

No. 17-____

IN THE
Supreme Court of the United States

BROADBAND ITV, INC.,
Petitioner,

v.

HAWAIIAN TELCOM, INC., OCEANIC TIME WARNER
CABLE LLC, AND SPECTRUM MANAGEMENT HOLDING
COMPANY, LLC F/K/A TIME WARNER CABLE, INC.,

Respondents,

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

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED

In *Alice v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014), this Court summarized the state of patent-eligibility law under 35 U.S.C. § 101 in the context of computer-implemented inventions. *Alice* explained how each of the prior cases addressing the judicial exception for abstract ideas had observed a very careful balance between concerns of preemption and concerns of construing this exclusionary principle too broadly.

Alice itself did not purport to alter that balance. While it clarified that “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention,” it also reiterated that “an invention is not rendered ineligible for patent simply because it involves an abstract concept.” 134 S. Ct. at 2354, 2358. With respect to computer-implemented inventions, *Alice* adopted the framework set forth in *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012) for natural laws, which was meant to assist in “distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice*, 134 S. Ct. at 2355. This framework is to be applied cautiously, “lest it swallow all of patent law.” *Id.* at 2354.

Yet, since *Alice*, the lower courts have struggled to apply that framework and have thus developed splits that the Federal Circuit has refused

to address. Some lower courts acknowledge that all patents are afforded a presumption of validity under 35 U.S.C. § 282, as required by *Microsoft Corp. v. i4i L.P.*, 564 U.S. 91 (2011), whereas others hold that no presumption applies in a § 101 analysis. Similarly, some courts have found that material issues of fact as to the conventionality of the claimed technology may preclude summary judgment of invalidity under 35 U.S.C. § 101 (as they would under 35 U.S.C. §§ 102 or 103), whereas others routinely resolve factual disputes against the non-movant on summary judgment. Finally, some courts have placed importance on this Court's guidance in *Bilski v. Kappos*, 561 U.S. 593, 609-13 (2010) and *Alice* as to what constitutes an abstract idea under § 101, whereas others ignore that precedent and confuse any abstraction of a claim with an "abstract idea."

The questions presented are:

1. Whether the statutory presumption of validity set forth in 35 U.S.C. § 282 applies to claims challenged under 35 U.S.C. § 101, as set forth by this Court in *Microsoft Corp. v. i4i L.P.*, 564 U.S. 91 (2011), when the ultimate legal conclusion relies upon underlying findings of fact, such as whether the additional novel and non-obvious elements of the claims are merely well-understood, routine, and conventional or whether they add an inventive concept.

2. Whether, unlike every other area of law involving motions for summary judgment, as set

forth by Fed. R. Civ. P. 56 and *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986), and its progeny, a district court may resolve material underlying fact disputes against the non-movant party on a summary judgment motion for lack of patent-eligibility under § 101.

3. Whether the judicially-created exception for “abstract ideas” broadly includes any abstraction of a claim (including novel business practices or methods of organizing human activities) or only “fundamental” and “long-standing” (i.e., pre-existing) practices and methods, as recognized by this Court in *Bilski v. Kappos*, 561 U.S. 593, 611 (2010) and *Alice Corp. Pty. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2356-57 (2014).

RULE 29.6 STATEMENT

Petitioner Broadband iTV Inc. has no parent corporations and no publicly held company owns 10% or more of its stock.

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OPINIONS AND ORDERS BELOW

The order of the United States Court of Appeals for the Federal Circuit (“Federal Circuit”) denying Petitioner’s petition for *en banc* rehearing (App. 1a-2a) is unreported. The Federal Circuit panel opinion (App. 3a-5a) is unreported but available at 2016 U.S. App. LEXIS 18227. The panel opinion affirmed without opinion, pursuant to Federal Circuit Rule 36, two decisions issued by the United States District Court for the District of Hawaii (App. 6a-76a; App. 77a-116a), which are reported at 136 F. Supp. 3d 1228 and 135 F. Supp. 3d 1175.

JURISDICTION

The Federal Circuit issued its order denying Petitioner’s petition for *en banc* rehearing on December 14, 2016. On March 13, 2017, Justice Kennedy granted application 16A878, extending the time to file this petition until April 13, 2017. This Court has jurisdiction under 28 U.S.C. § 1254(1).

RELEVANT STATUTORY PROVISIONS

35 U.S.C. § 101 provides:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor,

subject to the conditions and requirements of this title.

35 U.S.C. § 282 provides in relevant part:

(a) IN GENERAL.—A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

PRELIMINARY STATEMENT

This Petition concerns two patent infringement actions in which U.S. Patent No. 7,631,336 (“the ’336 patent”) was asserted by Petitioner Broadband iTV, Inc. (“Petitioner” or “BBiTV”) against (i) Respondent Hawaiian Telecom, Inc. (“HT”) and (ii) Respondents Oceanic Time Warner Cable, LLC and Spectrum Management Holding Company, LLC f/k/a Time Warner Cable, Inc.¹ (collectively “TWC”).

¹ On November 10, 2016, Time Warner Cable Inc. filed an Amended Corporate Disclosure Statement with the District Court in these actions, stating that “Time Warner Cable Inc.

A. The '336 patent relates to a new and improved system for uploading video content through an open online network (e.g., the Internet) in a closed system digital television environment (e.g., a traditional cable television system) that was developed by Petitioner BBiTV in the early to mid-2000s.

B. As the record below reflects, BBiTV's system improved upon and was different than both the then conventional video-on-demand ("VOD") delivery systems available at the time, as well as TWC's own state-of-the art "Pegasus" specifications.

C. Claim 1 of the '336 patent includes five detailed steps (steps (a)-(e)) that explain "how" the new process is to be performed using "inventive" and "unconventional" and "non-routine" processes. For example, in step (a), video content is uploaded in an unconventional manner "*along with*" hierarchically arranged metadata via an unconventional online network to an unconventional Web-based content management server connected to a VOD platform. In step (c), a listing of the title of the video content in an electronic program guide for the VOD platform is automatically generated in an unconventional manner by using the *same* hierarchically arranged metadata (in contrast to a structure defined by the cable operator as was conventional).

merged into Nina Company II, LLC, which is now known as Spectrum Management Holding Company, LLC." *Broadband iTV v. Hawaiian Telcom et al.*, No. CV 14-00169 ACK-RLP, Dkt. 817 (D. Haw. Nov. 10, 2016).

