

No. 13-255

In the Supreme Court of the United States

WILD TANGENT, INC., PETITIONER

v.

ULTRAMERCIAL, LLC AND ULTRAMERCIAL, INC.

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

BRIEF FOR RESPONDENTS IN OPPOSITION

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QUESTIONS PRESENTED

After two rounds of review, the Federal Circuit has now twice rejected (without a single dissent) petitioner's attempt to frame the patent-in-suit as limited exclusively to abstract ideas employed "over the Internet" or "on a computer." Rather than analyzing whether that (purely hypothetical) claim was patent-eligible, the court instead answered a materially distinct question: whether patentable subject-matter includes a claimed method requiring "intricate and complex computer programming," "an extensive computer interface," meaningful "pre- [and] post-solution" activity, and sufficient particularity to avoid "preempt[ing] the use of th[e] idea in all fields"—a result of the claim's "eleven separate and specific steps with many limitations and sub-steps in each category." While the Federal Circuit has been "hopelessly fractured" on the application of 35 U.S.C. § 101 to computer-implemented patents, the panel below included leading jurists on different sides who approached this case from differing doctrinal perspectives—and *still* resolved the patentability issue the same way.

The questions presented are as follows:

1. Whether the Federal Circuit erred in rejecting petitioner's theories of patent-eligibility under § 101, where (i) those theories turned entirely on a view of the claimed method that the circuit *rejected*; and (ii) there was no formal claim construction (or any *pleading-stage* support) ratifying petitioner's cramped view of the patent.
2. Whether this case should be held for *CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, No. 13-298, for a potential *third* trip to the Federal Circuit, even though a GVR to reapply § 101 would not disturb the panel's *predicate* claim construction and the case instead could return to district court now for formal *Markman* proceedings.

II

PARTIES TO THE PROCEEDING BELOW AND RULE 29.6 STATEMENT

All parties to the proceeding below are named in the caption.

Ultramercial, LLC and Ultramercial, Inc. have no parent company and no publicly held company owns 10% or more of their stock.

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INTRODUCTION

While petitioner frames this case as presenting fundamental questions of patent-eligibility under 35 U.S.C. § 101, this case is actually much less profound. Petitioner's entire theory ultimately reduces to a fact-bound disagreement with how the Federal Circuit read and applied the claims of a particular patent (at the *pleading* stage) before any court had an opportunity to engage in a traditional, rigorous claim construction. Petitioner cannot credibly attack the court's methodology, because it reflects an unexceptional application of the rules of civil procedure: this case arose in the context of a motion to dismiss, so the scope of the patented claims had to be construed in *Ultramercial's* favor as the *non-movant*. Petitioner simply disagrees with the panel's case-specific

application of that bedrock principle in examining these particular claims under § 101.

That predicate issue renders this case an unsuitable vehicle for addressing any questions of patentability. It makes no difference whether a claim would be patent-eligible under § 101 if it merely claimed the abstract idea of using advertising as currency over the Internet, without more. This patent was correctly construed to cover *much* more, and there is little reason for the Court to grant review to decide, hypothetically, what other interpretations this case-specific claim *might* assume for purposes of resolving a *pleading-stage* motion. If petitioner is correct, it will have a full and fair opportunity to reassert its § 101 defense after the district court formally construes the claims in the ordinary course. If petitioner is incorrect, then an academic answer to petitioner’s §101 theory will have no bearing on this case. Either way, this work is appropriate for a remand to the district court—consistent with the Federal Circuit’s mandate—not review in this Court or yet more review still at the circuit level.

In addition, even if petitioner would finally accept as valid the circuit’s reading of the claims at this stage (as did the respondent in *CLS Bank*), it would lose under any mainstream analysis of § 101. Petitioner already lost twice before the Federal Circuit, and it failed to win a single vote despite facing a panel with judges (Chief Judge Rader and Judge Lourie) approaching the § 101 issue from differing perspectives. (While those jurists have expressed the circuit’s leading views on the subject, their views are not even the *most favorable* to patentees, as other judges wrote separately in *CLS Bank* to uphold claims that both Chief Judge Rader and Judge Lourie would strike down.) When views at different points of the spectrum on a “hopelessly divided” issue find com-

mon ground in the patent-eligibility of *these* claims, the likely explanation is that the claims are indeed patent eligible.

