

No. 20-2044

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

UNIVERSAL SECURE REGISTRY LLC,
Plaintiff-Appellant,

v.

APPLE INC., VISA INC. and VISA U.S.A. INC.,
Defendants-Appellees.

Appeal from the U.S. District Court for the District of Delaware
Case No. 1:17-cv-00585-CFC-SRF, Judge Colm F. Connolly

**BRIEF OF *AMICUS CURIAE* PAUL R. MICHEL
IN SUPPORT OF APPELLANT'S COMBINED PETITION
FOR REHEARING AND REHEARING EN BANC**

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CERTIFICATE OF INTEREST

Counsel for Amicus Curiae Hon. Paul R. Michel (ret.) states the following:

1. **Represented Entities.** Provide the full names of all entities represented by undersigned counsel in this case. Fed. Cir. R. 47.4(a)(1).

Honorable Paul R. Michel (ret.)

2. **Real Party in Interest.** Provide the full names of all real parties in interest for the entities. Do not list the real parties if they are the same as the entities. Fed. Cir. R. 47.4(a)(2).

N/A

3. **Parent Corporations and Stockholders.** Provide the full names of all parent corporations for the entities and all publicly held companies that own 10% or more stock in the entities. Fed. Cir. R. 47.4(a)(3).

None.

4. **Legal Representatives.** List all law firms, partners, and associates that (a) appeared for the entities in the originating court or agency or (b) are expected to appear in this court for the entities. Do not include those who have already entered an appearance in this court. Fed. Cir. R. 47.4(a)(4).

Dowd Scheffel PLLC: Matthew J. Dowd, Robert J. Scheffel

5. **Related Cases.** Provide the case titles and numbers of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal. Do not include the originating case number(s) for this case. Fed. Cir. R. 47.4(a)(5). See also Fed. Cir. R. 47.5(b).

None.

6. **Organizational Victims and Bankruptcy Cases.** Provide any information required under Fed. R. App. P. 26.1(b) (organizational

victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees). Fed. Cir. R. 47.4(a)(6).

None.

I certify the preceding information is accurate and complete to the best of my knowledge.

Date: October 12, 2021

/s/ Matthew J. Dowd

Signature of counsel

Matthew J. Dowd

Counsel for Appellant

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INTEREST OF *AMICUS CURIAE*

Amicus Curiae Paul R. Michel is a former U.S. Circuit Judge of the U.S. Court of Appeals for the Federal Circuit, appointed in 1988 and serving until his retirement as Chief Judge in 2010. Since his retirement, *Amicus* has remained active in patent policy discussions, working to help ensure that U.S. patent laws and policy are geared to achieving the proper balance between incentivizing innovation and allowing free-market competition. The present case is of concern to *Amicus* because the present ruling is a product of the uncertainty attributable to the current trend in patent-eligibility jurisprudence. The outcome here: practical negative ramifications that threaten to undermine the innovation-promoting goals of U.S. patent law, and the Court should use the present case to reexamine a fundamental yet faulty premise of current patent eligibility law.¹

¹ No party's counsel authored this brief in whole or in part, and no party, party's counsel, or any other person has contributed money intended to fund the preparation or submission of this brief. All parties consent to the filing of this brief.

ARGUMENT

Federal courts, the U.S. Patent and Trademark Office, and patent lawyers alike have become fundamentally inured to the two-step test for patent eligibility under 35 U.S.C. § 101 that was established by *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), and *Alice Corp. v. CLS Bank International*, 573 U.S. 208 (2014). Anytime patent eligibility is mentioned, the two-part test is reflexively invoked, without any further consideration of the test's foundation. But as we approach ten years since the Supreme Court decided *Mayo*, it is time to ask more careful questions about the two-part test. And the present case is a proper vehicle for asking those questions.

The importance of improving patent eligibility law cannot be overstated. Section 101 is now the de facto, critical barrier to reliable patent protection for critical 21st-century technologies, including medical diagnostics, clean and sustainable energy, artificial intelligence, cutting-edge medical and biotechnology innovation, such as gene therapy. To support and foster the necessary innovation and investment, U.S. patent laws need to provide reliable and predictable protections for innovation.