D. On the record below, BBiTV established that the features embodied in at least elements (a) and (c), above, were inventive and not obvious in the context of the claimed video delivery system.

Indeed, the claims of '336 patent survived multiple prior art challenges before the Patent Trial and Appeals Board ("PTAB") and the District Court here, including:

- (1) an *inter partes* review ("IPR") proceeding brought at the PTAB by an alleged third party Unified Patents Inc., which apparently represents members of the cable television industry (presumably including Respondent TWC);
- (2) a covered business method ("CBM") proceeding brought at the PTAB by Respondent HT; and
- (3) TWC's motion for summary judgment brought before the District Court here.

Each decision recognized that the prior art identified—which included TWC's own prior art video-on-demand system—failed to disclose at least elements (a) and (c) of claim 1, and ***that it would not have been obvious at the time to modify the identified prior art to include such elements.*** In other words, those elements were inventive, unconventional, and non-routine.

E. Nonetheless, the District Court after considering each of these decisions (including its own summary judgment decision with respect to nonobviousness under 35 U.S.C. § 103), granted motions for summary judgment of invalidity based on patent-eligibility under 35 U.S.C. § 101 in both of the actions on appeal here, finding those same elements only covered the performance of an “abstract idea” using “conventional” and “routine” implementation.

F. In granting the motions for summary judgment, the District Court (as has been common in lower courts since this Court’s decision in *Alice Corp. v. CLS Bank, Int’l*, 134 S. Ct. 2347 (2014)) ignored and violated carefully crafted legal principles developed by this Court over decades:

- (1) by ignoring the statutory presumption of validity and the need for underlying fact findings to support the ultimate determination on patent-eligibility, in violation of 35 U.S.C. § 282 and *Microsoft Corp. v. i4i L.P.*, 564 U.S. 91 (2011);
- (2) by resolving factual disputes (including whether elements (a) and (c) were inventive rather than conventional and routine) against the non-moving party and without evidentiary support, in violation of Fed. R. Civ. P. 56 and *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242 (1986); and

- (3) by expanding the scope of the judicial exception for “abstract ideas” to include any abstraction of a patent claim, rather than to the limited “fundamental” or “pre-existing” concepts identified as abstract ideas by this Court in at least *Alice*, 134 S. Ct. at 2355-59; *Bilski v. Kappos*, 561 U.S. 593, 609-13 (2010).

The Federal Circuit failed to redress the fundamental flaws in the District Court’s approach to deciding the § 101 issue on summary judgment. Instead, the Federal Circuit summarily affirmed the decisions without opinion, as it has done in numerous similar cases. In doing so, the Federal Circuit has effectively—and repeatedly—condoned the District Court’s failure to (i) honor the statutory presumption of validity; (ii) recognize the fact finding underlying a § 101 analysis as to what is routine and conventional (and the various procedural rules that accompany such fact finding); and (iii) adhere to the limited scope of the judicial exception for “abstract ideas” that was carefully drawn by this Court. This dangerous trend of affirming such faulty decisions without opinion has created a skewed standard for patent-eligibility cases, which at odds with other areas of the law and this Court’s pronouncements on patent law. As such, this Court’s review is warranted.

II. This case is an especially appropriate vehicle for this Court to address these problems that have been percolating in the lower courts with

respect to patent-eligibility and have caused the confusion discussed above. This case presents an opportunity to review—and end—these three recurring issues. Because these widespread errors threaten to undermine the constitutional purpose of the patent system, it is important that this Court quickly provide further guidance on the proper framework for a patent-eligibility analysis.

STATEMENT OF THE CASE

A. Petitioner Broadband iTV, Inc. (“BBiTV”)

In 2001, BBiTV was formed for the purpose of developing interactive media services and applications. Since its formation, BBiTV has focused on developing novel and innovative ways to provide interactive applications, VOD applications, and services to cable television subscribers and streaming services, and has developed a portfolio of intellectual property related to its developments.

To that end, in 2003, BBiTV hired Milton Diaz Perez (“Diaz”), to bring VOD expertise into BBiTV and to lead an effort to design and deploy new VOD applications for cable operators. At BBiTV, Diaz developed and built an innovative Web-Based Content Management Server (“WBCMS”). BBiTV’s WBCMS allowed media content owners to upload content and content-characterizing data via the internet to be automatically processed and converted into the appropriate format, and that generates a listing or electronic program guide (or “EPG”). The

resulting EPG included hierarchically arranged categories and subcategories of menus to locate VOD titles using the content owner's own designations. This system is the subject of the '336 patent, the patent-in-suit here.

B. Background of the Technology

The '336 patent claims priority to an application filed on July 30, 2004, which serves as the basis for the claimed invention. App. 69a-75a. The BBiTV claims are related to a particular method for converting, navigating and displaying video content uploaded from the internet to a digital TV VOD platform.

In 2004, the delivery of VOD content in a conventional cable television system was quite limited. Typically, each video was either delivered on its own dedicated channel, or if a menu system existed, it would be quite limited and at best include category information. Conventional menu systems were not hierarchically structured systems that would allow a subscriber to navigate through layers of categories and subcategories of menus as disclosed and claimed in the '336 Patent.

Some other prior art systems used video servers to store and deliver digital VOD content. However, the ingestion process and packaging processes used at the time presented complex, time-consuming, difficult, costly, and error prone technical

problems. In other words, the systems at the time faced technical challenges associated with:

Ingestion: the process of obtaining large, professional-quality videotapes from content producers;

Encoding or Conversion: transforming these videotape versions of the movies into a format that could be displayed on a television subscriber system;

Packaging: generating the information a cable operator needed in order to provide subscribers with an electronic program guide (“EPG”) or listing that could be used to access these titles; and

Transport: getting the information from one participant in the system (e.g., content provider or content manager) to the next participant in the system (e.g., content manager or cable operator).

Respondents’ own—then-cutting edge—“Pegasus” specifications, which was unsuccessfully relied upon by TWC as prior art in its motion for summary judgment of obviousness (App. 48a, 60a), did not solve these problems. The invention claimed in the ’336 patent was directed to a very particular technical solution to these technical problems that existed in the prior art.

In the obviousness portion of its summary judgment opinion, the District Court found Pegasus differed from the ’336 patent claims at least in the following significant ways:

“(1) Pegasus does not disclose converting video content *after* uploading it to the WBCMS,

(2) Pegasus does not disclose uploading content ‘along with’ hierarchical addressing metadata, and

(3) there is no WBCMS disclosed by Pegasus.”

