

No. 13-298

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IN THE  
**Supreme Court of the United States**

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ALICE CORPORATION PTY. LTD.,  
*Petitioner,*

v.

CLS BANK INTERNATIONAL AND CLS SERVICES LTD.,  
*Respondents.*

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

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**BRIEF OF THE INTELLECTUAL PROPERTY LAW  
ASSOCIATION OF CHICAGO AS AMICUS CURIAE  
IN SUPPORT OF GRANTING THE PETITION**

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MARGARET M. DUNCAN*	BRENT A. HAWKINS,
RITA J. YOON	PRESIDENT
MCDERMOTT WILL & EMERY	THE INTELLECTUAL
LLP	PROPERTY LAW
227 West Monroe Street	ASSOCIATION OF CHICAGO
Chicago, IL 60606	P.O. Box 472
(312) 372-2000	Chicago, IL 60690
	(312) 984-7764

*Of Counsel:*  
CHARLES W. SHIFLEY  
BANNER & WITCOFF, LTD.  
10 South Wacker Drive  
Suite 3000  
Chicago, IL 60606  
(312) 463-5000

October 7, 2013

\* Counsel of Record

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## INTEREST OF AMICUS CURIAE

The Intellectual Property Law Association of Chicago (“IPLAC”) submits this brief as amicus curiae in support of the petition for a writ of certiorari, but in support of neither party on the ultimate merits of the case.<sup>1</sup>

Founded in 1884, the Intellectual Property Law Association of Chicago is a voluntary bar association of over 1,000 members who practice in the areas of patents, trademarks, copyrights, trade secrets and the legal issues they present. IPLAC is the country’s oldest bar association devoted exclusively to intellectual property matters. In litigation, IPLAC’s members are split about equally between plaintiffs and defendants. Its members include attorneys in private and corporate practices before federal bars throughout the United States, as

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<sup>1</sup> Pursuant to Supreme Court Rule 37.2(a), the parties were given at least 10 days’ notice of IPLAC’s intention to file a brief as amicus curiae. Petitioner and respondents each have filed and lodged with the Clerk a letter of consent to the filing of amicus curiae briefs in support of either party or of neither party. Pursuant to Supreme Court Rule 37.6, this brief was not authored, in whole or in part, by counsel to a party, and no monetary contribution to the preparation or submission of this brief was made by any person or entity other than IPLAC or its counsel. After reasonable investigation, IPLAC believes that no member of its Board or Litigation or Amicus Committee who voted to prepare this brief on its behalf, or any attorney in the law firm or corporation of such a board or committee member, represents a party with respect to this litigation. Some committee members or attorneys in their respective law firms or corporations may represent entities that have an interest in other matters which may be affected by the outcome of this litigation.

well as the U.S. Patent and Trademark Office and the U.S. Copyright Office. As part of its central objectives, IPLAC is dedicated to aiding in the development of intellectual property law, especially in the federal courts.<sup>2</sup>

### SUMMARY OF ARGUMENT

The Federal Circuit, sitting en banc, did not provide guidance on how the federal courts and the U.S. Patent and Trademark Office (“PTO”) should apply 35 U.S.C. § 101 to computer-implemented inventions. See *CLS Bank Int’l v. Alice Corp.*, 717 F.3d 1269 (Fed. Cir. 2013) (en banc). Instead, the Federal Circuit’s en banc decision introduced conflicting tests on patent eligible subject matter under § 101, exacerbating the confusion and uncertainty that already exist in this area of patent law. This Court should grant the petition for writ of certiorari because the Federal Circuit has been unable, and shows no indication that it will be able in the future, to provide guidance on a threshold question in patent law, i.e., what test or guidelines should be applied for determining whether computer-implemented inventions are patent eligible subject matter under 35 U.S.C. § 101?

Moreover, grant of the petition for writ of certiorari is urgently needed to provide guidance to the PTO in its daily examination of computer-implemented inventions. Following the Federal

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<sup>2</sup> While over 30 federal judges are honorary members of IPLAC, none of them was consulted or participated in any way regarding this brief.