But as one leading law professor (among many others) has noted, “[t]he law of patentable subject matter is a mess.”² It needs to be fixed.

The full Court can and should fix the current situation with § 101. The best way to fix the law is to accurately assess the legal underpinnings of the now-prevalent *Mayo-Alice* test. *Amicus* respectfully suggests that the full Court use the current case to revisit the overly broad application of the *Mayo/Alice* test and the continued overexpansion of that test—an overextension that has led to a conflation of the requirements of patentability and patent eligibility.

I. Patentability Versus Eligibility

Both *Mayo* and *Alice*, decided just two years apart, were unanimous. Through those decisions, the Supreme Court created the now ubiquitous two-part test that has since been applied in innumerable cases by this Court and federal trial courts. Furthermore, nine years have elapsed since *Mayo* and seven years since *Alice*, which extended

² Prof. Mark A. Lemley, *Patentable Subject Matter Reform Hearings Before the Senate Judiciary Committee*, at 1 (June 4, 2019), <https://www.judiciary.senate.gov/imo/media/doc/Lemley%20Testimony.pdf>.

Mayo to all technologies. Why examine the test’s foundation at this late date?

The reason is simple: If the now-ubiquitous *Alice/Mayo* test’s foundation is lacking or shaky, the test should be reassessed and is a fair candidate to be applied in a manner that stays truer to the Constitution’s goal of promoting the progress of the useful arts. This reassessment does not—and need not—require an overruling of the *Alice/Mayo* test, but it would allow a more faithful application of Supreme Court precedent to respect the objective of the Constitution’s Patent Clause.

As explained in more detail in other articles,³ the *Mayo* and *Alice* opinions rely on pre-1952 cases, but those earlier cases seemed to be analyzing patentability, not eligibility. These earlier decisions employ the word “patentable” throughout. They contain no reference to “eligibility.”

³ See, e.g., Paul R. Michel, *Is It Time to Reevaluate ‘Inventive Concept’ Test for Patent Eligibility?*, Bloomberglaw (May 18, 2020), <https://news.bloomberglaw.com/ip-law/insight-is-it-time-to-reevaluate-inventive-concept-test-for-patent-eligibility>; Paul R. Michel & John Battaglia, *Flaws in the Supreme Court’s §101 Precedent and Available Ways to Correct Them* (Apr. 27, 2020), <https://www.ipwatchdog.com/2020/04/27/flaws-supreme-courts-%C2%A7101-precedent/id=121038/>.

More tellingly, *Mayo* relies on *Parker v. Flook*, 437 U.S. 584 (1978), and its invocation of the “inventive concept.” When we scrutinize *Flook*, however, it uses the term only twice and without quoting or even citing any precedent. The opinion by Justice John Paul Stevens says simply: “Even though a phenomenon of nature or a 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.”

The Supreme Court precedent cited in *Flook* is similarly silent about the “inventive concept” paradigm. None of the older cases—*Funk Brothers Seed Co. v. Kalo Co.*, 333 U.S. 127, 130 (1948), and *Mackay Radio & Telegraph Co. v. Radio Corp. of America*, 306 U.S. 86, 94 (1939)—mentioned “inventive concept.” The same is true for *Gottschalk v. Benson*, 409 U.S. 63, 71 (1972), which states that “one may not patent an idea,” but does not employ the “inventive concept” test. Thus, we are left with a line of cases offering almost no support for *Flook*’s reliance on “inventive concept.”

On that shaky ground we next have the Court’s decision in *Diamond v. Diehr*, 450 U.S. 175 (1981), decided three years after *Flook*.