App. 61a. Thus, the record establishes that these unconventional elements, which offer unique technical solutions to the “conversion,” “ingestion,” and overall architecture problems present in the prior art, were missing from TWC’s then state-of-the-art specification.

Further, the District Court held (at least for purposes of the summary judgment) that TWC had failed to show that a person having ordinary skill in the art (“PHOSITA”) would have been motivated to combine Pegasus with other references to disclose at least these features:

(1) “This testimony raises a genuine issue of material fact as to whether a PHOSITA would have been motivated to combine Pegasus with other references that disclosed conversion after uploading.” App. 63a;

(2) “[T]he debate between the parties’ experts regarding whether Pegasus discloses

uploading of videos ‘along with’ metadata at the *correct* step of the ‘336 Patent’s method is a genuine question of material fact properly reserved for jury resolution. This precludes summary adjudication.” App. 64a; and

(3) “Third, Plaintiff has raised a genuine issue of material fact as to whether a PHOSITA would have combined Pegasus with other references to disclose the type of WBCMS in the ‘336 Patent . . . capable of (1) managing content, and (2) receiving such content over the Web.” App. 64a.

Thus, under the record on appeal, the fact that it would have not have been obvious under § 103 for a PHOSITA to use these elements in Pegasus demonstrates why these elements were also not “conventional” or “routine” for purposes of the *Alice* analysis under § 101.

C. The ‘336 Patent

Diaz, the inventor of the ‘336 patent, recognized the problems in the prior art and developed a new system for uploading video content through the Internet for viewing in a closed system digital television environment. With this new system, Diaz was the first to bridge the digital television and Internet video industries from the provider’s end by enabling the migration of video content, using the Internet, into a digital television

VOD platform. This innovation was ultimately embodied in the '336 patent claims.

Specifically, claim 1 of the '336 patent provides a detailed method for automatically enabling conversion, navigation, and display of video content from an open online network (e.g., the Internet) to a discrete, closed digital television VOD platform. Briefly, the method includes:

(a) enabling the uploading of video content via an online network to a WBCMS connected to the VOD platform, *along with* hierarchically arranged metadata;

(b) converting the *uploaded* content into a standard TV digital format and storing a local instance of the converted content in a video content database of the VOD platform;

(c) listing the title of the video content in an electronic program guide for the VOD platform using the *same* hierarchically arranged metadata;

(d) providing the subscriber with access to the electronic program guide for navigating the *same* hierarchically arranged categories and sub-categories to locate the title of the video content; and

(e) enabling retrieval and transmission of the video content to the subscriber's set-top box upon selection by the subscriber.

The specification of the '336 patent includes extensive technical details as to “*how*” this method is achieved. For example, Fig. 2A of the '336 patent (reproduced below) shows a WBCMS 40 to which a user may upload video content using a web browser. The server 40 is connected to a content feed system 42 that automatically transfers the user-generated content to a content conversion system 43, where the video content is converted into a video display format compatible with the VOD content delivery system 44. The converted video is indexed by title and assigned to various categories of the VOD system based on title-ordering metadata that was uploaded along with the original video content to the WBCMS 40. '336 patent, col. 14, lns. 39-54. The title-ordering metadata plays an important role in automatically placing the video content in the appropriate categories and subcategories of an electronic program guide for easy selection by a subscriber. *Id.* at col. 16, ln. 38-col. 17, ln. 21.

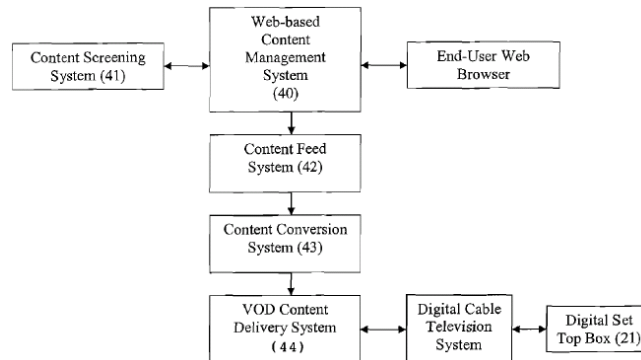


FIG. 2A of the '336 Patent

The VOD content delivery system 44 operates an application in which menus for finding video content are navigated by subscribers using a remote control and a digital set top box 21. A request for content may be sent through the digital set top box 21, and the VOD content delivery system 44 delivers the requested content through the digital cable television system to the digital set top box 21 for viewing on the subscriber's television. *Id.* at col. 14, ln. 55-col. 15, ln. 22.

D. The Repeated Failures of Respondents and Others to Invalidate the '336 Patent Based on Prior Art

1. Third Party Unified Patents Inc. Unsuccessfully Challenged Claims 1-4 and 7-11 of the '336 Patent in an IPR

A few months after BBiTV filed its original Complaint against Defendants, a third party, Unified Patents, Inc., filed an IPR challenging claims 1-4 and 7-11 of the '336 patent as allegedly obvious in view of various alleged prior art references. *See Unified Patents, Inc. v. Broadband iTV, Inc.*, IPR2014-01222, Paper No. 1 (PTAB July 30, 2014).

On January 5, 2015, the PTAB issued its decision refusing to institute an IPR. Paper No. 8, at 2 (PTAB Jan. 5, 2015). In denying the institution, the PTAB explained that it was not persuaded that the Petition had shown how the combination of prior art arrived at:

(i) the inclusion of “a title and a hierarchical address of hierarchically-arranged categories and subcategories as metadata” for the content uploaded through the Internet; and (ii) listing the content uploaded through the Internet “in an electronic program guide . . . using the same hierarchically-arranged categories and subcategories as used in the uploaded metadata for the hierarchical address for the video content in the electronic program guide.”

Id. at 12 (citing elements (a) and (c) of ’336 patent, claim 1).

In distinguishing Unified Patent’s prior art, the PTAB explained that:

The claims of the ’336 patent are directed toward “migrating content to a discrete, closed cable television system using the Internet.” Prelim. Resp. 1. The use of the same hierarchically-arranged categories and subcategories in both metadata of the uploaded content itself and in the electronic program guide help facilitate the migration of the content into cable television systems. *Id.* at 2. But Petitioner has failed to explain sufficiently why one of ordinary skill in the art would use the same hierarchically-arranged categories

and subcategories in both metadata of the uploaded content itself and in the electronic program guide based on the combination of White, Samaan, Dunn, and Shoff.

