “inventive concept” in the claimed application of the formula. (*Mayo*, 132 S.Ct. at 1299).

This Court in *Mayo* furthered observed that *Flook* had established the principle that “Purely ‘conventional or obvious’ ‘[pre]-solution activity’ is normally not sufficient to transform an unpatentable law of nature into a patent-eligible application of such a law.” *Id.* at 1298. In other words, once one assumes that a natural phenomenon or law of nature is prior art, then a claim can be patent-eligible only if the claim adds elements that make the claim novel and nonobvious.

In short, the Federal Circuit has not followed this Court’s clear mandate to treat natural phenomena, laws of nature, and abstract ideas as prior art, and then to perform a standard obviousness analysis on the claim as a whole. We respectfully submit that this Court’s prior decisions establish, and that the Federal Circuit, lower courts and USPTO should apply, the test proposed above.

II. A CLAIM INVOLVING EXCLUDED SUBJECT MATTER IS BARRED UNDER § 101 UNLESS THE CLAIM AS A WHOLE, TREATING THE EXCLUDED SUBJECT MATTER AS PRIOR ART, IS NON-OBVIOUS.

The United States Patent Laws have always required that a patent claim be “inventive.” The current law is clear that a claim is not patentable “if the differences between the subject sought to be patented and the prior art are such that the subject matter as a whole would have been obvious.” 35 U.S.C. § 103(a) Accordingly, again as this Court has consistently held for many years, claims (such as Alice’s) that involve excluded subject matter (such as Alice’s concept of reducing settlement risk) are not patentable unless the claim as a whole, treating the excluded subject matter as prior art, is non-obvious.

In the context of a claim involving excluded subject matter, this Court in *Funk*, *Flook*, *Bilski*, and *Mayo* has made clear that a claim must include elements that are not merely directed to the natural phenomena, law of nature, or abstract idea, but rather are “inventive”/ “non-obvious.”

As already noted, this Court said that the claims in *Funk* were invalid because the claimed mixed inoculant was “a simple step . . . once nature’s secret of the non-inhibitive quality of certain strains . . . was discovered.” *Funk*, 333 U.S. at 132.

In *Flook*, 437 U.S. at 594, this Court said (emphasis added):

Respondent’s process is unpatentable under § 101 not because it contains a

mathematical algorithm as one component, but because, once that algorithm is assumed to be within the prior art, the application, considered as a whole, contains no patentable invention. Even though a phenomenon of nature or mathematical formula may be well known, an inventive application of the principle may be patented. Conversely, the discovery of such a phenomenon cannot support a patent unless there is some other inventive concept in its application.

See also Bilski, 130 S.Ct. at 3230, and *Mayo*, 132 S.Ct. at 1294. In *Mayo*, this Court, citing both *Flook* and *Bilski*, said that its prior decisions “insist that a process that focuses upon the use of a natural law also contain other elements or a combination of elements, sometimes referred to as an ‘inventive concept.’”

Rubber-Tip Pencil Co. v. Howard, 87 U.S. (20 Wall.) 498 (1874), *LeRoy*, *O’Reilly*, and, most recently, *Myriad* are also clear that a claim is valid only if taken as a whole it is non-obvious. In *Rubber-Tip*, this Court asked (87 U.S. at 507)

What, therefore, is left for this patentee but the idea that if a pencil is inserted into a cavity in a piece of rubber smaller than itself the rubber will attach itself to the pencil, and when so attached become convenient for use as an eraser?

This Court’s answer was “nothing.” Although the combination with a pencil might have been

“nonobvious” or an “invention,” the idea alone was not (*Id.*):

An idea of itself is not patentable, but a new device by which it may be made practically useful is. The idea of this patentee was a good one, but his device to give it effect, though useful, was not new. Consequently he took nothing by his patent.

In *O'Reilly*, this Court found that “Morse was the first and original inventor of the telegraph described in his specification” (56 U.S. 108), that “and for the method or process thus discovered, he is entitled to a patent.” (56 U.S. 117) But this Court was also clear the Morse was not entitled to his famous eighth claim because “he has not discovered that the electro-magnetic current, used as motive power, in any other method, and with any other combination, will do as well.” *Id.*

In finding that Morse’s patent had to be limited to what he had actually invented, this Court quoted the portion of the English Court of Exchequer’s opinion in *Neilson* that more than a principle was required for a patent to be valid (*Id.*, at 116):

[T]he patent was not supported because this principle was embodied in it. . . . But his patent was supported because he had invented a mechanical apparatus by which a current of hot air, instead of cold, could be thrown in. And this new method was protected by his patent. The interposition of a heated receptacle in any form was the novelty he invented.

The Court then proceeded to “*Leroy et al. v. Tatham* and others, decided at the last term, 14 *Howard*, 156,” noting that in *Leroy* “the court held that [Leroy] was not entitled to a patent for this newly-discovered principle or quality in lead; and that such a discovery was not patentable. *See Leroy et al.*, 14 *Howard* at 156. But that he was entitled to a patent for the new process or method in the art of making lead pipe.” *See id.* ⁴

Finally, this Court said that Myriad “could possibly have sought a method patent” on a method of isolating the naturally occurring BRCA1 and BRCA2 genes that it had discovered. But it also said that such an effort probably would have been unsuccessful.