Circuit's fractured en banc opinion, the PTO has been left in a conundrum of continuing the examination of computer-implemented inventions under an approach that the PTO itself has acknowledged is "no longer sufficient." To allow the PTO to continue its patent examination under an insufficient approach in a key technology sector for the U.S. economy is untenable and must be remedied by this Court.<sup>3</sup>

## ARGUMENT

### I. GRANT OF THE PETITION FOR WRIT OF CERTIORARI IS NEEDED TO RESOLVE THE FEDERAL CIRCUIT'S CONFLICTING TESTS FOR PATENTABLE SUBJECT MATTER UNDER § 101

In its divided opinions on rehearing en banc, the Federal Circuit introduced conflicting tests for patent eligible subject matter under 35 U.S.C. § 101, which causes ambiguity and confusion in the law and necessitates the grant of the petition for a writ of certiorari. While a seven-judge majority affirmed, *per curiam*, that the method and computer-readable

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<sup>3</sup> In the specific class of the U.S. Patent Classification System, in which Petitioner's patents were classified by the PTO, Class 705, there were approximately 4,854 issued patents in 2012 alone. This represents only a small fraction of the numerous classes for patent applications relating to computer-implemented inventions. See <http://www.uspto.gov/web/offices/ac/ido/oeip/taf/cbcbby.pdf>.

media claims of the patent at issue did not constitute patent eligible subject matter under § 101, there was no majority opinion to guide the lower courts in reviewing such patent claims in the future. Instead, the Federal Circuit issued multiple separate, often conflicting opinions, plus “Additional Reflections” from Judge Rader, on determination of patent eligibility of computer-implemented inventions. Moreover, the en banc panel was evenly divided on the patent eligibility of the asserted system claims and thus affirmed the district court’s holding that the system claims are not directed to patent eligible subject matter under § 101.

For example, Judge Lourie’s concurring opinion (joined by Judges Dyk, Prost, Reyna and Wallach) took a broad view of patent ineligibility under § 101 for the claims at issue, finding all asserted method, computer readable media and system claims ineligible for patent protection. Judge Lourie emphasized the preemption test, i.e., whether a claim covers an abstract idea that preempts all uses of the idea within the stated field. *See CLS Bank Int’l v. Alice Corp.*, 717 F.3d 1269, 1273-92 (Fed. Cir. 2013) (en banc). He added that “[a]bstract methods do not become patent-eligible machines by being clothed in computer language.” *Id.* at 1292.

By contrast, Chief Judge Rader (joined by Judges Linn, Moore and O’Malley) took a narrower view of preemption (and thus a broader view of patent eligible subject matter), finding the asserted system claims patent eligible:

[I]t is important to remember that all patents ‘pre-empt’ some future innovation in the sense that they

preclude others from commercializing the invention without the patentee's permission. Pre-emption is only a subject matter eligibility problem when a claim preempts all practical uses of an abstract idea.

*Id.* at 1300.

Judge Newman seemed to take the broadest view of patent eligibility under § 101 and found all asserted method, computer readable media and system claims patent eligible subject matter. Directly contradicting Judge Lourie's plurality opinion, Judge Newman rejected the focus on preemption, writing that "[t]here is no need for an all-purpose definition of 'abstractness' or 'preemption,' as heroically attempted today." *Id.* at 1322.

As set forth above, the Federal Circuit not only was unable to reach common ground, but also the divided panel propounded conflicting standards for determining patent eligibility of computer-implemented inventions under § 101. The Federal Circuit's conflicting opinions add confusion and uncertainty in the law for the federal courts and the PTO. This Court's guidance is needed to resolve such conflicting standards for patent eligibility for computer-implemented inventions, which is not only an extremely important and evolving area of patent law but also a key industry sector of the U.S. economy.

## II. GRANT OF THE PETITION FOR WRIT OF CERTIORARI IS URGENTLY NEEDED TO GUIDE THE PTO IN ITS DAILY EXAMINATION PRACTICE

As a practical matter, this Court cannot ignore the conundrum that the PTO now faces in the wake of the “multiple divergent opinions” rendered by the Federal Circuit’s en banc panel. See App. A, 3a, May 13, 2013 Memorandum from PTO Deputy Commissioner for Patent Examination Policy to Patent Examining Corps, available at [http://www.uspto.gov/patents/law/exam/clsbank\\_20130513.pdf](http://www.uspto.gov/patents/law/exam/clsbank_20130513.pdf). The divided opinions of the Federal Circuit have left the PTO in the untenable position of continuing its daily examination of computer-implemented inventions under an approach it has acknowledged as “no longer sufficient.” See *CLS Bank Int’l v. Alice Corp.*, Appeal No. 2011-1301, Br. for the United States as Amicus Curiae on Rehearing En Banc In Support of Neither Party (Fed. Cir. December 14, 2012) at 5-6.

Specifically, in its brief in support of rehearing en banc, the PTO explained that it needed the Federal Circuit’s guidance because “[i]n light of *Bilski* and *Mayo*, ***the government recognizes that its longstanding approach to the eligibility of computer-implemented inventions is no longer sufficient.***” *Id.* (emphasis added).

However, the Federal Circuit’s multiple divided opinions do not provide the guidance and clarity the PTO urgently needs. As a result, the PTO provided the following notice to its Patent Examining Corps:

On May 10, 2013, the Federal Circuit issued the highly anticipated decision in *CLS Bank* involving subject matter eligibility of computer-implemented inventions under 35 U.S.C. § 101. The purpose of this memorandum is to notify the Patent Examining Corps that, at present, ***there is no change in examination procedure for evaluating subject matter eligibility.*** Current procedure detailed in MPEP 2106 should continue to be followed.