Nor is there any merit to petitioner’s assertion that the Federal Circuit is ignoring this Court’s precedent. While petitioner repeatedly insists that the panel below flouted cases like *Prometheus* and *Bilski*, it simply overlooks the panel’s detailed discussion of—*cases like Prometheus and Bilski*. The fact is that the panel invoked virtually every principle of § 101 law that petitioner maintains is binding here. Petitioner merely dislikes the outcome of applying those principles to the only tenable construction of these claims at the pleading stage.

This case is thus a poor vehicle for resolving the question presented, and it is a poor candidate for a hold or (much later) GVR in light of *CLS Bank*. Given the procedural posture, the § 101 issue turns on a reading of the claims that must be construed in Ultramercial’s favor. Petitioner resists the panel’s claim construction, but that fact-bound issue is better delegated to the district court, which can both construe the claims after a formal *Markman* proceeding and apply *CLS Bank* in the first instance using the official “claim construction.” Pet. App. 27a. *CLS Bank* will examine § 101, but it will not examine Ultramercial’s particular patents, much less have any insight into the panel’s temporary construction “most favorable to the patentee” for “purposes of this [Rule 12(b)(6)] appeal.” *Ibid*.

Ultramercial filed this action in 2009. It has been trapped by § 101 patent-eligibility issues ever since, despite the Federal Circuit twice upholding the patent-eligibility of this subject matter. There is no basis for asking the parties to endure additional delay pending the disposition of a case that predictably will have no effect on the outcome of this proceeding—and that may be ad-

dressed equally well by the district court in the first instance on remand. Further review is unwarranted and the petition should be denied.

STATEMENT

A. The Patent Act

The Patent Act broadly defines patent eligibility to include “any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof.” 35 U.S.C. § 101. The definition of “process” in the Patent Act is equally broad: a “process, art or method, and includ[ing] a new use of a known process, machine, manufacture, composition of matter, or material.” 35 U.S.C. § 100(b). This Court has recognized three judicially-created exceptions against these broad definitions: laws of nature, physical phenomena, and abstract ideas.

This Court most recently confronted the “abstract idea” exception in *Bilski v. Kappos*, 130 S. Ct. 3218 (2010). In *Bilski*, this Court initially reaffirmed that these three exceptions are the *only* exceptions to patent eligibility under § 101:

Any suggestion in this Court’s case law that the Patent Act’s terms deviate from their ordinary meaning has only been an explanation for the exceptions for laws of nature, physical phenomena, and abstract ideas. This Court has not indicated that the existence of these well-established exceptions gives the Judiciary *carte blanche* to impose other limitations that are inconsistent with the text and the statute’s purpose and design.

130 S. Ct. at 3226 (internal citation omitted).

The *Bilski* Court next set aside the Federal Circuit’s effort to establish a bright-line “machine-or-transformation” test for patentable subject matter (130

S. Ct. at 3227) and declined to provide a rigid formula or definition for abstractness (*id.* at 3236). Instead, the Court held that the appropriate legal standard for “what constitutes a patentable ‘process,’ beyond * * * the definition of that term provided in § 100(b),” should adhere to “the guideposts in *Benson*, *Flook*, and *Diehr*.” *Id.* at 3231 (citing *Gottschalk v. Benson*, 409 U.S. 63 (1972); *Parker v. Flook*, 437 U.S. 584 (1978); *Diamond v. Diehr*, 450 U.S. 175 (1981)). Finally, in “disapproving an exclusive machine-or-transformation test,” this Court invited the Federal Circuit to develop “other limiting criteria that further the purposes of the Patent Act and are not inconsistent with its text.” *Ibid.*

B. The Parties

Ultramercial is the owner of U.S. Patent No. 7,346,545 ('545 patent). It is a technology company offering online advertising services to businesses. Ultramercial provides consumers authorized access to copyrighted content (and other protected intellectual property) through the Internet, without charge, in exchange for viewing sponsored advertising. Ultramercial's unique services allow the consumer to *choose* between purchasing media content outright or accessing that content for free in exchange for accepting a complete sponsored message (including at times interacting with the sponsored content). Once the sponsored message has run its course, the content is unlocked and the consumer is allowed access to the content without charge. Ultramercial's advertising services are a commercial embodiment of the '545 patent, which Ultramercial owns by assignment.

