

JAN 28 2014

THE CLERK

IN THE
Supreme Court of the United States

ALICE CORPORATION PTY. LTD.,

Petitioner,

v.

CLS BANK INTERNATIONAL, *et al.*,

Respondents.

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

**BRIEF OF THE ASSOCIATION OF THE BAR
OF THE CITY OF NEW YORK AS *AMICUS
CURIAE* IN SUPPORT OF NEITHER PARTY**

CHARLES E. MILLER
Counsel of Record
SILLS CUMMIS & GROSS LLP
30 Rockefeller Plaza
New York, New York 10112
(212) 643-7000
cmiller@sillscummis.com

*Counsel for Amicus Curiae
The Association of the Bar of the
City of New York*

(Additional Counsel on Signature Page)



BLANK PAGE

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?

TABLE OF CONTENTS

	<i>Page</i>
QUESTION PRESENTED	i
TABLE OF CONTENTS.....	ii
TABLE OF CITED AUTHORITIES	iii
STATEMENT OF INTEREST OF <i>AMICUS</i> <i>CURIAE</i>	1
SUMMARY OF ARGUMENT.....	2
ARGUMENT.....	4
I. In Determining Patent Eligibility Under Section 101, A Claim Must Be Considered As A Whole Without Excluding Any Claim Elements, Consistent With This Court's Precedent.	4
II. Section 101 Of The Patent Act Does Not Include Or Implicate Any Threshold Requirement That There Be An Analysis Of Novelty Or Nonobviousness.....	11
III. "Claim Construction" Should Be Required Before A Section 101 Analysis, Consistent With Other Inquiries In A Patent Case (e.g., 35 U.S.C. §§ 102 & 103 Invalidity, 35 U.S.C. § 271 Infringement).....	19
CONCLUSION	24

TABLE OF CITED AUTHORITIES

	<i>Page</i>
CASES	
<i>Aro Mfg. Co., Inc. v.</i> <i>Convertible Top Replacement Co., Inc.,</i> 365 U.S. 336 (1961).....	8
<i>Bancorp Serv. L.L.C. v.</i> <i>Sun Life Assur. Co. of Canada,</i> 687 F.3d 1266 (Fed. Cir. 2012)	<i>passim</i>
<i>Bilski v. Kappos,</i> 130 S. Ct. 3218 (2010).....	8, 17
<i>Brenner v. Manson,</i> 383 U.S. 519 (1966).....	18
<i>CLS Bank Int'l v. Alice Corp. PTY Ltd.,</i> 717 F.3d 1269 (Fed. Cir. 2013).....	<i>passim</i>
<i>Diamond v. Chakrabarty,</i> 447 U.S. 303 (1980).....	4
<i>Diamond v. Diehr,</i> 450 U.S. 175 (1981)	<i>passim</i>
<i>Festo Corp. v.</i> <i>Shoketsu Kinzoku Kogyo Kabushiki Co.,</i> 535 U.S. 722 (2002).....	21
<i>Graham v. John Deere Co. of Kansas City,</i> 383 U.S. 1 (1966).....	22

Cited Authorities

	<i>Page</i>
<i>In re Bergy</i> , 596 F.2d 952 (CCPA 1979)	12, 17, 18
<i>In re Bilski</i> , 545 F.3d 943 (Fed. Cir. 2008)	23
<i>Juicy Whip, Inc. v. Orange Bang, Inc.</i> , 185 F.3d 1364 (Fed. Cir. 1999)	18
<i>Markman v. Westview Instruments</i> , 52 F.3d 967 (Fed. Cir. 1995) (<i>en banc</i> , <i>aff'd</i> , 517 U.S. 370 (1996)	4, 20, 22
<i>Markman v. Westview Instruments, Inc.</i> , 517 U.S. 370 (1996)	21
<i>Mayo Collaborative Serv. v. Prometheus Lab., Inc.</i> , 132 S. Ct. 1289 (2012).	<i>passim</i>
<i>McClain v. Ortmyer</i> , 141 U.S. 419 (1891)	21
<i>Parker v. Flook</i> , 437 U.S. 584 (1978).	7, 8, 9, 17
<i>Paulik v. Rizkalla</i> , 760 F.2d 1270 (Fed. Cir. 1985)	13, 17
<i>Phillips v. AWH Corp.</i> , 415 F.3d 1303 (Fed. Cir. 2005)	20, 21

Cited Authorities

	<i>Page</i>
<i>Read Corp. v. Portec, Inc.</i> , 970 F.2d 816 (Fed. Cir. 1992)	22
<i>Research Corp. Techs. v. Microsoft Corp.</i> , 627 F.3d 859 (Fed. Cir. 2010)	17
<i>Rockwell Int’l Corp. v. United States</i> , 147 F.3d 1358 (Fed. Cir. 1998)	4
<i>SAP America v. Versata Development Group</i> , 107 U.S.P.Q.2d 1097 (P.T.A.B. 2013)	21
<i>State St. Bank & Trust Co. v.</i> <i>Signature Fin. Group</i> , 23 149 F.3d 1368 (Fed. Cir. 1998)	23
<i>Vita-Mix Corp. v. Basic Holding, Inc.</i> , 581 F.3d 1317 (Fed. Cir. 2009)	17