The Supreme Court in *Diehr* clearly held that the concept of “inventiveness” has no place in the eligibility analysis. In fact, Justice Stevens—the author of a 6-3 *Flook* majority—complains in his 4-5 *Diehr* dissent that the Court is “trivializing” *Flook*’s inventive concept. Along with *Diehr*’s condemnation of improper dissecting of claims, one can readily conclude that *Diehr* overruled at least this aspect of *Flook*’s reasoning.

Notwithstanding this shaky foundation, Justice Stephen Breyer (as author of the *Mayo* opinion) repeatedly relied on the idea of “conventional” as a synonym for a lack of “inventive concept.” Thus, “inventive concept” resurrected from *Flook* after its burial in *Diehr*. Yet, the *Mayo* decision purported to follow *Diehr* as well as *Flook*, which it expressly recognized as the closest precedents.

The conclusion therefore seems inescapable: “inventive concept” as a key requirement for establishing patent eligibility finds little support

in the precedent. The shaky ground must be considered by courts when applying the *Mayo/Alice* test.⁴

Furthermore, *Mayo* misapplied a second, separate rationale within *Flook*. In *Mayo*, Justice Breyer, in writing for the Court, overlooked the other *Flook* holding (which *Diehr* did not reject): a claim is “directed to” an exemption only if the claim essentially covers the exemption “itself.” In other words, the § 101 judicial exemptions apply only when the claim is to nothing less or more than the natural phenomenon or is to the abstract idea, such as a mathematical formula.

II. The Current Patent-Eligibility Law Is Unreliable And Is Adversely Affecting Innovation

Some might respond to the above analysis by claiming it is merely an academic issue, but it is much more than that. The ubiquitous and overly broad application of the “inventive concept” requirement—a hurdle to patent eligibility that lacks solid precedential support—is

⁴ A search of federal court decisions for the phrase “inventive concept” reveals the recent exponential expansion of the “inventive concept” analysis:

January 1, 1990, to December 31, 1999: 31 cases;
January 1, 2000, to December 31, 2009: 61 cases;
January 1, 2010, to the present: 1,353 cases.

causing substantial harm to inventors and innovators, and thus is detrimental to the U.S. innovation economy.

In fact, the case law on patent eligibility is so confusing, complex, unclear, inconsistent, and unpredictable that it cannot be soundly applied by the system's vast number of users. They number in the many, many thousands, even hundreds of thousands: 260 PTAB judges, 8,200 examiners, many, many thousands of patent prosecutors and applicants, pursuing half a million patent applications per year, thousands of litigators, hundreds of thousands of inventors who file the half a million applications per year, innumerable licensing executives, venture-capital investors, bankers, private equity fund leaders, corporate executives, and hundreds of district court judges.

These participants in the patent system and the innovation economy all need clarity and predictability. But it is absent. They cannot decipher the case law even if the judges of this Court have a better handle on the law. The result, unavoidably, is less innovation. Why? Because all these commercial actors follow the simple caution: when in doubt, do not commit time and money in high-risk endeavors, which is what innovation always is.

Worse yet, the law keeps changing so observers cannot keep up, much less predict future nuances and shifts. Indeed, take the following explanation of “inventive concept”: “An inventive concept reflects something more than the application of an abstract idea using well-understood, routine, and conventional activities previously known to the industry.” *Cellspin Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1316 (Fed. Cir. 2019). How are innovators to have any clue as to what “something more” means?

We also see the § 101 analysis growing like a killer blob, serially incorporating more notions arising from distinct sections of the Patent Act. Section 101 started as a threshold, separate analysis. Then we see § 101 sounding more like an obviousness analysis under § 103 or a novelty analysis under § 102. Then we see cases where § 101 steals concepts from § 112(a) and (b). Soon enough, we will need only § 101 to decide all aspects of patentability.

David Kappos (former Director of the U.S. Patent and Trademark Office) called patent-eligibility law “a mess” in his June 2019 Senate testimony. As the lead-off witness at the same hearing, the present *Amicus* called out the “chaos” that is the *Mayo/Alice* regime, as applied

by the lower courts and the Patent Office. The uncertainty unfortunately continues, to the detriment of so many innovators, technology entrepreneurs, and others.