Petitioner WildTangent is a global games network, delivering a catalog of more than 700 downloadable games to the public through its website. Petitioner claims to have more than 20 million monthly users in the

United States alone. Petitioner offers a variety of ways to enjoy games provided through its website. Users may purchase premium games, pay on a per-session basis with WildCoins, or engage with sponsored advertising to play at no cost. In exchange for watching a sponsored message, the user can access the game content for free. Petitioner's website labels this advertising method "Sponsored Sessions."

C. The Ultramercial Patent And Factual Background

1. Ultramercial's '545 patent issued on March 18, 2008. Its inventive contribution allows content owners to make copyrighted and protected works, such as music, videos, literature, and games, available to Internet users for purchase or without charge if the consumer first views or interacts with a paired advertiser's full message. To accomplish this, the invention requires that a "facilitator" obtain IP-protected content from an owner, make that content available for distribution on a web server, gate the content with a paired advertisement from a sponsor on the web server, and program the web server so that an Internet user can either purchase the content or obtain access only after completely viewing the advertisement and performing any required interaction.

Each claim of the '545 patent recites at least eleven separate, specific steps. These steps can be implemented only through a web server programmed in a particular manner to store content capable of download by other computer users, but block access to the content until any requesting user views a specified advertisement and completes any required interaction with the advertisement.

Ultramercial's invention provides a number of improvements to prior forms of content distribution and advertising in the online environment, most of which are

also protected by patents. First, content owners are paid for their works, reducing instances of Internet piracy. Second, sponsoring advertisers can more accurately target consumers by pairing messages with particular content. By locking desired content until the sponsored message has been viewed in full, the sponsoring advertiser further increases the probability that the paired message will be viewed in full by the consumer—increasing exposure over other online advertising methods, such as banner advertising. Finally, users avoid any liability for illegal downloads and are assured high-quality content.

2. In 2006, prior to implementing Sponsored Sessions, WildTangent approached Ultramercial regarding advertising solutions. Over the next several months, Ultramercial and WildTangent discussed the use of Ultramercial's patent-pending services. Ultramercial prepared demonstrations of its services under a nondisclosure agreement, and Ultramercial provided WildTangent with proprietary information on the operation of its patent-pending technology. After WildTangent retained Ultramercial's services, Ultramercial launched an advertising campaign on WildTangent's behalf using web servers programmed with Ultramercial's proprietary software. The web servers, as programmed, allowed WildTangent's users to play games for free in exchange for watching sponsored advertising. Several months later, WildTangent fired Ultramercial but continued to use the same advertising service that Ultramercial had implemented—calling the service “Sponsored Sessions.”

D. Proceedings Below

1. Ultramercial filed this action on September 23, 2009. The district court quickly dismissed the case under Fed. R. Civ. P. 12(b)(6), finding that the claims of the '545 patent did not cover patentable subject matter. Pet.

App. 54a. The district court did so without construing any claim terms or making any other factual or legal determinations regarding the claims' scope. Instead, the district court found that the claims failed the "machine or transformation test," which this Court rejected as a sole "bright line test" for patent-eligible subject matter in *Bilski*. See 130 S. Ct. at 3218. The district court also held that the '545 patent discloses only an abstract idea by focusing exclusively on the "basic idea" at the "core" of the '545 patent—"that one can use advertisements as an exchange or currency"—without examining each limitation to determine the extent to which any claim would actually cover the entire concept of "using advertising as currency." Indeed, without any explanation, and without acknowledging that no claims even recite the "core" concept of "using advertising as currency" in a limitation, the district court concluded that the claims necessarily preempt all uses of that "core" concept: "If the claimed invention here were patentable, it would 'preempt use of this [method] in all fields.'" Pet. App. 66a (citing *Bilski*, 130 S. Ct. at 3231).

2. The Federal Circuit reversed. Invoking this Court's precedents, the circuit concluded that the claims of the '545 patent were not impermissibly abstract. Pet. App. 40a. First, the court rejected petitioner's factual assertion that the '545 patent merely claimed "the age-old idea that advertising can serve as currency." *Id.* at 49a. Instead, after examining the specification and claims, the court concluded that the '545 patent covered a "practical application" of an advertising idea through "an extensive computer interface" that requires "complex computer programming." *Id.* at 50a. Second, the court rejected petitioner's argument that "the software programming necessary to facilitate the invention * * * amounts to abstract subject matter," finding in-

stead that the computer programming needed to implement the claims of the '545 patent creates a non-abstract “special purpose computer.” *Id.* at 50a (quoting *In re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994)). Finally, the court rejected petitioner’s argument that the Ultramercial invention improperly claimed a mathematical algorithm or a series of purely mental steps; it instead found that the claims “require, among other things, controlled interaction with a consumer via an Internet website.” *Id.* at 52a (distinguishing *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011)).