App. A, 1a, May 13, 2013 Memorandum from PTO Deputy Commissioner for Patent Examination Policy to Patent Examining Corps, available at [http://www.uspto.gov/patents/law/exam/clsbank\\_20130513.pdf](http://www.uspto.gov/patents/law/exam/clsbank_20130513.pdf) (emphasis added).

Without further guidance from this Court, the PTO will continue its “no longer sufficient” approach to examining computer-implemented inventions, to the detriment of the PTO, U.S. patent applicants, and computer-based industries. As Judge Newman wrote in her opinion, “[t]oday’s ***irresolution*** concerning section 101 affects not only this court and the trial courts, but also the PTO examiners and agency tribunals, and all who invent and invest in new technology.” *CLS Bank Int’l v. Alice Corp.*, 717 F.3d 1269, 1321 (Fed. Cir. 2013) (en banc) (emphasis added).

The PTO urgently needs this Court’s guidance so that its examiners can properly apply § 101 in its

daily practice of patent examination of computer-implemented inventions.

### CONCLUSION

For the foregoing reasons, amicus curiae, the Intellectual Property Law Association of Chicago, urges this Court to provide guidance to the lower courts and the PTO and grant the petition for a writ of certiorari.

Respectfully submitted,

MARGARET M. DUNCAN\*  
RITA J. YOON  
MCDERMOTT WILL &  
EMERY LLP  
227 West Monroe Street  
Chicago, IL 60606  
(312) 372-2000

BRENT A. HAWKINS  
President  
THE INTELLECTUAL  
PROPERTY LAW  
ASSOCIATION OF  
CHICAGO  
P.O. Box 472  
Chicago, IL 60690  
(312) 984-7764

*Of Counsel:*  
CHARLES W. SHIFLEY  
BANNER & WITCOFF, LTD.  
10 South Wacker Drive  
Suite 3000  
Chicago, IL 60606  
(312) 463-5000

*Counsel for Amicus Curiae*  
*The Intellectual Property Law Association of Chicago*

October 7, 2013

\* Counsel of Record

## **APPENDIX**

**APPENDIX A — MEMORANDUM OF THE  
UNITED STATES PATENT AND TRADEMARK  
OFFICE, DATED MAY 13, 2013**

United States Patent and Trademark Office

Commissioner for Patents  
United States Patent and Trademark Office  
P.O. Box 1450  
Alexandria, VA 22313-1450  
[www.uspto.gov](http://www.uspto.gov)

**MEMORANDUM**

**DATE:** May 13, 2013

**TO:** Patent Examining Corps

**FROM:** Andrew H. Hirshfeld  
Deputy Commissioner  
For Patent Examination Policy

**SUBJECT:** **Federal Circuit Decision in *CLS Bank et al. v. Alice Corp.***

On May 10, 2013, the Federal Circuit issued the highly anticipated decision in *CLS Bank* involving subject matter eligibility of computer-implemented inventions under 35 U.S.C. § 101. The purpose of this memorandum is to notify the Patent Examining Corps that, at present, there is **no change** in examination procedure for evaluating subject matter eligibility. Current procedure detailed in MPEP 2106 should continue to be followed.

*Appendix A**CLS Bank Decision*

The patents in suit relate to a computerized trading platform used for conducting financial transactions in which a third party settles obligations between a first and a second party so as to eliminate “counterparty” or “settlement” risk. The district court found all of the claims invalid because they were directed to an ineligible abstract idea under 35 U.S.C. § 101. The Federal Circuit heard the case *en banc* and affirmed the district court in a divided decision.

Along with the decision, the Federal Circuit also issued six separate opinions by various members of the court concurring, dissenting, and offering reflections on the decision. Despite the Court’s sharp divide voiced in the six separate opinions, several important themes emerged, such as:

- There was agreement that the test for eligibility is not a rigid, bright line test and must be made by evaluating a claim as a whole, on a case-by-case basis, using a flexible approach.
- Many of the judges explicitly noted that the test for eligibility is a separate and distinct inquiry from other patentability concerns, particularly novelty and obviousness.
- It was general agreed that when evaluating the claim as a whole the claim must be analyzed to determine whether the additional limitations add

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*Appendix A*

significantly more, or in other words add meaningful limits, to the abstract idea or law of nature.

Given the multiple divergent opinions, the USPTO is continuing to study the decision in *CLS Bank* and will consider whether further detailed guidance is needed on patent subject matter eligibility under 35 U.S.C. § 101.