Id. at 16.

***2. Respondent HT Unsuccessfully
Challenged the Validity of the '336
Patent in a CBM***

On September 19, 2014, HT filed its own Covered Business Method (“CBM”) proceeding with the PTAB. *See Hawaiian Telcom, Inc. v. Broadband iTV, Inc.*, CBM2014-00189, Paper No. 2 (PTAB Sept. 19, 2014) (corrected petition filed on Oct. 2, 2014).

HT’s CBM not only raised different (and ultimately unsuccessful) prior art challenges from those included in the Unified Patents IPR, Paper No. 2, at 21-65, but HT also raised an unsuccessful “same-invention type double patenting” challenge under 35 U.S.C. §101, *id.* at 66-79.²

With respect to the prior art challenges, the PTAB again found the prior art cited by HT to be missing at least elements (a) and (c) of ’336 patent, claim 1, like it had in the Unified Patents IPR decision.

² Although HT could have raised a patent-eligibility challenge under 35 U.S.C. §101, it chose not to.

Thus, the PTAB's decisions confirmed that elements (a) and (c) of '336 patent, claim 1, were inventive in the context of anticipation and obviousness, and thus must not have been conventional or routine in the context of the claimed invention.

E. Procedural History of this Case

After the PTAB denied institution of the IPR and CBM proceedings described above, TWC and HT each filed motions for summary judgment of invalidity in the District Court.

TWC's motion was predicated upon § 101 as well as 35 U.S.C. §§ 102 and 103 based upon four references, including Pegasus. App. 48a. In connection with its § 101 motion, TWC asserted the claims were directed to "the idea of using the *same* hierarchical ordering based on metadata to facilitate the display and locating of video content." App. 23a (emphasis added).

After losing its prior art challenges at the PTAB, HT limited its motion to arguing (under § 101) that the claims "are directed to the abstract idea of hierarchical ordering based on metadata to facilitate the display and locating of video content." App. 91a. Unlike TWC, HT did not describe the alleged abstract idea as including using the unconventional "same" hierarchical ordering.

On September 29, 2015, the District Court granted both parties' motions for invalidity under

§ 101 and denied TWC's motion under §§ 102 and 103 because "Plaintiff has raised sufficient issues of material fact to preclude summary judgment that the '336 Patent is invalid as anticipated or obvious over prior art." App. 16a.

In denying TWC's prior art summary judgment motion, the District Court found that the prior art raised by TWC did not include all the elements of the claims, and that BBiTV at least raised a factual dispute on the inventiveness of these missing elements. In particular, as discussed above, the District Court found factual disputes as to whether limitations in the '336 patent claims were inventive, including at least:

- step (a)'s requirement to upload the video content with title-ordering metadata attached, App. 52a-54a, 58a-59a, 63a-64a; and
- step (c)'s requirement that the video content be automatically added to the electronic program guide, App. 55a-56a.

In granting the § 101 motions for summary judgment, the District Court, purporting to apply some lower court's interpretation of the *Alice* two-step analysis, found claims 1-4 and 7 of the '336 patent ineligible under 35 U.S.C. § 101.

First, with respect to the standard of review, the District Court began by assuming based on "the

most recent available guidance from the Federal Circuit” (in contrast to this Court’s *i4i* decision) that the ’336 patent was not entitled to a presumption of validity. App. 13a, 83a-84a.

With respect to *Alice* step one, the District Court found the claims to be directed to the “novel” idea of “using the same hierarchical ordering based on metadata to facilitate the display and locating of video content,” which it concluded was abstract. App. 24a-25a, 92a-94a. In doing so, the District Court created a new class of “abstract ideas” not previously recognized by this Court. *Cf. Alice*, 134 S. Ct. at 2356-57; *Bilski*, 561 U.S. at 611 (requiring “fundamental” and “long-standing”).

In contrast to its holdings in the prior art analysis, the District Court found the novel and non-obvious steps (a) and (c) of claim 1, were “well-understood, routine, conventional activities previously known to the industry” and thus lack an inventive concept under *Alice* step two. App. 33a, 102a. The District Court offered no evidence to support its fact findings, and ignored the plethora of evidence in the record used to defeat Unified Patent’s IPR, HT’s CBM, and TWC’s motion for summary judgment under prior art.

The District Court also found without any evidentiary support that:

- the method of the ’336 patent could be performed by pen and paper despite the

explicit elements requiring a computer, App. 27a-28a, 95a-96a); and

- the '336 patent preempts the relevant technological field, without regard to the alleged abstract idea and despite the record evidence of non-infringing ways of operating within that field, App. 45a, 114a.

BBiTV timely appealed the District Court's § 101 decisions, pointing out the errors of the District Court in misidentifying the abstract idea and ignoring factual disputes over the conventionality of the claimed invention. Despite the District Court's legal errors, the Federal Circuit issued a Rule 36 affirmance that did not correct any of these errors. BBiTV requested rehearing of these issues *en banc*, but its petition was denied.

REASONS FOR GRANTING THE PETITION

I. The District Court Wrongly Decided this Case Based on Oft-Repeated Structural Flaws in the Patent-Eligibility Analysis

A. *The District Court, Following Ambiguous Case Law from the Federal Circuit Failed to Apply the Presumption of Validity as required by this Court in i4i*

In *Microsoft Corp. v. i4i L.P.*, 564 U.S. 91 (2011), this Court considered the significance of the statutory presumption of validity codified in 35

U.S.C. § 282(a). It explained that, under § 282, “[a] patent shall be presumed valid’ and ‘[t]he burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.” *iAi*, 564 U.S. at 95, 100 (quoting § 282(a)). Although the ultimate question of patent validity is a legal one, “[i]n evaluating whether [35 U.S.C. §§ 101, 102, 103] and other statutory conditions have been met, PTO examiners must make various factual determinations” *Id.* at 96. “[T]he same factual questions underlying the PTO’s original examination of a patent application will also bear on an invalidity defense in an infringement action” before a district court. *Id.* at 97. This Court held that, in light of the statutory presumption of validity, a party asserting an invalidity defense bears the burden of proving invalidity and that the evidence in support of the defense must be clear and convincing. *Id.* at 95, 105 n.7.

Here, the District Court’s patent-eligibility determination—which held the ’336 patent to be invalid under § 101—is clearly contrary to this Court’s *iAi* decision.