STATUTES AND OTHER AUTHORITIES

SUP. CT. R. 17	1
35 U.S.C. § 101	<i>passim</i>
35 U.S.C. § 102	<i>passim</i>
35 U.S.C. § 103	<i>passim</i>
35 U.S.C. § 112	4, 24

Cited Authorities

	<i>Page</i>
35 U.S.C. § 271.....	19, 24
H.R. Rep. No. 82-1923 (1952).....	13, 14, 15, 16
S. Rep. No. 82-1979 (1952)	13, 14, 16
MPEP § 2106 (8th ed., rev. 9).....	6, 23
Patent Act of 1870, 16 Stat. 198, recodified as R.S. 4886.....	12
P. J. Federico, <i>Commentary on the New Patent Act</i> , reprinted in 75 J. PAT. & TRADEMARK OFF. SOC'Y 161, 176 (1993).....	13

STATEMENT OF INTEREST OF *AMICUS CURIAE*

The Association of the Bar of the City of New York (“Association”), through its Committee on Patents, submits this amicus curiae brief in response to the Court’s December 6, 2013 Order granting Alice Corporation Pty. Ltd. (“Alice Corp.” or “Petitioner”)’s petition for certiorari and setting forth the question presented above. The Association files this brief in accordance with Rule 37 of this Court, and supports the position of neither party.¹ The parties to the appeal have consented to the filing of amicus briefs. As such, consent and leave are not required.²

The Association is a private, non-profit organization of more than 24,000 members who are professionally involved in a broad range of law-related activities. Founded in 1870, the Association is one of the oldest bar associations in the United States. The Association seeks to promote reform in the law and to improve the administration of justice at the local, state, federal and international levels through its more than 150 standing and special committees. The Committee on Patents (“Committee”) is a long-established standing committee of the Association, and its membership reflects a wide range of corporate, private practice and academic experience in

1. With regard to the inquiries raised by Supreme Court Rule 37.6, no party’s counsel authored this brief in whole or in part. No party or party’s counsel or no person – other than the amicus curiae, its members, or its counsel – contributed money that was intended to fund the preparation or submission of this brief. SUP. CT. R. 17.

2. On December 13, 2013, the parties consented in writing to the filing of amicus curiae briefs.

patent law. The participating members of the Committee are dedicated to promoting the Association's objective of improving the administration of the patent laws.

SUMMARY OF ARGUMENT

"Laws of nature, natural phenomena, and abstract ideas" are generally considered to be the three judicially-created exceptions to the broad categories of patent-eligible subject matter set forth in 35 U.S.C. § 101. *Diamond v. Diehr*, 450 U.S. 175, 185 (1981). Although these Section 101 exceptions have been a part of patent law for decades, there exists significant jurisprudential disagreement regarding the contours of the test for subject matter patent eligibility under Section 101. This disagreement is illustratively crystallized in the Federal Circuit's opinion below, wherein a short per curium opinion was followed by six divergent opinions that apply varied interpretations of the law of Section 101 patentability to the patent claims at issue.

The Federal Circuit's varied approaches to the determination of patent eligibility under Section 101 may be attributed to a misapplication of this Court's precedents in *Diehr* and *Mayo Collaborative Serv. v. Prometheus Lab., Inc.*, 132 S. Ct. 1289 (2012). *Diehr* teaches that in order to determine patent eligibility under Section 101, the "claims must be considered as a whole," and as such, "[i]t is inappropriate to dissect the claims into old and new elements and then to ignore the presence of the old elements in the analysis." *Diehr*, 450 U.S. at 188. *Mayo* initially suggests that matter unpatentable on its own, such as a natural law, be disregarded whereupon the balance of the claim must contain an "inventive concept"

or must “add enough” in order for the claim to be patent-eligible. *Mayo*, 132 S. Ct. at 1294, 1297. However, in *Mayo* this Court went on to analyze the claims as a whole, consistent with *Diehr*. *Id.* at 1298. In one opinion below and in additional post-*Mayo* decisions, the Federal Circuit’s approach misinterpreted and misapplied *Mayo* in failing to consider a claim as a whole. *See CLS Bank Int’l v. Alice Corp. PTY Ltd.*, 717 F.3d 1269, 1282-83 (Fed. Cir. 2013) (Lourie, J., concurring); *see also Bancorp Serv. L.L.C. v. Sun Life Assur. Co. of Canada*, 687 F.3d 1266, 1279 (Fed. Cir. 2012). This Court should clarify the law of Section 101 patentability by reaffirming the approach of both *Diehr* and *Mayo*, and focusing the inquiry on whether the claim as a whole is directed to or encompasses patentable subject matter under Section 101.