3. The Federal Circuit denied en banc review, but petitioner ultimately sought review in this Court. The Court granted the petition, vacated the judgment, and remanded to the Federal Circuit “for further consideration in light of *Mayo Collaborative Servs. v. Prometheus Labs, Inc.*, 132 S. Ct. 1289 (2012).”

4. In the intervening period, the Federal Circuit issued its *en banc* decision in *CLS Bank*. That case failed to produce a majority opinion, and it deeply fractured the Court on the application of § 101 to software patents. As a leading plurality opinion, Judge Lourie advocated a test that focuses on the risk of preemption and searches for meaningful limitations added to any abstract idea. Chief Judge Rader, by contrast, wrote an opinion advocating a test that focuses on whether a claim covers the *application* of an abstract idea, rather than the idea itself. Other judges still wrote separately, some articulating views of § 101 for upholding all the claims at issue in that case. These opinions, in total, effectively staked out alternative approaches for applying this Court’s precedents in analyzing subject-matter patent-eligibility under § 101.

5. In a reconstituted panel with both Chief Judge Rader and Judge Lourie, the Federal Circuit, again

unanimously, held on remand that the '545 patent covers a “process’ within the language and meaning of 35 U.S.C. § 101.” Pet. App. 1a-2a. The panel studiously analyzed the '545 patent in light of *Prometheus* and this Court’s past precedents, and concluded that the claims were not impermissibly “abstract.”

a. In a majority opinion by Chief Judge Rader, the panel acknowledged the judicial exceptions to § 101’s broad eligibility language. Pet. App. 10a-11a. The majority explained that these exceptions “prevent the ‘monopolization’ of the ‘basic tools of scientific and technological work,’ which ‘might tend to impede innovation more than it would tend to promote it.’” *Id.* at 11a (quoting *Prometheus*, 132 S. Ct. at 1293). At the same time, however, the majority recognized that this Court has applied those exceptions narrowly to avoid an excessively “broad” interpretation that “could eviscerate patent law.” *Ibid.* (quoting *Prometheus*, 132 S. Ct. at 1293; citing *Bilski v. Kappos*, 30 S. Ct. 3218, 3226 (2010)).

The majority further explained how *Prometheus* confirmed that “[a] claim can embrace an abstract idea and be patentable.” Pet. App. 15a. The majority recognized the line drawn between “claiming an *application* of an abstract idea” and claiming “the abstract idea itself.” *Ibid.* (emphasis in original). In determining on which side of the line a claim falls, “the relevant inquiry is whether the claim, as a whole, includes meaningful limitations restricting it to an application, rather than merely an abstract idea.” *Id.* at 17a (citing *Prometheus*, 132 S. Ct. at 1297). Claims fail this test when they “cover[] all practical applications of an abstract idea” (*id.* at 20a), or “contain[] only insignificant token pre- or post-solution activity” (*id.* at 21a). Similarly, the panel noted, limitations are not meaningful when they are “inherently” required to implement the abstract idea—*i.e.*, as ar-

ticated in *Prometheus*, they may not claim what “*anyone* wanting to use the natural law would *necessarily* use.” *Id.* at 24a-25a (emphasis in original).

The majority then examined this Court’s precedents for guideposts in applying the abstractness exception to computer-implemented inventions. Pet. App. 25a-27a. While the majority confirmed that mere reference to a general-purpose computer will not meaningfully limit an ineligible abstract idea, claims tied to “a specific way of doing something with a computer, or a specific computer for doing something,” may be patent eligible. *Id.* at 25a-26a (emphasis in original). In such cases, the computer will play a “meaningful role in the performance of the claimed invention,” such that the claim is “not likely to pre-empt virtually all uses of an underlying abstract idea.” *Id.* at 27a.