First, contrary to § 282 and *iAi*’s express holding, the District Court expressly “assume[d]” that “a presumption of eligibility” does not apply to challenges under § 101 in light of what it viewed to be “the most recent available guidance from the Federal Circuit”—Judge Mayer’s concurring opinion in *Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014). App. 13a, 83a-84a. This is clear

error, yet has been repeated by countless other district courts without clear guidance from the Federal Circuit as explained *infra*.

Second, the District Court failed to recognize that its factual determinations needed to be supported with evidence and that it could not resolve disputed facts against the non-movant. Thus, as explained in more detail below, it improperly weighed facts against the non-movant in violation of this Court's clear holding in *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249 (1986), and its progeny. *See, e.g., Tolan v. Cotton*, 134 S. Ct. 1861 (2014) (per curiam) (reversing where lower court failed to follow "the axiom" set forth in *Anderson* that "[t]he evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor"). *Id.* at 1863.

Third, the District Court's improper factual findings against the non-movant Petitioner BBiTV actually contradicted its other corresponding findings with regard to §§ 102 and 103. *See infra* Statement of the Case, Section E.

Thus, despite its lip service to the standard, the District Court did not apply the clear and convincing evidentiary burden required by § 282(a) and this Court's precedent.

Under *iAi*, there is no doubt that "by its express terms, § 282 establishes a presumption of patent validity." 564 U.S. at 100. As with invalidity

challenges based on §§ 102, 103, and 112, parties making validity challenges under § 101 must overcome that presumption of validity. *Id.*; accord *CLS Bank Int'l v. Alice Corp. Pty. Ltd.*, 717 F.3d 1269, 1284 (Fed. Cir. 2013) (Lourie, J., concurring) (“that presumption applies when § 101 is raised as a basis for invalidity in district court proceedings”), *aff'd*, 134 S. Ct. 2347 (2014).

The District Court below is not the only district court to have erroneously held that the presumption of validity does not apply to patent-eligibility challenges. Amidst the general confusion as to how to apply the patent-eligibility analysis, district courts are currently split as to whether patents are entitled to a presumption of validity (i.e., eligibility) under § 101. *See, e.g., Front Row Techs., LLC v. NBA Media Ventures, LLC*, No. CIV 10-0433, 2016 U.S. Dist. LEXIS 116591, at *106 (D.N.M. Aug. 30, 2016) (“District courts have interpreted the recent Supreme Court and Federal Circuit decisions in four primary ways” regarding the presumption of validity and clear and convincing evidence standard).

Because the Federal Circuit has repeatedly refused to take up this issue, *infra* Section II, its affirmance here may be interpreted as sanctioning, *sub silentio*, the practice of not applying a presumption of eligibility. Without this Court’s intervention, lower courts will continue to invalidate patents under § 101 without adhering to the presumption of validity standard mandated by Congress in § 282 and this Court in *iAi*.

B. The District Court Improperly Resolved Fact Disputes Against Non-Movant BBiTV on Summary Judgment

The types of factual findings discussed above, as well as other factual findings made under a patent-eligibility analysis, are influenced by the presumption of validity. As explained above, this Court in *i4i* expressly noted that § 101 involves factual determinations by the PTO during examination, and that those same factual questions will also bear on a § 101 patent-eligibility defense (a currently recognized invalidity defense). 564 U.S. at 96-97. Although this Court did not make any mention of the presumption of validity in *Alice*,³ this Court has continued to hold that even questions of law (like claim construction or obviousness) can turn on underlying findings of fact. *Teva Pharms. USA, Inc. v. Sandoz, Inc.*, 135 S. Ct. 831, 836-37 (2015) (claim construction); *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 427 (2007) (citing *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966)) (obviousness).

At step one of the *Alice* analysis, the Court is charged with determining whether the claim is directed to an “abstract idea.” This determination often involves questions of fact, such as that which underlies claim construction. *Teva*, 135 S. Ct. at 836. Another factual issue underlying this step one

³ Nor was there a need to discuss the relevant burden of proof in *Alice* because, unlike here, the Court did not find any facts were in dispute. *Alice*, 134 S. Ct. at 2358-59.

analysis is the determination of whether the claim is directed to an “abstract idea” that is “longstanding,” “fundamental,” or “long prevalent,” as was found by this Court based on undisputed evidence present in *Alice*, 134 S. Ct. at 2356 and *Bilski*, 561 U.S. at 611.

At step two, factual findings include whether the elements of a claim are “well-understood, routine, conventional activities” previously known to the industry, or whether they, individually or as an ordered combination, add “something more” such that the claims include an “inventive concept.” *Alice*, 134 S. Ct. at 2357.

Thus, just like an obviousness analysis under § 103, a § 101 analysis calls for a legal conclusion based on underlying facts. These factual determinations often overlap with those made for §§ 102 and 103 inquiries.⁴ For example, the scope and content of the prior art is one of the *Graham* factors considered in an obviousness analysis but is also relevant to determining what is well-known and conventional for purposes of patent-eligibility. Thus, §§ 102 and 103 determinations finding that elements were not included in the prior art should at least raise a factual dispute on the conventional nature of such elements on patent-ineligibility making summary judgment inappropriate.

⁴ See, e.g., *Mayo*, 566 U.S. at 90 (“in evaluating the significance of additional steps, the § 101 patent-eligibility inquiry and, say, the § 102 inquiry might sometimes overlap”); see also *Alice*, 134 S. Ct. at 2357 (claims are patent-eligible if the claim contains an “inventive concept”).

Whether in the context of § 101 or § 103, a validity challenge must show why it is proper to extrapolate from general background knowledge (e.g., that databases are searched, or that metadata may be attached with other electronic files) to argue that the specific application of that general background knowledge was merely conventional. *See, e.g., Arendi S.A.R.L. v. Apple Inc.*, 832 F.3d 1355, 1365 (Fed. Cir. 2016), *cert. denied*, No. 16-626, 2017 U.S. LEXIS 1873 (Mar. 20, 2017); *BASCOM Global Internet Servs. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016). Since these findings as to what was conventional at the time of the invention are the same, whether the patent-at-issue is being challenged under § 103 or § 101, the same standards that apply to fact finding (e.g., the presumption of validity) should apply to both sections. *Cf. iAi*, 564 U.S. at 95-96.

