No. 13-298

IN THE
Supreme Court of the United States

ALICE CORPORATION PTY. LTD.,
Petitioner,

v.

CLS BANK INTERNATIONAL, *et al.*,
*Respondent*s.

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

BRIEF OF AMICUS CURIAE ACCENTURE GLOBAL SERVICES, GMBH AND ACCENTURE LLP IN SUPPORT OF PETITIONER

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INTEREST OF AMICUS CURIAE ACCENTURE[1]

Accenture[2] is one of the world's leading management consulting, software technology services, and outsourcing organizations, serving 89 of the Fortune Global 100 and more than three-quarters of the Fortune Global 500. Accenture's patent no. 7,013,284 ("the '284 patent") is the subject of the recently decided Federal Circuit appeal in *Accenture Global Services, GmbH v. Guidewire Software, Inc.*, ___ F.3d ___, 2013 WL 4749919 (Fed. Cir. Sept. 5, 2013), regarding the patent eligibility of computer inventions.

Outside of any impact on the *Accenture v. Guidewire* appeal, Accenture has no stake in the outcome of this case, other than its desire for a correct and clear interpretation and application of the United States Patent Laws.

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[1] Counsel of record for all parties received notice of amicus Accenture's intention to file this brief at least 10 days prior to the due date. No counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No one other than Accenture made a monetary contribution to the preparation or submission of this brief. Both parties have granted blanket consent to the filing of amicus briefs.

[2] "Accenture" refers to Accenture LLP, an Illinois limited liability partnership, doing business on behalf of Accenture within the United States, and Accenture Global Services GmbH, a Switzerland limited liability company, registered owner of many of Accenture's U.S. patents.

SUMMARY OF THE ARGUMENT

The two irreconcilable decisions by the Federal Circuit since *CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269 (Fed. Cir. 2013) (en banc) show the court's ongoing fracturing over the patent eligibility of computer inventions. The Federal Circuit's divided opinion in *Accenture*, 2013 WL 4749919 squarely conflicts with the court's other post-*CLS Bank* decision involving patent eligibility of computer inventions, *Ultramercial, Inc. v. Hulu, LLC*, 722 F.3d 1335 (Fed. Cir. 2013), petition for cert. filed, No. 13-255 (Aug. 23, 2013). Innovators and patent owners are left guessing at the proper standard for patent eligibility of computer inventions in the wake of these recent Federal Circuit decisions.

The Alice Corp. petition for certiorari offers this Court the opportunity to resolve this conflict and reaffirm its precedent holding that claims performed by a computer running a program are eligible for patenting under § 101. *Diamond v. Diehr*, 450 U.S. 175, 187 (1981). Without this Court's intervention, the tumult in the law will continue to cast uncertainty on issued U.S. patents like Accenture's with claims to computer systems operating specialized software.

The inventors of the '284 patent at issue in *Accenture* are software developers who made the patented invention while creating Accenture's Claims Center software, a product that analysts have rated as the best in the business of computerized insurance claim processing. Despite acknowledging that the '284 patent claims a

computer system with multiple databases and software components, a divided panel of the Federal Circuit held that the claims cover only the abstract concept of "generating tasks [based on] rules . . . to be completed upon the occurrence of an event" and are therefore ineligible for patenting under 35 U.S.C. § 101. *Accenture* at *8. Chief Judge Rader dissented, arguing that the claimed computer systems present patent-eligible subject matter requiring a "specific combination of computer components," which the majority improperly stripped away in reaching its conclusion. *Id.* at *11-12 (Rader, C.J., dissenting). The dissenting opinion also objected to the § 101 analysis applied by the majority and disputed the precedential effect and proper interpretation of the fractured *en banc* decision in *CLS Bank*. *Id.*

The petition should be granted to resolve the conflict at the Federal Circuit over the patentability of computer-related inventions illustrated in *CLS Bank*'s fractured opinions and the subsequent conflicting decisions in *Ultramercial* and *Accenture*.

ARGUMENT

I. The petition should be granted to resolve the questions left unanswered by the *en banc* Federal Circuit in the fragmented decision below.

Recognizing the uncertainty that has developed on the proper standard for evaluating computer inventions under 35 U.S.C. § 101, the Federal Circuit reheard *CLS Bank en banc*. But instead of

"ameliorat[ing] this uncertainty by providing objective standards for section 101 patent-eligibility," the court "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." Pet. App. 100a (Newman, J. dissenting).