Applying these principles, the majority subsequently determined that the claims of the ’545 patent were not abstract. First, because the district court had dismissed the case without issuing a formal claim construction or developing the factual record, the majority construed the claims in a manner most favorable to Ultramercial, recognizing that formal construction may still be required at the district court “to determine the merits of eligibility.” Pet. App. 27a. Second, the majority disagreed with WildTangent’s characterization of the claims as limited to “the age-old idea that advertising can serve as currency.” *Id.* at 28a. The majority examined the specification and viewed the claims as a whole, and concluded that the claims require an extensive computer interface. *Id.* at 33a. It also confirmed that the claim possessed multiple limitations that were not “inherent in the idea of monetizing advertising.” *Id.* at 34a-35a. Instead, these limitations reflect “a practical application of the general con-

cept of advertising as currency and an improvement to prior art technology.” *Id.* at 36a.

b. Judge Lourie concurred in the judgment. Pet. App. 36a-39a. He agreed that the claims of the ’545 patent were not impermissibly abstract. *Ibid.* Looking to *Prometheus* and reciting principles from his plurality opinion in *CLS Bank*, Judge Lourie framed the abstractness analysis as asking “whether the claim poses ‘any risk of preempting an abstract idea.’” *Id.* at 37a (citing *CLS Bank*, 717 F.3d at 1282). This requires courts to “first identify and define whatever fundamental concept appears wrapped up in the claim,” then evaluate whether the balance of 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.” *Id.* at 37a-38a (internal quotation marks omitted). Under this methodology, Judge Lourie readily concluded that the limitations of the ’545 patent “narrow, confine, or otherwise tie down” the claims to avoid covering the full abstract idea of using advertising as consideration or currency. *Id.* at 38a. Those limitations, he found, “represent significantly more than the underlying abstract idea of using advertising as an exchange or currency and, as a consequence, do not preempt the use of that idea in all fields.” *Id.* at 39a.

REASONS FOR DENYING THE PETITION

This case is a poor vehicle for resolving the question presented and an inappropriate candidate for a hold or eventual GVR in light of *CLS Bank*.

1. Petitioner frames the question presented as asking whether an abstract idea becomes patent-eligible by merely slipping in a “reference” to a “computer” or the “Internet.” Pet. i. That question is simply not presented on these facts. This case arose at the pleading stage, and

the panel faithfully adopted a construction of the patented claims “most favorable” to the non-movant. Under that pleading-stage construction, the claims at issue go far beyond mere references to computers or the Internet. To the contrary, the panel understood that this patent involves complex programming, an extensive computer interface, multiple steps imposing significant restrictions, and a precise scope that readily avoids preempting the entire abstract idea. Petitioner never addresses the patent-eligibility under § 101 of *that* patent, yet that is the only vehicle available for review—unless, of course, the Court first delves into a fact-bound dispute regarding the presumed meaning (at the pleading stage) of this unique patent “[f]or purposes of this appeal” only. Pet. App. 27a.

2. Nor is there any basis for holding this petition pending the Court’s disposition of *CLS Bank*. A hold is entirely unwarranted because there is little reason to believe that the outcome of this dispute—at least in *this* procedural posture—will turn on the outcome in *CLS Bank*.

Initially, a remand for a *third* decision from the Federal Circuit—in a case that has yet to undergo any formal claim construction—will predictably prove a fruitless exercise. The panel below consisted of two members of the Federal Circuit who approach § 101 issues from differing perspectives. While each of these jurists applied their own view of patentability to the facts of this case, *they reached exactly the same conclusion*. This suggests it is highly unlikely that the opinions below—which reflect a broad cross-section of competing views under § 101—will turn out differently no matter how this Court resolves *CLS Bank*.

In addition, there is especially little reason to expect a different outcome because the panel below faithfully

applied this Court's existing precedents. Contrary to petitioner's view, neither the majority nor the concurrence flouted this Court's recent case law. Petitioner's insistence otherwise is odd given that both the majority and concurrence *explicitly discussed and invoked this Court's case law*. Unless virtually all computer-based software patents are wiped out by *CLS Bank*, there is good reason to believe that this patent—falling squarely within the heart of non-abstract method claims—will survive under any rule (old or new) articulated by this Court.