This Court has made it perfectly clear that a party challenging the eligibility of a patent must prove that the patent is invalid by clear and convincing evidence under *iAi*, and any factual disputes must be resolved in favor of the non-movant on summary judgment under *Anderson*. Nonetheless, the District Court here, like the cases it relies upon, has created a special patent-eligibility rule that allowed it to improperly weigh facts (e.g., what was conventional in the prior art) against BBiTV in the context of a § 101 analysis, even though the District Court found those same facts in dispute such that they precluded summary judgment

in the context of a § 103 analysis. Because the District Court's ultimate legal conclusions (e.g., invalid under § 101 and not invalid under § 103) were based on the same underlying facts, this inconsistency illustrates that its patent-ineligibility determination was based on legal errors (e.g., that there is no presumption of eligibility), which requires clarification from this Court.

Clarification from this Court is needed regarding the proper resolution of factual disputes under 35 U.S.C. § 101. As *i4i* recognized, factual determinations are critical to the proper application of patent-eligibility inquiry. Yet, district courts (including the court below in this case) are confused about the role of the presumption of validity to patent-eligibility challenges raised under § 101. Many district courts have failed to recognize that, although the ultimate issue of patent-eligibility should be treated as a question of law, like in other areas of patent law (e.g., claim construction, obviousness, etc.) subsidiary fact-finding is sometimes necessary. *i4i*, 564 U.S. at 95; *Teva*, 135 S. Ct. at 838 (claim construction); *KSR*, 550 U.S. at 427 (obviousness).

This Court's guidance is also needed to clarify that, like any other motion for summary judgment in Federal Court, factual disputes in patent cases may not be decided against the non-movant, as they were decided by the District Court here. Each of the steps of the *Alice* test clearly involve underlying factual questions (e.g., what was inventive versus what was

merely conventional at the time of the invention) that are subject to established procedural standards. However, many district courts have failed to recognize this in making patent-eligibility determinations.

As BBiTV briefed to the Panel below, this improper understanding led the District Court here to make numerous factual findings that are not supported by the record, or that were in dispute. *See* Blue Br.⁵ 56-57; Gray Br. 23 n.13. These findings are at odds with the clear and convincing burden of proof required for invalidity defenses under *i4i*,⁶ as well as the established rule that facts may not be weighed against a non-movant on summary judgment under *Anderson*. Because the ultimate legal conclusion relied upon underlying findings of fact—such as whether the claims merely implemented the abstract idea using well-understood, routine, and conventional elements, or whether the claim as a whole contained an inventive

⁵ “Blue Br.” and “Gray Br.” refers to Petitioner’s Opening and Reply Briefs filed as part of the appellate record, found at *Broadband iTV, Inc. v. Hawaiian Telcom, Inc.*, No. 16-1082, Dkts. 32 and 64, respectively.

⁶ Although the District Court stated that “[t]o the extent that the Court must resolve underlying questions of fact related to eligibility, they must be proven by clear and convincing evidence.” App. 12a, 83a. The District Court did not follow this standard. *See infra*. Moreover, the District Court’s express holding that the presumption of validity did not apply to § 101 highlights its confusion and misapplication of this important standard and requires this Court’s intervention.

concept—the District Court’s failure to recognize the presumption of validity and to properly follow the summary judgment standard in making these factual findings, that were at least in material dispute for purposes of §§ 102 and 103, was reversible error. *Tolan*, 134 S. Ct. at 1868 (reversing grant of summary judgment because “the opinion below reflects a clear misapprehension of summary judgment standards”).

Specifically, the District Court made the following factual findings, which are contradicted by the record:

(1) *Steps (a) and (c) were routine and conventional (even though there was a factual dispute as to whether a technical element of these steps was in the prior art and inventive for purposes of §§ 102 and 103).* The District Court rejected BBiTV’s argument that there was an inventive concept in at least steps (a) and (c) of claim 1 because it broadly found that “enabling [] uploading’ of videos, (Claim 1(a))” and “listing [] title[s]’ (Claim 1(c))” “**would seem to be** ‘well-understood, routine, conventional activities previously known to the industry.’” App. 32a-33a, 101a-102a (emphasis added). However, this finding did not adequately respond to BBiTV’s arguments, nor does it reflect the full scope of the steps.

Moreover, the District Court ***denied summary judgment*** of obviousness under §§ 102 and 103 with regard to ***all of the prior art*** offered by Respondents,

due to material issues of fact involving these claim elements. The District Court found factual issues as to:

- (i) whether any of the established prior art references disclosed uploading of a hierarchical address as metadata “along with” videos. App. 52a, 58a-60a, 63a-64a⁷; and
- (ii) whether it would have been obvious to combine those references with other art that did disclose uploading videos along with hierarchical metadata. App. 52a-54a.

Importantly, in assessing obviousness, the District Court did not find that this missing element could be supplied by the general background knowledge of a person skilled in the art. In view of that, the District Court could not have found that the element was merely “conventional” on summary judgment for purposes of patent-eligibility. *See, e.g., Arendi*, 832 F.3d at 1363 (“[W]hile ‘common sense’

⁷ *See also* Blue Br. 48 (“U.S. Patent Application Publication No. 2004/0103120 (“Fickle”) teaches transmission of metadata to a VOD management system over a separate and distinct path from the video content -- *i.e.*, omitting the claimed requirement that metadata be uploaded “along with” the video content.”); *Hawaiian Telcom, Inc. v. Broadband iTV, Inc.*, CBM2014-00189, Paper No. 11 at 27 (PTAB Apr. 1, 2015) (denying institution and finding that Appellee Hawaiian Telcom had not established how prior art references Wilson and Novak could be combined “so as to enable the uploading of a hierarchical address of categories and subcategories as metadata, along with the content itself”).

can be invoked, even potentially to supply a limitation missing from the prior art, it must still be supported by evidence and a reasoned explanation” to conclude that the claimed combination was obvious).

(2) *The claims can somehow be performed by pen and paper (even though the claims are directed to an improved VOD delivery system):* To support its patent-ineligibility conclusion, the District Court inexplicably found—without citing any support—that the ’336 claims could be performed by pen and paper. App. 27a-28a, 35a, 95a-96a, 103a (“Here, . . . the steps of the patent could be performed (more slowly) by hand.”). Although the so-called “pen-and-paper” analysis is not essential to a patent-eligibility analysis, the District Court’s clearly erroneous and unsupported finding on this issue reflects its complete misunderstanding of the scope of the claims and their technical improvement over the prior art through the use of unconventional technology. *See* Blue Br. 34-35; Gray Br. 18-19.