The questions posed by the court below—when a computer in a claim imparts patent eligibility and what test should be used to determine eligibility of a computer-implemented invention—remain unanswered. *See* Pet. App. 240a. Inventors and patent owners need resolution of these questions to avoid uncertainty as to whether their innovations are patent eligible. The petition should be granted so that this Court can provide the answers that the Federal Circuit could not.

II. This Court's intervention is needed now because the Federal Circuit's decisions since *CLS Bank* show that it has gotten no closer to providing the guidance needed by inventors and patent owners.

Since *CLS Bank*, the Federal Circuit has decided two appeals involving the patent eligibility of computer inventions, resulting in irreconcilable panel decisions that show ongoing conflict. In *Ultramercial v. Hulu*, the court ruled patent eligible an invention for monetizing the distribution of copyrighted materials over the Internet, explaining that the detailed patent specification, the programming complexity of the invention, and the specific steps of the claims "meaningfully limit[ed]

'the abstract idea at the core' of the claims." 722 F.3d 1335, 1352-53 (Fed. Cir. 2013). The court found in particular that a computer programmed with software became a patentable "new" or "particular" machine. *Id.* at 1353.

In contrast, in *Accenture v. Guidewire*, a divided Federal Circuit panel found computer systems and software for processing insurance claims ineligible for patenting, 2013 WL 4749919, *8, dismissing the complex computer programming in the specification, *id.* at *9, and characterizing claim limitations including two databases, client and server components, and an event processor as nothing more than "generalized software components," *id.* at *8. The court thus equated the claimed invention to an abstract idea of "generating tasks [based on] rules . . . to be completed upon the occurrence of an event." *Id.* at *8.

In their conflicting holdings and in many other ways, the Federal Circuit's opinions have increased uncertainty for inventors and patent owners. The court in both *Accenture* and *Ultramercial* had a minority opinion disputing the § 101 analysis applied by the majority. *Ultramercial*, 722 F.3d at 1354 (Lourie, J., concurring) ("I concur in the result reached by the majority, but I write separately because I believe we should concisely and faithfully follow the Supreme Court's most recent guidance . . . rather than to set forth our own independent views, however valid we may consider them to be."); *Accenture*, 2013 WL 4749919, *10 (Rader, C.J., dissenting) ("'A court cannot go hunting for abstractions by ignoring the concrete, palpable,

tangible limitations of the invention the patentee actually claims.' In my judgment, the court has done precisely that. Therefore, I respectfully dissent.") (quoting *Ultramercial*, 722 F.3d at 1344).

The Federal Circuit's recent decisions also conflict on whether the five-judge opinion in *CLS Bank* should be followed. *Accenture*, 2013 WL 4749919, *10 (Rader, C.J., dissenting) ("[T]he court relies significantly on the framework proposed by the plurality opinion in *CLS Bank*. However, no part of *CLS Bank*, including the plurality opinion, caries the weight of precedent."); *Ultramercial*, 722 F.3d at 1354 (Lourie, J., concurring) ("[W]e . . . should track the plurality opinion of five judges from this court in *CLS Bank*.") The opinions reveal disagreement over what other conclusions can be drawn from *CLS Bank*, if any. *See, e.g., Accenture*, 2013 WL 4749919, *4 ("Although CLS Bank issued as a plurality opinion, in that case a majority of the court held that system claims that closely track method claims and are grounded by the same meaningful limitations will generally rise and fall together."); *id.* at *11 (Rader, C.J., dissenting) ("[F]our judges specifically held that '[d]ifferent claims will have different limitations; each must be considered as written.' This latter view was recently affirmed by the court: 'the question of eligible subject matter must be determined on a claim-by-claim basis.' *Ultramercial*, 722 F.3d at 1340.").