Moreover, the question of whether an invention is “routine, well-understood, or conventional” is not relevant to whether the invention fits within the categories of patent-eligible subject matter under Section 101; rather, such inquiries are characteristic of novelty and nonobviousness determinations under Sections 102 and 103. This Court’s precedent, along with the language of Sections 101, 102, and 103 of the 1952 Patent Act, a reading of its legislative history, and commentary from its principal authors, confirms that Section 101 addresses only subject matter eligibility for a patent. As such, this Court should reaffirm that no examination of novelty, nonobviousness, nor any other requirement of patentability, is appropriate within a Section 101 analysis.

Additionally, lower courts appear to disagree as to whether a claim construction analysis is a prerequisite to a determination of patentability under Section 101.

In this regard, it must be noted that claim construction is considered a prerequisite to any invalidity analysis, with no limitation to only Sections 102, 103, and 112. *See Rockwell Int'l Corp. v. United States*, 147 F.3d 1358, 1362 (Fed. Cir. 1998). Similarly, claim construction is the first step of a patent infringement analysis under Section 271. *See Markman v. Westview Instruments*, 52 F.3d 967, 976 (Fed. Cir. 1995) (*en banc*), *aff'd*, 517 U.S. 370 (1996). As such, because Section 101 is a condition for patentability, and because a court seeking to examine a patent claim as a whole in order to determine patentability under Section 101 must necessarily be first apprised of the scope of the claim at issue, this Court should require that claim construction be an antecedent, threshold consideration before a determination of patentability is reached on any ground, including Section 101.

ARGUMENT

I. In Determining Patent Eligibility Under Section 101, A Claim Must Be Considered As A Whole Without Excluding Any Claim Elements, Consistent With This Court's Precedent.

Section 101 of the Patent Act provides broad categories of patentable subject matter: "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." 35 U.S.C. § 101 (2006). This Court has recognized the broad expanse of these subject matter categories. *See Diamond v. Chakrabarty*, 447 U.S. 303, 308-09 (1980). There are three judicially-created exceptions to the categories of patentable subject matter: "laws of nature, natural phenomena, and abstract ideas." *Diehr*, 450 U.S. at 185.

The Federal Circuit's opinions below reflect inconsistent approaches to the analysis of whether a patent claims patent-eligible subject matter under Section 101, particularly when an "abstract idea" may be included in a patent claim. Specifically, these opinions differ concerning whether to evaluate compliance with Section 101 by examining a patent claim as a whole, or by considering a patent claim's individual elements. For example, Judge Lourie first identifies any unpatentable abstract concept and then determines whether the claim "contains additional substantive limitations that narrow, confine, or otherwise tie down the claim so that, in practical terms, it does not cover the full abstract idea itself." *CLS Bank*, 717 F.3d at 1282 (Lourie, J., concurring). In contrast, Judge Rader states that "[a] court must consider the asserted claim as a whole when assessing eligibility." *Id.* at 1298 (Rader, C.J., dissenting).

These contrasting Federal Circuit opinions purport to find support in *Mayo Collaborative Serv. v. Prometheus Lab., Inc.*, 132 S. Ct. 1289 (2012) and *Diamond v. Diehr*, 450 U.S. 175 (1981). Yet, as Judge Rader recognized, Judge Lourie's approach is inconsistent with this Court's precedent in both *Mayo* and *Diehr* and reflects a misapplication and overextension of *Mayo*. *CLS Bank*, 717 F.3d at 1303 n.5 (Rader, C.J., dissenting).

Diehr taught that in order to determine the eligibility of a claimed process for patent protection under Section 101, the "claims must be considered as a whole." *Diehr*, 450 U.S. at 188. As such, the *Diehr* Court stated:

It is inappropriate to dissect the claims into old and new elements and then to ignore the

presence of the old elements in the analysis. This is particularly true in a process claim because 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.

Id. at 188. The *Diehr* approach, involving the analysis of the claim as a whole for patent eligibility, has been adopted and implemented by the Patent Office. *See* U.S.P.T.O. Manual of Patent Examining Procedure (“MPEP”) § 2106(II) (8th ed., rev. 9).

In contrast, *Mayo* outlined an analytical procedure whereby a claimed process is first analyzed for whether it “focuses upon the use of a natural law” (i.e., one of the judicially created exceptions to Section 101), and if so, the inquiry then shifts to:

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?

Mayo, 132 S. Ct. at 1297 (emphasis in original).

On its face, the process of dissecting a claim into its constituent elements for the purpose of determining whether the added features qualify as applications of laws of nature, and then parsing them into prior art and inventive concept, appears to stand in direct

contravention to the directive in *Diehr*. Moreover, basing a determination of patent ineligibility on whether the “additional steps” beyond the natural laws themselves constitute “conventional activity previously engaged in by researchers in the field,” *Mayo*, 132 S. Ct. at 1294, 1298, may seem contrary to *Diehr*’s teaching that “a new combination of steps in a process may be patentable even though all the constituents of the combination were well known.” *Diehr*, 450 U.S. at 188.