(3) *The claims as a whole did not contain an “inventive concept” (even though it did not consider the claimed invention as a whole, which was an improvement over the VOD prior art and not just the automation of a pre-existing method):* The District Court provided no separate analysis as to the combination of elements in the ’336 claims, and instead made the conclusory statement that the claims were patent-ineligible “whether the patent’s elements are considered individually or in

combination.” App. 46a, 115a. Further, the District Court found that the claims “use[d] conventional computers and the Internet to automate, as a combined set of steps, the implementation of an abstract idea that can be completed manually.” App. 42a-43a, 111a-112a . But the District Court failed to recognize that the claims were *not* merely automating a pre-existing method, like this Court faced in *Alice*, but were instead improving upon existing, computerized VOD delivery systems (which themselves had automated pre-existing manual practices that had been done without a computer). *See* Blue Br. 42-44; Gray Br. 27-29. One of these improvements, like in *BASCOM*, was changing the locus of control over how content was listed in the electronic program guide by enabling content providers to upload content along with metadata in a way that was a technological improvement over the prior art. Thus, the District Court’s analysis of the ordered combination of limitations was flawed, because it only considered the hardware elements of the claims individually, and failed to recognize that “an inventive concept can be found in the non-conventional and non-generic arrangement of known, conventional pieces.” 827 F.3d at 1350.

(4) *The “operative field” of the claimed invention is preempted (even though there was evidence of non-infringing ways of operating with that field, including the distinguished prior art).* The District Court found (regardless of the parties’ disputes over the opportunity they were given to submit evidence on the issue) that the ’336 claims

preempted all ways of “accomplish[ing] the ‘336 Patent’s result.” App. 44a, 113a. Although the District Court identified the “abstract idea” as variations on “using the same hierarchical ordering based on metadata to facilitate the display and locating of video content,” App. 25a, 94a, the District Court considered preemption in the “operative field” of “upload[ing] from the Internet.” App. 43a-45a, 112a-115a. Not only did the District Court err by considering whether the “operative field” or the “claimed result” were preempted rather than the abstract idea, it ignored the evidence in the record that the field was not preempted, because there were non-infringing alternatives, e.g., sending the metadata separately from the video content. Blue Br. 44-53; Gray Br. 24-26.

Each of these factual findings, which weighed facts against non-movant BBiTV by contradicting the record evidence, are subject to the presumption of validity and influence the ultimate patent-eligibility determination. Thus, the Panel’s Rule 36 decision—which affirmed the District Court’s legally erroneous decision that failed to apply a presumption of validity—should be vacated. Because it is not an appeal court’s role to make factual findings, the case should be remanded to the District Court to reconsider these factual issues under the correct standard.

C. The District Improperly Found the Claims Directed to an “Abstract Idea” even though the Claims Are Not Directed to a Fundamental or Long-Standing Concept

Like many lower court decisions since *Alice*, the District Court here applied an incorrect interpretation of this Court’s patent-eligibility precedent to misidentify alleged “abstract ideas” that were neither the equivalent of traditional “preexisting, fundamental truths” such as Einstein’s $E=mc^2$ or Newton’s law of gravity, nor “fundamental economic practice[s] *long prevalent* in our system of commerce” such as *Bilski’s* hedging risk or *Alice’s* intermediated settlement. Thus, the District Court here erred in defining the alleged abstract ideas by:

- (1) improperly including “novel” business practices or methods of organizing human activities; and
- (2) including detail well beyond the level of detail used in *Alice* or *Bilski*.

Each of these errors is typical of the errors being committed since *Alice* by the lower courts and requires this Court’s correction. Indeed, this Court’s rationale for creating the exception to patent-eligible subject matter under § 101—that pre-existing fundamental truths such as laws of nature or mathematical algorithms are not truly the subject of “invention”—does not extend to newly discovered

methods of organizing human activity or business practices not already known. Nor has this Court ever applied the exception for “abstract ideas” to such novel concepts.

In reviewing the history of patent-eligibility, this Court in *Alice* recognized that, prior to *Bilski*, the “abstract idea” exception had only been applied by this Court to “mathematical formulas.” *Alice*, 134 S. Ct. at 2355-58; *Bilski*, 561 U.S. at 610-11. In *Diamond v. Diehr*, this Court explained that mathematical algorithms themselves could not be patented because such “manifestations of nature” **were not truly “new.”** 450 U.S. 175, 189 n.12, 185, 190 (1981). Even if the algorithms were newly “discovered” by man, they are pre-existing truths that “must be assumed to be within the ‘prior art.’” *Id.* at 189 n.12 (emphasis added).

This rationale does not apply to newly discovered methods of organizing human activity or business practices not already known.

Thus, prior to *Bilski*, the three judicial exceptions—laws of nature, natural phenomena, and abstract ideas (i.e., mathematical formulas)—were preexisting fundamental truths that exist in principle apart from any human action. *See Bilski*, 561 U.S. at 619-20 (Stevens, J., concurring); *cf. Alice*, 134 S. Ct. at 2356. In essence, these fundamental truths were treated the same.

However, *Bilski* did not rely on the fact that the concept of “hedging risk” could be reduced to a “mathematical formula” in classifying it as an abstract idea. Instead, *Bilski* created a new category of “abstract idea” by finding the concept of “hedging risk” to be an “abstract idea” because it was “a ***fundamental*** economic practice ***long prevalent*** in our system of commerce.” *Bilski*, 561 U.S. at 611 (emphasis added).

Alice explored the bounds of an abstract idea even further. It recognized that “hedging risk” ***could*** have been found an abstract idea in *Bilski* on the alternative basis that hedging risk could be reduced to a “mathematical formula,” but instead expressly relied on the fact that hedging risk was an “abstract idea” because it was “a ***fundamental*** economic practice.” *See Alice*, 134 S. Ct. at 2356-57 (emphasis added). It did so because the abstract idea in *Alice*—“intermediated settlement”—was easily identifiable as a similar “***fundamental*** economic practice ***long prevalent in our system of commerce.***” *Id.* at 2356 (emphasis added).