Had Myriad created an innovative method of manipulating genes while searching for the BRCA1 and BRCA2 genes, it could possibly have sought a method patent. But the processes used by Myriad to isolate DNA were well understood by geneticists at the time of Myriad’s patents “were well understood, widely used, and fairly uniform insofar as any scientist engaged in the

⁴ One further point should be noted with respect to *Leroy*. The dissent there proposed that, if a person discovered a new principle, that principle alone was enough for the patent to be valid. (*Leroy*, 55 U.S. at 186-187). The majority in *Leroy* did not accept the dissent’s proposition that one who discovers a law of nature or the like is entitled to a patent that covers every use of that principle. To our knowledge, no subsequent decision of this Court has done so either.

search for a gene would likely have utilized a similar approach.” 702 F. Supp.2d at 202-203. (*Myriad*, 133 S.Ct. at 2019-2020)

As for *Myriad*’s cDNA claims, the Court said that they were patent-eligible because cDNA “is not a product of nature.” This Court, however, “express[ed] no opinion whether cDNA satisfies the other statutory requirements of patentability.” (*Id.* at 2020).

In sum, this Court has consistently and repeatedly said that a claim involving excluded subject matter is barred under § 101 unless the claim as a whole is nonobvious when laws of nature, natural phenomenon, and abstract ideas are treated as prior art. This test is simple and straightforward. It provides patentees, the lower courts, and the public with clear guidelines as to what is and is not patent-eligible subject matter, and it allows the USPTO to apply the requirements of Section 101 across all technologies and to all types of patent claims.

III. THE FEDERAL CIRCUIT HAS NOT PROVIDED A CONSISTENT APPROACH TO DETERMINING WHETHER A CLAIM IS PATENT-ELIGIBLE.

At least since its decision in *Gottschalk v. Benson*, 409 U.S. 63 (1972), this Court has been clear that a patent must not, as a practical matter, effectively preempt use of a law of nature, natural phenomena, abstract idea or a principle. *See, e.g., Gottschalk*, 409 U.S. at 71: “It is conceded that one may not patent an idea. But in practical effect that

would be the result if the formula for converting BCD numerals to pure binary numerals were patented in this case.” To avoid preemption, this Court has made clear that a claim must be limited to what the patentee actually invented above and beyond the “prior art” excluded subject matter itself.

The Federal Circuit, however, has not followed. Instead, the Federal Circuit has moved from one flawed analytical methodology to another. In *Bilski*, the Federal Circuit set forth the “machine-or-transformation” as the sole test; this Court observed the Federal Circuit’s rule “violates . . . statutory interpretation principles” (*Bilski*, 130 S.Ct. at 3226), and that as the sole test it would “risk obscuring the larger object of securing patents for valuable inventions without transgressing the public domain.” *Bilski*, 130 S.Ct. at 3227. After its first decision in *Myriad* was remanded by this Court, the Federal Circuit again found claims to isolated DNA patentable on the ground that isolated DNA “is a tangible, man-made composition of matter defined and distinguished by its objectively discernible chemical structure.” *Assoc. Molecular Pathology v. Myriad Genetics, Inc.*, 689 F.3d 1303 (2012). This Court disagreed.

Now, in *CLS Bank*, the Federal Circuit propounds three different tests for determining patent eligibility. *CLS Bank*, 717 F.3d at 1321.

Test 1. Judge Lourie’s opinion said that a court must “look for meaningful limitations that prevent the claim as a whole from covering the concept’s every practical application.” *CLS Bank*, 717 F.3d at 1281.

- Test 2. Judge Newman would eliminate any inquiry into patent eligibility under Section 101 altogether and focus on patentability under Sections 102, 103, and 112. See *id.* at 1326.
- Test 3. Judge Rader asserted that the inquiry should focus on “whether the claims tie the otherwise abstract idea to a specific way of doing something with a computer, or a specific computer for doing something;” but that test appears inconsistent with this Court’s holdings in, for example, *Diehr* (450 U.S. at 191–192: “[T]he prohibition against patenting abstract ideas’ cannot be circumvented by attempting to limit the use of the formula to a particular technological environment.” and *Gottschalk*, whose “method of converting signals from binary coded decimal form into binary,” a method this Court found invalid because it effectively patented an idea, required a very “specific way of doing something with a computer.” *Id.* at 1302.

Unfortunately, Judge Moore’s statement that “our court is irrevocably fractured” (*CLS Bank v. Alice*, 717 F.3d at 1314), and Judge Newman’s that the Federal Circuit has “propounded at least three incompatible standards, devoid of consensus, serving simply to add to the unreliability and cost of the system of patents as an incentive for innovation” (*CLS Bank v. Alice*, 717 F.3d at 1342), could not be more correct.



CONCLUSION

The Federal Circuit's inability to provide a consistent or workable standard lays an unacceptable burden on it, lower courts, the USPTO, patentees, and the public. All need clarity on what claims are patent-eligible. Without clarity that only this Court can provide, patentees may place substantial investment into patents of questionable validity, while the public cannot know either what it can do, or what it cannot.

This uncertainty is all the more troubling because it is entirely avoidable. The crux of this Court's "patentable subject matter" decisions is that Section 101 requires that excluded subject matter be treated as prior art. This resulting test that the Court has provided is straightforward, is one that the USPTO and the courts have regularly applied, and can be applied across all technologies and to all claims.

Respectfully submitted,

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