However, an analysis of this Court’s decision in *Parker v. Flook*, 437 U.S. 584 (1978), is instructive in reconciling the seemingly divergent approaches of *Mayo* and *Diehr*. In *Flook*, this Court held that in order to conduct a patent eligibility analysis under § 101, the process should be “considered as if the principle or mathematical formula were well known.” *Id.* at 592. This Court held the process at issue in *Flook* to be “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.” *Id.* at 594 (emphasis added). Thus, this Court opined that “[e]ven though a phenomenon of nature or mathematical formula may be well known, an inventive *application* of the principle may be patented.” *Id.* (emphasis added).

The focus of this Court’s inquiry in *Flook* was not on whether additional elements of a claim—once the abstract idea was removed from consideration—were conventional or inventive, but rather on whether the *application* of the mathematical formula at issue constituted a patentable invention. Thus, the approach was “not at all inconsistent with the view that a patent claim must be considered as a

whole.” *Flook*, 437 U.S. at 594; *see also Aro Mfg. Co., Inc. v. Convertible Top Replacement Co., Inc.*, 365 U.S. 336, 345 (1961) (recognizing that “there is no legally recognizable or protected ‘essential’ element, ‘gist’ or ‘heart’ of the invention in a combination patent.”). This notion was confirmed by this Court in *Bilski v. Kappos*, wherein this Court stated: “an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection.” *Bilski v. Kappos*, 130 S. Ct. 3218, 3230 (2010) (quoting *Diehr*, 450 U.S. at 187) (emphasis in original). In *Bilski*, this Court reiterated that “a process claim meets the requirements of § 101 when, ‘considered as a whole,’ it ‘is performing a function which the patent laws were designed to protect (e.g., transforming or reducing an article to a different state or thing).” *Bilski*, 130 S. Ct. at 3258 (quoting *Diehr*, 450 U.S. at 192).

In fact, in *Mayo*, after dissecting the claims into (1) unpatentable subject matter such as laws of nature and (2) additional steps, this Court actually went on to hold the claims unpatentable, analyzing them as a whole and in harmony with *Diehr*:

...the claims inform a relevant audience about certain laws of nature; and any additional steps consist of well understood, routine, conventional activity already engaged in by the scientific community; and those steps, *when viewed as a whole*, add nothing significant beyond the sum of their parts taken separately.

Mayo, 132 S. Ct. at 1298 (emphasis added).

Furthermore, in 1981, the *Diehr* Court appears to have attempted to forestall any perceived doctrinal divergence by addressing the holding in *Flook*, stating in footnote as follows:

It is argued that the procedure of dissecting a claim into old and new elements is mandated by our decision in *Flook* which noted that a mathematical algorithm must be assumed to be within the “prior art.” It is from this language that the petitioner premises his argument that if everything other than the algorithm is determined to be old in the art, then the claim cannot recite statutory subject matter. The fallacy in this argument is that *we did not hold in Flook that the mathematical algorithm could not be considered at all* when making the § 101 determination. To accept the analysis proffered by the petitioner would, if carried to its extreme, make all inventions unpatentable because all inventions can be reduced to underlying principles of nature which, once known, make their implementation obvious.

Diehr, 450 U.S. at 189, n. 12 (emphasis added).

However, the *Diehr* Court’s warning appears to have gone unheeded, leading to the Federal Circuit’s misapplications of the *Flook* and *Mayo* claim dissection approach. Thus, in the *Bancorp Services* case, a Federal Circuit panel misapplied *Mayo* in instructing that “[w]hen the insignificant computer-based limitations are set aside from those claims that contain such limitations, the question under § 101 reduces to an analysis of what

additional features remain in the claims.” *Bancorp*, 687 F.3d at 1279. As such, *Bancorp Services* held that the “additional features” were “a matter of mere mathematical computation” and that “without the computer limitations nothing remains in the claims but the abstract idea of managing a stable value protected life insurance policy.” *Id.* at 1279-80.

Similarly, in the Federal Circuit’s *en banc* decision in the instant case, Judge Lourie’s concurring opinion appears to dissect the claims in apparent yet misconstrued reliance on *Mayo*, whereas Judge Rader’s dissenting opinion utilizes the holistic *Diehr* approach and argues that Judge Lourie has misapplied *Mayo*. See *CLS Bank*, 717 F.3d at 1282, 1286-91, 1298, 1303 n.5, 1310-11.

Given the confusion created by the seemingly divergent approaches to the Section 101 analysis described above, this Court should seize this opportunity to clarify the law by reaffirming this Court’s precedents, including both *Diehr* and *Mayo*, and should require an analysis of a patent claim as a whole when analyzing subject matter patent eligibility. As noted by *Diehr*, a novel and inventive process may well involve conventional components whose combination—through the invocation of a Section 101 exception—may be worthy of patent protection. Further, this Court should hold that where a claim implicates a Section 101 exception, the claim should not be dissected to disregard the subject matter falling within that exception by considering only the additional claim elements. Rather, drawing on the common thread running through this Court’s Section 101 precedent, the inquiry should focus on whether the claim as a whole recites an *application* of otherwise unpatentable subject matter (e.g. an abstract

idea or natural law) that is directed to or encompasses patentable subject matter under Section 101.