A recent decision exemplifies the problem. We are now in a place where a claim directed to “an improved digital camera” is not even *eligible* for patent protection—without any consideration of the invention’s novelty, nonobviousness, and usefulness. *Yu v. Apple Inc.*, 1 F.4th 1040, 1046 (Fed. Cir. 2021) (holding that claims to “an improved digital camera” were not patent-eligible under 101). Anyone with a little knowledge of patent law history will appreciate the irony of the outcome in *Yu*. It was not all that long ago when Polaroid won one of the largest patent infringement judgments against Kodak for instant photography. Just as instant photography revolutionized consumer access to photographs, so have advances in digital photography. But now the law has been so transmogrified that a digital photography innovation is deemed to lack an “inventive concept.”

Because the Supreme Court has denied all § 101 petitions since *Mayo* upended the law in 2012, and Congress has failed to act, it is clear that this Court must rationalize the law of patent eligibility to ensure

that innovation is being properly rewarded. If the law is not rationalized, the consequences for the U.S. innovation community (including inventors and investors) are extremely worrisome. Inventions ineligible here are eligible in Europe and Asia, including arch-rival China. And China threatens to overtake U.S. leadership in all the advanced technologies of the 21st century and is massively investing, while U.S. investments in patent-dependent technologies are stalled.

III. The Present Case Appears To Be Symptomatic Of The Flawed Underpinnings of the *Mayo/Alice* Test And The Incorrect Revival Of “Inventive Concept” As A Requirement For Patent Eligibility

The subject case of the present rehearing petition appears to be another victim of the shaky “inventive concept” requirement. Here, though, it appears that the panel has imposed a “specificity” terminology to impose the questionable “inventive concept” paradigm taken from *Mayo*.

As the rehearing petition aptly identifies, the panel opinion begins by imposing a “specificity” analysis. *See* Op. 5 (“In cases involving authentication technology, patent eligibility often turns on whether the claims provide sufficient specificity to constitute an improvement to computer functionality itself.”). Like “inventive concept,” a “specificity”

requirement is nowhere to be found in § 101. Despite the lack of support in the statute, the panel opinion doubles-down on this alleged requirement of “specificity” for patent eligibility, for example, by holding that the “claims do not include sufficient specificity.” Op. 20. How are users to know what “sufficient specificity” is in the context of patent eligibility?

It is no exaggeration to say that, no more than ten years ago, if anyone involved in patent law had read the phrase “the claims do not include sufficient specificity,” the only section of Title 35 one would think of is § 112, for the definiteness requirement. It is amazing and shocking how, despite *Diehr*, the separate statute provisions are being imported into patent eligibility.

The rehearing petition ably identifies other issues with the panel’s opinion that warrant rehearing. If the “specificity” requirement is allowed to stand, then we will see only further confusion and uncertainty in patent law.

To that point, nary a week passes without another decision that highlights the confusion and uncertainty in patent-eligibility law. The latest, as of this writing, is *CosmoKey Solutions GmbH & Co. KG v. Duo*

Security LLC, No. 20-2043, 2021 WL 4515279 (Fed. Cir. Oct. 4, 2021). There, the Court unanimously held ineligible claims directed to “an authentication method that is both low in complexity and high in security.” *Id.* at *1. The holding in *CosmoKey*, on its face, appears difficult to reconcile with the opposite outcome in the present case. Perhaps more importantly, though, is that even the panel in *CosmoKey* could not agree on the proper analysis under *Alice*. In his concurrence, Judge Reyna explained that he found “nothing in *Alice* that provides for skipping the first step or for conflating the two steps into one,” as the majority did. *Id.* at *7; *see id.* (“Nor does the majority cite any authority that specifically permits skipping step one.”).

IV. Conclusion

For the reasons discussed above, *Amicus Curiae* the Honorable Paul R. Michel (ret.) respectfully submits that the Court should grant the petition for rehearing en banc.

Date: October 12, 2021

Respectfully submitted,

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

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