Finally, whatever *CLS Bank* announces with respect to patentability under § 101, it will announce *nothing* with respect to the particular claims of this unique case. The true dispute between the parties at this juncture is a disagreement over the claims' meaning. Yet until the district court engages in formal claim construction, there is no basis at all for reading the claims in a manner that supports *dismissal*—if petitioner wishes to eviscerate a patent under § 101 without any court deciding *what that patent actually means*, it must assume the burden of proving patent-ineligibility under the construction favoring *Ultramercial*, the non-movant. This legal issue is advanced by denying this petition in order to permit an immediate remand to the district court. With the case's return to that appropriate forum, these claims can finally be construed (after more than *four years* of litigation) and the district court will be free to apply *CLS Bank* in the first instance with its *Markman* order in hand. Petitioner would err if it suggests further delaying this matter for yet another pointless remand for the Federal Circuit to reexamine the patentability of claims that no court has had a formal opportunity to construe.

I. THIS CASE IS AN IMPROPER VEHICLE FOR DECIDING THE QUESTION PRESENTED

Contrary to petitioner’s contention, this case presents no vehicle at all for deciding what happens under § 101 when an “indisputably” abstract idea is coupled with mere references to a “computer” or the “Internet.” Pet. 2-4. Petitioner simply refuses to accept how the Federal Circuit construed this patent for purposes of this pleading-stage motion. Petitioner may now wish for this Court to construe the claims differently, but the correct construction of these particular claims (at this *preliminary* stage) is not a substantial question worthy of the Court’s review.

A. While petitioner’s § 101 theory is premised on the lack of any significant restrictions in the claimed method, the Federal Circuit, correctly, construed the claimed method very differently in this procedural posture. Far from claiming the “indisputably” abstract idea of using-advertising-as-currency-online (Pet. 2), the court identified a multitude of concrete restrictions in the patent—and thereby *twice* rejected petitioner’s convenient view that these claims start and stop with “the age-old idea that advertising can serve as currency.” Pet. App. 28a.

Petitioner’s premise that the patented claims merely reference “computers” and the “Internet” ignores the proper understanding of the claims. While only a formal claim construction will definitively resolve the claim’s interpretation (see Pet. App. 27a), the court noted it did “not need the record of a formal claim construction to see that many of [the claimed] steps require intricate and complex computer programming.” *Id.* at 29a-30a. Indeed, according to the panel, the claims in no way even remotely preempt the fundamental idea of using advertising as currency—even when isolated to Internet applications. Instead, the panel analyzed the patent (at a

depth which petitioner does not) and discovered that the claims require “an extensive computer interface” (Pet. App. 33a), “intricate and complex computer programming” (*id.* at 29a-30a), specific implementation “in a cyber-market environment” (*ibid.*), and multiple steps that were *not* “inherent in the idea of monetizing advertising” (*id.* at 34a-35a). Judge Lourie likewise declared that the claims were meaningfully limited, went beyond “the underlying abstract idea,” and thus did “not preempt the use of that idea in all fields.” *Id.* at 39a.

Thus, it makes no difference under the circuit’s construction “[w]hen * * * a patent’s reference to a computer [is] sufficient to make an unpatentable abstract concept patent eligible.” Pet. i. Under the “construction most favorable to the patentee,” these claims are not so limited. This Court’s review is unwarranted to probe that *preliminary* claim construction, necessarily bound to the facts of this case, “[f]or purposes of this appeal” only (Pet. App. 27a)—especially without the benefit of a lower-court *Markman* proceeding that may assist in evaluating the “plausib[ility]” of competing constructions.¹

¹ This separately proves petitioner’s error in suggesting that the decision below is out of step with this Court’s precedent. Petitioner believes that the panel gave a “free pass” through § 101 for all computer-implemented inventions, only because petitioner incorrectly presumes that this patent is a generic “computer-implemented invention.” Pet. 15-27. The panel, by contrast, read these claims as imposing *significant* restrictions on the claimed use of the abstract idea, above and beyond any weak tie to a computer or the online world. Petitioner’s backdoor attack on this fact-bound issue is understandable, since it shows exactly the kind of case-specific question the Court would have to address before resolving the broader question posed by the petition. But it still implicates a clear obstacle to the Court resolving any “important” legal issue under § 101.

B. Nor may petitioner properly take issue with the Federal Circuit’s methodology for construing the claims at this juncture. It is well settled that courts accept facts as pled in resolving a motion to dismiss (see, *e.g.*, *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007)), and “dismissal is appropriate only if the well-pleaded factual allegations in the complaint, construed in the light most favorable to the plaintiff, suffice to establish the defense” (Pet. App. 5a). This case is thus an unacceptable vehicle, because petitioner’s question is *not* presented unless the claim is first construed in *petitioner’s* favor, which Rule 12(b)(6) will not permit.