II. Section 101 Of The Patent Act Does Not Include Or Implicate Any Threshold Requirement That There Be An Analysis Of Novelty Or Nonobviousness.

A concurring opinion in the Federal Circuit's decision in this case states that Section 101 requires "a genuine human contribution to the claimed subject matter." *CLS Bank*, 717 F.3d at 1283 (Lourie, J., concurring). Further, "[l]imitations that represent a human contribution but are merely tangential, routine, well-understood, or conventional, or in practice fail to narrow the claim relative to the fundamental principle therein, cannot confer patent eligibility." *Id.*³

However, whether an invention is "routine, well-understood, or conventional" is not relevant to whether an invention fits within the categories of subject matter eligible for a patent ("process, machine, manufacture, or

3. Judge Lourie cited this Court's recent "inventive concept" language in *Mayo v. Prometheus*. See *CLS Bank*, 717 F.3d at 1282 (Lourie, J., concurring) (quoting *Mayo*, 132 S. Ct. at 1294). However, as Judge Rader stated in dissent: "Judge Lourie's opinion takes the reference to an 'inventive concept' in *Prometheus* and imbues it with a life that is neither consistent with the Patent Act's description of Section 101 nor with the totality of Supreme Court precedent regarding the narrow exceptions thereto He, thus, injects an 'ingenuity' requirement into the abstract exception inquiry. It is inconceivable to us that the Supreme Court would choose to undo so much of what Congress tried to accomplish in the 1952 Patent Act, and to do so by the use of one phrase in one opinion." *CLS Bank*, 717 F.3d at 1303 n.5 (Rader, J., dissenting).

composition of matter”). Rather, such inquiries are classic questions of novelty and nonobviousness. *See Diehr*, 450 U.S. at 189-190 (1981); *see also In re Bergy*, 596 F.2d 952, 960 (CCPA 1979). The 1952 Patent Act simply does not include or implicate novelty and nonobviousness in Section 101, and stands in contrast to the patent statute in effect prior to passage of the 1952 Act, which included patentable subject matter and novelty in a single, all-encompassing provision:

Any person who has invented or discovered any *new and useful art, machine, manufacture, or composition of matter*, or any new and useful improvement thereof, *not known or used by others* in this country, and *not patented, or described in any printed publication* in this or any foreign country, before his invention or discovery thereof, and *not in public use or on sale* for more than two years prior to his application, unless the same is proved to have been abandoned, may, upon payment of the fees required by law, and other due proceedings had, obtain a patent therefor.

Compare Patent Act of 1870, 16 Stat. 198, recodified as R.S. 4886 (1874) with 35 U.S.C. § 101 (2006). The first emphasized portion delineates patentable subject matter, whereas the subsequent emphasized portions set forth standards of novelty.

The 1952 Patent Act expressly separated patentable subject matter and novelty into distinct provisions, i.e. Sections 101 and 102, as Congress stated at the time:

The corresponding section of existing statute is split into two sections, section 101 relating to the subject matter for which patents may be obtained, and section 102 defining statutory novelty and stating other conditions for patentability.

H.R. REP. NO. 82-1923, at 17 (1952) [hereinafter "H.R. Rep. No. 1923"].⁴ The corresponding Senate report has identical language. S. REP. NO. 82-1979, at 17 (1952) [hereinafter "S. Rep. No. 1979"]; see also P. J. Federico,⁵ *Commentary on the New Patent Act*, reprinted in 75 J. PAT. & TRADEMARK OFF. SOC'Y 161, 176 (1993) ("In the new code, this section

4. The provision on obviousness was included in the 1952 Patent Act, also outside of Section 101, to codify then-existing law: "Section 103, for the first time in our statute, provides a condition which exists in the law and has existed for more than 100 years, but only by reason of decisions of the courts." H.R. Rep. No. 1923 at p. 7; S. Rep. No. 1979 at 6. , "There is no provision corresponding to the first sentence explicitly stated in the present statutes, but the refusal of patents by the Patent Office, and the holding of patents invalid by the courts, on the ground of lack of invention, or lack of patentable novelty has been followed since at least as early as 1850. This paragraph is added with the view that an explicit statement in the statute may have some stabilizing effect, and also to serve as a basis for the addition at a later time of some criteria which may be worked out." H.R. Rep. No. 1923 at p. 18; S. Rep. No. 1979 at p. 18.

5. P.J. Federico was a chief patent examiner at the U.S. Patent Office, and wrote the first draft of the 1952 Patent Act and participated in revisions thereto. As a special consultant to the House subcommittee, he was principal author of House Report No. 1923, which is substantially the same as Senate Report No. 1979, both cited herein. *Paulik v. Rizkalla*, 760 F.2d 1270, 1277 (Fed. Cir. 1985) (Rich, J., concurring).

has been divided into two sections, section 101 relating to the subject matter for which a patent may be obtained, and section 102 which defines statutory novelty and states other conditions for patentability.”).