The *Accenture* and *Ultramercial* decisions also diverge on the treatment of specific computer limitations in patent claims supported by a detailed specification, with *Accenture* dismissing the

limitations and specification out of hand, and *Ultramercial* relying significantly on each to impart patentability. It is undisputed that the patents in both cases claim computers and computer technology. *Ultramercial*, 722 F.3d at 1350 ("By its terms, the claimed invention invokes computers and applications of computer technology."); *Accenture*, 2013 WL 4749919, *1 ("[T]he claimed system includes an insurance transaction database, a task library database, a client component for accessing the insurance transaction database, and a server component that interacts with the software components and controls an event processor . . . ."). The court in each case acknowledged that the patent specifications confirm computer implementation. *Ultramercial*, 722 F.3d at 1350-51 ("Figure 1, alone, demonstrates that the claim is not to some disembodied abstract idea but is instead a specific application of a method implemented by several computer systems . . . ."); *Accenture*, 2013 WL 4749919, *1 ("The specification contains detailed descriptions of various software components, including many of the functions those components utilize and how those components interact.") Yet the court reached different conclusions on the impact of the claimed computer-elements on patent eligibility. *Ultramercial*, 722 F.3d at 1353 ("[T]he broadly claimed method in the '545 patent does not specify a particular mechanism for delivering media content to the consumer [but] this breadth and lack of specificity does not render the claimed subject matter impermissibly abstract."); *Accenture*, 2013 WL 4749919 *9 ("Although the specification of the '284 patent contains very detailed software implementation guidelines, the system claims

themselves only contain generalized software components arranged to implement an abstract concept on a computer.").

The many conflicts between the Federal Circuit's decisions in *Accenture* and *Ultramercial* show that *CLS Bank* did not provide the needed guidance but rather created more uncertainty by adding disputes over the meaning of the various opinions in *CLS Bank*. These decisions also bear out the concern that, after *CLS Bank*, patentability of computer inventions will "depend on the random selection of the panel." Pet. App. 100a (Newman, J., dissenting); *see* Alice Corp. Cert. Petition, p. 3 (expressing concern that the scope of patent protection for computer inventions remains "utterly panel dependent"). In light of the ongoing conflict in the Federal Circuit's treatment of computer inventions under § 101, this Court's intervention is needed now.

III. The irreconcilable fracturing of the Federal Circuit over the issue of patent eligibility of computer inventions threatens patented products made by innovative companies like Accenture.

The fate of Accenture's '284 patent illustrates the danger of the current state of the law on § 101 to innovative software companies. The patent invalidated by a divided panel in the wake of the conflicted *CLS Bank* case was invented by Accenture software designers who created an important software product that has been ranked as the best in the field. This Court should grant the petition to

ensure that inventions like Accenture's are encouraged and protected, not invalidated by happenstance.

The patent at issue in *Accenture* covers the Accenture Claim Components Solution software. *Accenture Global Services, GmbH v. Guidewire Software, Inc.*, 800 F. Supp. 2d 613, 615-16 (D. Del. 2011). The dispute between Accenture and Guidewire, competitors in the field of computer-based claims processing systems, involves Guidewire's competing software product, Guidewire ClaimCenter. *Id.*

Accenture's patent describes a "computer program . . . for handling insurance-related tasks" using multiple software components. *Accenture Global Services, GmbH v. Guidewire Software, Inc.*, 2013 WL 4749919, *1-2 (Fed. Cir. Sept. 5, 2013). The specification "contains detailed descriptions of the various software components including many of the functions those components utilize and how those components interact." *Id.* Computer scientists testified that the '284 patent claims describe a specific, component-based architecture, machine, and operation and noted that the claims reference specific hardware components and call on these components, through software, to perform transformations of data and conduct interaction with insurance claims handlers.

The patented product, Accenture's Claim Components Solution software, was rated among the best in its field, with industry reports specifically citing the patent as one of its strengths. This Court

has recognized the importance of such "Information Age" innovations, noting that "times change" and "Section 101's terms suggest that new technologies may call for new inquiries." *Bilski*, 130 S. Ct. at 3227-28.

Nonetheless, two judges on the Federal Circuit held that the computer system and software claimed in the '284 patent is unpatentable because it preempts the abstract concept of "generating tasks [based on] rules . . . to be completed upon the occurrence of an event." *Accenture* at *8. In a dissenting opinion, Chief Judge Rader disagreed, disputing the majority's reliance on a nonprecedential opinion from *CLS Bank* and maintaining that the claimed computer systems present patent-eligible subject matter requiring a "specific combination of computer components" that the majority improperly stripped away in reaching its conclusion. *Id.* at *11-12. Caught in the midst of this ongoing disagreement at the Federal Circuit, Accenture's patent has been invalidated.