There is no rule that defendants must await *Markman* hearings before moving to dismiss under § 101 for patent-ineligibility. But it is wholly unexceptional to demand that such patent-defendants moving on the pleadings must assume the same burden that all defendants generally do when attempting to dismiss a complaint: they must prove the law affords relief on the construction that favors the other side. Cf. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391-392 (2006) (refusing to readily presume departures from ordinary legal principles in cases arising under the Patent Act). There is no principle of law or logic suggesting that a case may be dismissed under § 101 because the patented claims *might* be construed in a manner that is unduly abstract.

The panel below was thus correct to construe the claims at issue in a fashion “most favorable to the patentee.” Pet. App. 27a. Petitioner must accept that construction now or test its theory only *after* prevailing in a *Markman* proceeding at the district court.

C. To the extent petitioner believes that *no* reading of the patent supports the panel’s view, it has raised a fact-bound dispute (over a *temporary* claim construction) in a case where the claims have not yet been formally con-

strued. That predicate question stands in the way of addressing the broad issue of patent-eligibility that petitioner purports to present—and that same predicate question is easily resolved in district court without any need for this Court’s intervention. Because this case is thus an inappropriate vehicle for resolving the scope of § 101, the petition should be denied.²

II. THIS CASE IS AN IMPROPER CANDIDATE FOR A HOLD (OR SUBSEQUENT GVR) FOR *CLS BANK*

For multiple reasons, this petition should not be held for *CLS Bank* or later granted for yet another cumbersome remand to the Federal Circuit.

A. Initially, a third remand would be utterly pointless because there is every expectation that the panel will (legitimately) reach the same result. In hinting otherwise, petitioner simply overlooks a critical feature of the decisions below: the Federal Circuit has now twice upheld this patent under § 101, including by a panel with two jurists who approached the § 101 analysis in starkly different ways. *CLS Bank* would have to chart a truly novel course to announce any principle not fairly subsumed by the competing methodologies already applied to this case.

² While Google, as amicus, suggests that eleven or more detailed steps recited in the claims of the ’545 patent still result in a patent that covers the entire gamut of online advertising, it neglects to square its views with its own ownership of hundreds of patents claiming various online advertising methods. Google tellingly has not surrendered those patents for being impermissibly abstract. See <http://www.google.com/search?tbo=p&tbm=pts&hl=en&q=internet+advertise+inassignee:Google&num=10> (returning 1040 results for patents assigned to Google that use the terms “internet” and “advertise”).

The two lead opinions emerging from the en banc decision in *CLS Bank* were authored by Judge Lourie and Chief Judge Rader. Judge Lourie, writing for four other judges, applied § 101 in a way that focuses the analysis on whether the claims under consideration contain meaningful limitations at the supposed core of any “abstract idea.” 717 F.3d at 1282. Under this approach, claims are scrutinized for “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.” *Ibid.* Judge Lourie, applying that analytical framework, found both the method claims and the system claims at issue patent-*ineligible* under § 101. *Id.* at 1284.

Chief Judge Rader, by contrast, articulated a different approach on behalf of three other judges. 717 F.3d at 1292. He cautioned against defining a “fundamental concept” of patented claims, because “any claim can be stripped down * * * until at its core” all that remains is “an abstract idea.” *Id.* at 1298. Instead, the Chief Judge wrote, claims should be examined to divine how the claim is limited to “an application” of the idea, “rather than merely [the] abstract idea” itself. *Id.* at 1299. Applying this distinct analytical framework, the Chief Judge found the method claims at issue patent-*ineligible*, but the system claims patent-*eligible* under § 101. *Id.* at 1305, 1312-1313. (It is telling that other judges still wrote separately to uphold *all* claims as patent-eligible, and thus would predictably also uphold the patents here. See *id.* at 1327 (Linn and O’Malley, JJ., dissenting).)

Notwithstanding their differing views, both Chief Judge Rader and Judge Lourie concur that the claimed methods here are patent *eligible*. These two jurists disagree on § 101’s analytical approach and employ markedly different rationales. When these judges nonetheless

each resolve a § 101 issue in *favor* of patent-eligibility, it is difficult to see how further review will likely affect the § 101 analysis or the case’s disposition. It thus stands to reason that Ultramerical’s patent is subject-matter eligible and not abstract under any mainstream approach to § 101. There consequently is no reason to delay returning the case to the district court pending the outcome of *CLS Bank*. If this prediction proves unwarranted, petitioner will have ample opportunities in the ordinary course to renew its defense and obtain meaningful review.