Hence, Sections 101 and 102 of the 1952 Patent Act provided – in separate sections:

101. Inventions Patentable. Whoever invents or discovers any *new and useful process*,⁶ *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.

102. Conditions for patentability; novelty and loss of right to patent. A person shall be entitled to a patent unless –

(a) the invention was *known or used* by others in this country, or *patented or described in a printed publication* in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was *patented or described in a printed publication* in this or a foreign country or in *public use or on sale* in this country, more

6. “‘Process’ has been used [in the 1952 Patent Act in place of “art” in the prior statute] as the meaning is more readily grasped than ‘art’ as interpreted, and the definition in section 100(b) makes clear that ‘process or method’ is meant.” H.R. Rep. No. 1923 at p. 17; S. Rep. No. 1979 at p. 17; *Diehr*, 450 U.S. at 182-183.

than one year prior to the date of the application
for patent in the United States, or

Patent Act of 1952, Pub. L. No. 593 (codified as amended
at 35 U.S.C. §§ 101, 102 (2006)) (emphasis added).

Congress explained that Section 101 was meant to
specify the kinds of new, useful inventions or discoveries
for which patents may be obtained, subject to the additional
provisions of Title 35:

Referring first to section 101, this section
specifies the type of material which can be the
subject matter of a patent.

...

Section 101 sets forth the subject matter that
can be patented, 'subject to the conditions
and requirements of this title.' The conditions
under which a patent may be obtained follow,
and section 102 covers the conditions relating
to novelty.

A person may have 'invented' a machine or
a manufacture, which may include anything
under the sun that is made by man, but it is not
necessarily patentable under section 101 unless
the conditions of the title are fulfilled.

H.R. Rep. No. 1923 at p. 6; S. Rep. No. 1979 at p. 5.

In contrast, Section 102 sets forth the conditions
relating to novelty that had been previously included

alongside the categories for patentable subject matter in the Patent Act of 1870:

Section 102 in paragraphs (a), (b), and (c) repeats the conditions in the existing law relating to novelty.

...

Section 102, in general, may be said to describe the statutory novelty required for patentability, and includes, in effect, an amplification and definition of “new” in section 101.

H.R. Rep. No. 1923 at p. 6-7; S. Rep. No. 1979 at p. 5-6.

This Court has considered – and rejected – the notion that novelty be considered under Section 101. Rather, citing the above-quoted legislative history, this Court has recognized that statutory subject matter (Section 101) and novelty (Section 102) are separate and distinct inquiries:

It has been urged that novelty is an appropriate consideration under § 101. Presumably, this argument results from the language in § 101 referring to any ‘new and useful’ process, machine, etc. Section 101, however, is a general statement of the type of subject matter that is eligible for patent protection ‘subject to the conditions and requirements of this title.’ Specific conditions for patentability follow and § 102 covers in detail the conditions relating to novelty. The question therefore of whether a particular invention is novel is ‘wholly apart

from whether the invention falls into a category of statutory subject matter' The legislative history of the 1952 Patent Act is in accord with this reasoning.

Diehr, 450 U.S. at 189-190 (quoting *In re Bergy*, 596 F.2d at 961 (Rich, J.)).

And more recently, this Court has considered whether a Section 101 analysis should replace the requirement for an analysis under Section 102 or 103:

Given the many moving parts at work in the Patent Act, there is a risk of merely confirming our preconceived notions of what should be patentable or of seeing common attributes that track 'the familiar issues of novelty and obviousness' that arise under other sections of the statute but are not relevant to § 101.

Bilski, 130 S. Ct. at 3238 (2010) (Stevens, J., concurring) (citing *Parker*, 437 U.S. at 588); *see also Research Corp. Techs. v. Microsoft Corp.*, 627 F.3d 859, 868 (Fed. Cir. 2010) ("In refocusing the eligibility inquiry on the statute, the Supreme Court advised that [S]ection 101 eligibility should not become a substitute for a patentability analysis related to prior art, adequate disclosure, or the other conditions and requirements of Title 35.")

7. Judge Rich was one of the main drafters of the 1952 Patent Act. *Bilski* 130 S. Ct. at 3248 (Stevens, J., concurring). He also worked with P.J. Federico on several revisions to the draft bill that became the 1952 Patent Act. *Paulik*, 760 F.2d at 1277.

Judge Rich also explained that sections 101, 102, and 103 can be understood as three separate “doors” requiring “separate keys.” *In re Bergy*, 596 F.2d at 960 (Rich, J.). Section 101 is the “first door which must be opened on the difficult path to patentability.” *Id.* Specifically:

[W]hen one has only compliance with § 101 to consider, the sole question, aside from utility,⁸ is whether the invention falls into a named category, not whether it is *patentable*. Falling into a category does not involve considerations of novelty or nonobviousness and *only* those two considerations involve comparison with prior art or inquiry as to whether all or any part of the invention is or is not in, or assumed to be in, the prior art or the public domain. *Prior art is irrelevant to the determination of statutory subject matter under § 101*. An invention can be statutory subject matter and be 100% old, devoid of any utility or entirely obvious. This is our understanding of the statute

In re Bergy, 596 F.2d at 962-963 (Rich, J.) (emphasis in original)).