The impasse over § 101 at the Federal Circuit has created an intolerable environment for inventors and innovative companies developing new computer systems and software. This Court's intervention is urgently needed to protect these innovators and preserve the Constitutional goal of the patent system to "promote progress [in] the useful arts." U.S. Const. art. I, § 8.

IV. If this Court does not intervene, thousands of issued software patents will be called into question.

Undisputed evidence showed that Accenture's '284 patent is typical of software patents owned by other innovative companies like IBM and Microsoft. In the last fifteen years, computing technology and software have become central to the U.S. economy and innovators have protected their creations with patents. The number of software patents increased nearly 100-fold, with tens of thousands of patents issued for software inventions. Ann M. McCrackin, *Trends in Software and Business Method Patents*, in Electronic and Software Patents: Law and Practice, § 1.03 (2d ed., 2009 Supp.). If this Court does not intervene, these patents will be threatened with invalidation under the conflicting and uncertain results in *CLS Bank* and the ensuing decisions from the Federal Circuit.

This Court has warned that "courts must be cautious before adopting changes that disrupt the settled expectations of the inventing community." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 739 (2002) (citing *Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 28 (1997)). This Court should therefore intervene because "[t]o change so substantially the rules of the game now could very well subvert the various balances the PTO sought to strike when issuing the numerous patents which have not yet expired and which would be affected by [the Court's] decision." 535 U.S. at 739 (quoting *Warner-Jenkinson*, 520 U.S. at 32 n.6).

Indeed, this Court has explained that "fundamental alterations" to settled rules of patentability that "risk destroying the legitimate expectations of inventors" are the responsibility of Congress, not the courts. *Id.*

Grant of the petition would prevent the Federal Circuit from fundamentally reworking the law of software patent eligibility. A change of this magnitude should not be enacted by divided panels and disputed application of plurality opinions.

V. This Court should grant the petition to reaffirm its holding in *Diehr* that computers running software programs are eligible for patenting under § 101.

The petition presents the opportunity to restore certainty and return to the first principles of the plain statutory language and this Court's precedent. Nearly thirty-five years ago, this Court explained that "[i]t is now commonplace that an *application* of a law of nature or mathematical formula to a known structure or process may well be deserving of patent protection." *Diehr*, 450 U.S. at 187. This Court's earlier cases, *Benson* and *Flook*, "lend support to our present conclusion that a claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula, computer program, or digital computer." *Diehr*, 450 U.S. at 187. Following *Diehr*'s guidance, Justice Kennedy noted more recently that "[t]echnology and other innovations progress in unexpected ways," and cited computer programs as an example of patentable inventions that were once

thought, wrongly, to be excluded from patenting. *Bilski*, 130 S. Ct. at 3227.

In *Diehr*, the Court reversed the Patent Office's rejection of claims to a computer-implemented program for curing rubber, noting the Office's mistaken belief that "claims that are carried out by a computer under control of a stored program constituted nonstatutory subject matter under this Court's decision in *Gottschalk v. Benson*." *Diehr*, 450 U.S. at 180. Instead, the Court explained, "a claim drawn to subject matter otherwise statutory does not become nonstatutory simply because it uses a mathematical formula, computer program, or digital computer." *Id.* at 187. A computer-implemented invention including an abstract idea such as a mathematical formula or algorithm is eligible for patenting so long as the claim, taken as a whole, represents "an application of a law of nature or mathematical formula." *Diehr*, 450 U.S. at 187. Indeed, the Supreme Court has characterized the patenting of claims that apply mathematical formulas as "commonplace." *Id.*

The Supreme Court should reaffirm these principles and restore the broad scope Congress intended for the law of patent eligibility under § 101. "Any" processes or machines are patent eligible under § 101, subject only to a few specific exceptions. *Bilski*, 130 S.Ct. at 3225. "[A]ll inventions at some level embody . . . [an] abstract idea[]." *Mayo Collaborative Services v. Prometheus Labs.*, 132 S. Ct. 1289, 1293 (2012). The question is whether the idea is practically applied. *Diehr*, 450 U.S. at 187. As the '284 patent claims in *Accenture* demonstrate,

a computer running specific software components is a patentable application and not an abstract idea, assuming it meets the other, more stringent, requirements of patentability.

CONCLUSION

The petition should be granted to resolve the conflict at the Federal Circuit over the patentability of computer-related inventions.

Respectfully submitted,

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