B. A hold or subsequent GVR is also pointless because the panel faithfully applied this Court’s precedent. Petitioner goes to great lengths in order to cast the decision below as incompatible with virtually every patent precedent this Court has ever issued. Pet. 14-27. It says, for example, that the panel “directly contravenes” the teaching in *Prometheus* that “‘simply appending conventional steps, specified at a high level of generality, to laws of nature, natural phenomena, and abstract ideas cannot make those laws, phenomena, and ideas patentable.’” Pet. 20. It likewise accuses the panel of ignoring this Court’s rule that “the addition of ‘well-understood, routine, conventional activity’ does not make the abstract idea patent eligible.” *Id.* at 23 (quoting *Prometheus*, 132 S. Ct. at 1299-1300). And it says the panel violated the rule that “an abstract idea does not become patent eligible simply by ‘limiting’ it to a particular field or technological environment.” *Id.* at 23-24 (citing *Bilski*, *Flook*, and *Benson*).

Yet the panel recited *exactly* these concepts in articulating its understanding of the law, often invoking the identical passages from the same cases. See, e.g., Pet. App. 6a, 17a, 21a-22a, 23a, 24a. This makes it particularly difficult to grasp petitioner’s belief that the panel

somehow ignored this Court’s doctrine, especially *Prometheus*. In the course of the majority’s disposition, it explicitly cited that decision more than *16 times*.

The claims of the ’545 patent are not abstract under any ordinary understanding of the term, and they fit comfortably within the Court’s existing doctrine: they do not (for example) monopolize any “basic tools of scientific and technological work,” *Prometheus*, 132 S. Ct. at 1293, or preempt anything resembling the full scope of the abstract principle of using advertising as currency—on the Internet or elsewhere. While this is not the appropriate forum for debating the merits, the fact that the legal principles underpinning the decision below are so well-trodden suggests that holding the case to stunt any progress in the district court is unfair to Ultramercial and an ineffective means of processing a case filed in 2009.³

C. Finally, a hold or eventual GVR is unwarranted because it is more efficient to return the case to the district court now for a formal *Markman* hearing—to de-

³ Contrary to petitioner’s contention, the patented claims are not automatically “abstract” unless the “patent itself * * * disclose[s] or describe[s] any necessary software or computer programming to operate the claimed process.” Pet. 17. There is no rule of law or logic holding that all computer-related method patents are abstract without specific source code or programming. On the contrary, it is sufficient to disclose the inventive idea in a manner that those skilled in the art of programming can execute. Indeed, petitioner’s view is inconsistent with *Diehr* itself, where this Court found an industrial process patent-eligible that included steps using a mathematical formula and a digital computer without reciting the particular programming needed to solve the mathematical formula. See 450 U.S. at 179-180. Petitioner simply conflates the patentability issues under § 101 with the separate written description and enablement requirements of 35 U.S.C. § 112. See Pet. App. 13a (quoting *Diehr*, 450 U.S. at 190 and *In re Bergy*, 596 F.2d 952, 961 (C.C.P.A 1979)).

terminate the claims' *official* scope—than to expect the Federal Circuit to again ask what the claims *might*, hypothetically, mean in order to ask whether those claims just *might*, hypothetically, be patent-ineligible.

For all its potential, the one issue that *CLS Bank* will predictably *not* decide is the meaning of the particular claims at issue in this separate litigation. That issue was the linchpin below, and it is the primary obstacle to petitioner presenting the question it eagerly wishes this Court to resolve. If this petition is denied, the district court will finally be in a position to formally construe the claims and create the factual record necessary for the proper (and *non*-hypothetical) adjudication of petitioner's § 101 issue. That benefits both parties. Conversely, petitioner suffers no unfair prejudice by finally participating in the actual litigation of a case that has lingered on the dockets, virtually unmoved, since 2009.

If *CLS Bank* is eventually decided in a way that warrants another look at § 101, the district court will be perfectly positioned to construe the new law in light of an *actual* claim construction. The cost of additional delay—with virtually no upside—does not counterbalance the tangible benefits of permitting this case to finally assume its natural course.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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