As such, the structure of Sections 101, 102, and 103 of the 1952 Patent Act, along with its legislative history and commentary from its principal authors, and this Court’s prior precedents, all make clear that Section 101

8. The “utility” requirement requires only that an invention be capable of providing some identifiable benefit. *See Brenner v. Manson*, 383 U.S. 519, 534 (1966); *see also Juicy Whip, Inc. v. Orange Bang, Inc.*, 185 F.3d 1364, 1366 (Fed. Cir. 1999).

addresses only subject matter eligibility for a patent. No examination of novelty, nonobviousness, nor any other requirement of patentability, is appropriate within the Section 101 analysis.

III. “Claim Construction” Should Be Required Before A Section 101 Analysis, Consistent With Other Inquiries In A Patent Case (e.g., 35 U.S.C. §§ 102 & 103 Invalidity, 35 U.S.C. § 271 Infringement).

In the instant case, the district court engaged in no formal claim construction before declaring the patent claims invalid, instead relying upon the parties’ agreement that all claims required a computer including at least a processor and memory. *CLS Bank*, 717 F.3d at 1275 (Lourie, J., concurring). Yet in several of its concurring and dissenting opinions below, the Federal Circuit opined on the meaning of claim terms before conducting the Section 101 analysis, with no explanation for the meanings ascribed to the claim terms:

Chief Judge Rader and Judge Moore construe the method claims as far broader than the system claims.... Judge Lourie also construes the method claims broadly, but unlike the Chief Judge and Judge Moore, imports the breadth he reads into them into the system and media claims as well.... None of these judges explains how the record supports the claim constructions in which they engage, however.

CLS Bank, 717 F.3d at 1329 (Linn, J. and O’Malley, J., dissenting).

None of these appellate-level “claim constructions,” followed a traditional claim construction analysis such as contemplated in *Markman* and *Phillips*, *infra* p. 21. As there was no lower court claim construction on review, the Federal Circuit construed the claims in the first instance, inconsistent with its traditional role as a reviewing court:

We assume our colleagues feel free to ignore the record – or, more appropriately, the lack thereof – in this case because claim construction is a question of law which this court reviews de novo.... Whether review is de novo or not, however, it still must be a ‘review’ – *it must be premised on a record below in which all relevant claim construction issues were vetted and in which the parties had an opportunity to proffer intrinsic and extrinsic evidence which would inform the claim construction process.* None of that occurred in this case. Instead, Alice’s evidence and arguments were proffered and accepted by all as established fact. We are not persons of skill in the art and cannot open the record for proceedings that did not occur below. We are a reviewing court whose review must be predicated upon the record presented.

CLS Bank, 717 F.3d at 1331 (Linn, J, and O’Malley, J., dissenting) (emphasis added).

In fact, the paramount issue in resolving patent disputes and defining patent rights is the determination of the scope of patent claims. Clarity in claim scope is of the utmost importance because the claims set forth all to which the patentee is entitled while apprising the public

of what is still open to them. *See Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730 (2002); *see also McClain v. Ortmayer*, 141 U.S. 419, 424 (1891); *see also SAP America v. Versata Development Group*, 107 U.S.P.Q.2d 1097 (P.T.A.B. 2013).

This Court has noted the importance of uniformity and certainty and has held that the construction of claim terms in a patent is a question of law reserved to the court and not the jury. *See generally Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996). The Federal Circuit has outlined a process for determining the scope of patent claims to include analysis of the claim terms in light of the claim language itself and in light of the patent specification with recourse if needed to other extrinsic evidence. *See Phillips v. AWH Corp.*, 415 F.3d 1303, 1316-17 (Fed. Cir. 2005) (*en banc*).

Claim construction is a required prerequisite before determining whether a patent is invalid under Sections 102, 103, and 112 (novelty, nonobviousness, enablement and written description). “The first step in any invalidity or infringement analysis is claim construction.” *Rockwell Int’l Corp. v. United States*, 147 F.3d 1358, 1362 (Fed. Cir. 1998). The Federal Circuit has specified that a proper claim construction is necessary to a finding of invalidity based on any of Sections 102, 103, and 112. *See Vita-Mix Corp. v. Basic Holding, Inc.*, 581 F.3d 1317, 1332 (Fed. Cir. 2009) (“We find that Basic has raised a genuine issue of material fact with respect to the anticipation, obviousness, and lack of enablement sufficient to defeat Vita-Mix’s motion for summary judgment of no invalidity. We therefore remand the validity issues to the district court for a decision on the merits with instructions to apply the proper claim construction.”).

The first step in the patent infringement analysis under Section 271 is always claim construction as well. *See Markman*, 52 F.3d at 976 (*en banc*), *aff'd*, 517 U.S. 370 (1996) (“An infringement analysis entails two steps. The first step is determining the meaning and scope of the patent claims asserted to be infringed. The second step is comparing the properly construed claims to the device accused of infringing. It is the first step, commonly known as claim construction or interpretation, that is at issue in this appeal.”) (citing *Read Corp. v. Portec, Inc.*, 970 F.2d 816, 821 (Fed. Cir. 1992)).

As the required practice under so many other sections of the Patent Act, it stands to reason that only after establishing the meaning and scope of the claims through claim construction may courts reasonably determine whether the claims have met the statutory standards for patentability. This Court has affirmed that statutory subject matter under Section 101 is, in fact, a condition for patentability. *See Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 12 (1966) (stating that the 1952 Patent Act “sets out the conditions of patentability in three sections” (citing 35 U.S.C. §§ 101, 102, and 103)).

Since Section 101 recites a condition of patentability, it follows that in order to test a claim for compliance with Section 101, a court should have already established the scope and meaning of the claim language itself, just as for patentability in view of prior art or in view of the enablement and written description requirements, and for infringement. On several occasions, the Federal Circuit has recognized that claim construction may be an important first step in a Section 101 analysis:

[C]laim construction is not an inviolable prerequisite to a validity determination under § 101. We note, however, that it will ordinarily be desirable – and often necessary – to resolve claim construction disputes prior to a § 101 analysis, for the determination of patent eligibility requires a full understanding of the basic character of the claimed subject matter.

Bancorp, 687 F.3d at 1273-1274; *see also In re Bilski*, 545 F.3d 943, 951 (Fed. Cir. 2008) (*en banc*) (“Although claim construction, which we also review de novo, is an important first step in a § 101 analysis ... there is no claim construction dispute in this appeal.”) (citing *State St. Bank & Trust Co. v. Signature Fin. Group*, 149 F.3d 1368, 1370 (Fed. Cir. 1998) (Rich, J.) (noting that whether a claim is invalid under Section 101 “is a matter of both claim construction and statutory construction”)). To find otherwise and to conduct statutory subject matter analysis without claim construction would create an ill-informed and misguided analysis in which courts make presumptions about the “meaning” of claim terms without the benefit of a full claim construction analysis.⁹

9. Requiring claim construction as a preliminary threshold consideration would also conform to the current claim analysis used at the U.S. Patent and Trademark Office (“USPTO”). Under the USPTO’s examination guidelines, patent examiners are required first to interpret the claims in patent applications to determine whether they define subject matter that falls within a category of potentially patentable (i.e., patent-eligible) inventions, whether a process, machine, manufacture, or composition of matter. *See* MPEP § 2106 (II) (8th ed., rev. 9). After interpreting the claim language, the examination process continues to test the patentability of the patent claims under Sections 102, 103, and 112.

Even in this case, one concurrence below noted that construing a claim before addressing Section 101 issues is “not required” but “may be especially helpful in this regard by facilitating a full understanding of what each claim entails.” *CLS Bank*, 717 F.3d at 1282 (Lourie, J., concurring) (citing *Bancorp*, 687 F.3d at 1273-74).

As such, this Court should prescribe claim construction as a threshold inquiry, before applying the standards of patentability, to determine whether a claim as a whole recites an invention directed to patent-eligible subject matter under 35 U.S.C. § 101, consistent with the practice of requiring claim construction before a determination under 35 U.S.C. §§ 102, 103, and 112, and infringement under 35 U.S.C. § 271.

CONCLUSION

For the reasons set forth above, the Court should hold that: (1) the Section 101 patentability analysis should consider a patent claim as a whole consistent with *Diehr*; (2) analysis of “patentable subject matter” should not include considerations of novelty or nonobviousness; and (3) “claim construction” should be required prior to any Section 101 patentable subject matter inquiry.

Respectfully Submitted,

JAMES KLAIBER, *CHAIR*
Committee on Patents
The Association of the
Bar of the City of New York
 PRYOR CASHMAN LLP
 Seven Times Square
 New York, New York 10036
 212-421-4100

CHARLES E. MILLER
Counsel of Record
 SILLS CUMMIS & GROSS LLP
 30 Rockefeller Plaza
 New York, New York 10112
 (212) 643-7000
 cmiller@sillscummis.com

AARON L.J. PEREIRA
FLOREK & ENDRES PLLC
1156 Avenue of the Americas
New York, New York 10036
(212) 997-1000

TIMOTHY P. HEATON
TROUTMAN SANDERS LLP
405 Lexington Avenue
New York, New York 10174
(212) 704-6000

RYAN S. OSTERWEIL
PRYOR CASHMAN LLP
7 Times Square
New York, New York 10036
212-421-4100

Of Counsel

January 28, 2014

JOHN GLADSTONE MILLS III
PATENT COUNSEL GROUP LLP
The Commonwealth Building
2045 North 15th Street,
Suite 205
Arlington, Virginia 22201
(703) 338-7090

*Counsel for Amicus Curiae
The Association of the Bar of
the City of New York*

BLANK PAGE