Alice supported the “fundamental,” “long prevalent,” and “longstanding” nature of the practice of intermediated settlement by, *inter alia*, citing to publications from 1896 and textbooks to demonstrate how well-known and deep-rooted an economic concept it was. *Id.*; *see also Bilski*, 561 U.S. at 611. Because intermediated settlement was so similar in kind to the “long prevalent” concept of hedging risk in *Bilski*, *Alice* stopped the analysis there, and did

not feel a need to “labor to delimit the precise contours of the ‘abstract ideas’ category.” *Id.* at 2357. Thus, this Court expressly declined to expand the “abstract ideas” category beyond mathematical formulas and “fundamental economic practice[s] long prevalent in our system of commerce.”⁸

However, because *Alice* did not “delimit the precise contours of the ‘abstract ideas’ category,” *Id.* at 2357, the lower court here, like other district courts, was confused over the scope of that judicial exception. As a result, these lower courts have misapplied this doctrine and improperly expanded the “abstract idea” category to include “novel” business practices or methods of organizing human activities. The present Petition should be granted so this Court can correct that error.

Here, the District Court’s identification of the “abstract idea” as something akin to “using the *same* hierarchical ordering *based on metadata to facilitate the display and locating of video content*” is clearly erroneous. This is certainly neither a fundamental truth nor a longstanding economic concept, and the District Court even acknowledged that it was a “novel” concept. App. 24a, 92a (“The Court previously identified the following as the ‘novel’ underlying idea of the invention: ‘creating a method

⁸ Indeed, both *Alice* and *Bilski* included minority opinions that would have eliminated business method patents completely, but these opinions were not adopted by the majority opinions. Compare *Bilski*, 561 U.S. at 609 (majority opinion), with *Alice*, 134 S. Ct. at 2360 (Sotomayor, J., concurring).

for uploading videos via Internet with accompanying metadata, which allows the videos to be automatically listed in a cable company’s EPG for viewer selection.’ . . . This is essentially the abstract idea identified by HTI: ‘using the same hierarchical ordering based on metadata to facilitate the display and locating of video content.’”). This abstraction of the invention described by the ’336 patent is instead describing a specific innovation in the technological field of VOD.⁹

Characterizing this detailed abstraction of the claim as an “abstract idea” runs afoul of this Court’s warning that courts should “tread carefully in construing this exclusionary principle *lest it swallow all of patent law.*” *Alice*, 134 S. Ct. at 2354 (emphasis added); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 71 (2012). After all, “[a]t some level, *all* inventions . . . embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Alice*, 134 S. Ct. at 2354 (quoting *Mayo*, 566 U.S. at 71) (emphasis added). Yet considering this detailed abstraction of the claim as the alleged “abstract ideas” essentially dictates the outcome of the patent-eligibility analysis before *Alice* step two is reached. For one, by erroneously including the “novel” aspects, instead of merely the “long standing” aspects into the alleged

⁹ Indeed, the ’336 claims do not fall under any of the categories of “abstract ideas” recognized by the lower courts, such as “methods of organizing human activity.” The ’336 patent is clearly directed to an improvement to the technological field of VOD.

“abstract idea,” the District Court removed the aspects of the claim that in step two of the *Alice* analysis would be properly considered as “something more.” This is clearly not in accordance with this Court’s guidance in *Mayo* and *Alice*.

If the District Court had recognized the relevant abstract idea to be “delivery of content” (which would correspond in level of abstraction to “hedging risk” or “intermediated settlement”), then the inventive abstractions identified by these courts would, by definition, show that the claims were not directed to those broad abstract ideas under *Alice* step one, or, alternatively, would be enough to supply an inventive concept under step two of the *Alice* framework.

II. The Present Case Is a Proper Vehicle for Correcting the Leading Errors in Post-*Alice* Patent-Eligibility Jurisprudence

This case is an especially appropriate vehicle for this Court to address these problems that have been percolating in the lower courts and creating confusion and uncertainty as to the scope of patent-eligible subject matter.

Since this Court issued its *Alice* decision in June 2014, there have been more than 200 cases in which district courts have invalidated all of the patent claims addressed. About 30% of those cases found the patents invalid on summary judgment, while 70% deemed the patents to be invalid on the

pleadings (either on a motion to dismiss or a motion for judgment on the pleadings). Furthermore, of the approximately 100 decisions by the Federal Circuit on § 101 issues since *Alice*, about 93% found the patent to be invalid as patent-ineligible. More than half of those Federal Circuit decisions made such an invalidity judgment without any opinion, pursuant to Federal Circuit Rule 36.

The Federal Circuit's persistent use of Rule 36 to summarily affirm the lower court's decisions in this case (and other cases where the statutory presumption of validity is ignored; facts are found against the nonmovant; or any abstraction of the claims is considered an "abstract idea") demonstrates there is no need for this Court to wait to act to correct the types of errors that were committed below, since it is unlikely that those errors will be resolved without intervention. Absent this Court's timely intervention to correct these errors now, the situation will undoubtedly worsen.

Moreover, the same issues raised in this Petition have been repeatedly raised to the Federal Circuit, but the Federal Circuit has failed to resolve these (purportedly) open questions of law that have been treated inconsistently in the district courts. For example, both this Court and the Federal Circuit have been asked to address:

- (i) the role of the presumption of validity in the context of § 101, *see, e.g., Content Extraction & Transmission LLC v. Wells Fargo Bank*, No.

2013-1588, *en banc rehearing denied* (Fed. Cir. Mar. 12, 2015), No. 14-1473, *cert denied* (S. Ct. Oct. 5, 2015) and *Tranxition, Inc. v. Lenovo (U.S.) Inc.*, No. 15-1907, *en banc rehearing denied* (Fed. Cir. Feb. 7, 2017);

- (ii) whether elements of the claims may be found merely “conventional” for purposes of § 101 when other evidence in the record contradicts such a finding, *see, e.g., Electric Power Grp., LLC v. Alstom S.A.*, No. 2015-1778, *en banc rehearing denied* (Fed. Cir. Oct. 5, 2016), and *TDE Petroleum Data Sols., Inc. v. AKM Enterprise, Inc.*, No. 2016-1004, *en banc rehearing denied* (Fed. Cir. Oct. 18, 2016), No. 16-890, *cert denied* (S. Ct. Mar. 6, 2017); and
- (iii) whether novel inventions can be considered mere “abstract ideas” under this Court’s precedent, *see, e.g., Ultramercial, Inc. v. Wildtangent, Inc.*, No. 2010-1544, *en banc rehearing denied* (Fed. Cir. Feb. 20, 2015), No. 14-1392, *cert denied* (S. Ct. June 29, 2015).

As discussed in Section I, the facts of this case squarely pose the issues presented, and make it easy for this Court to examine and resolve those issues.

The public criticism of the uncertain state of patent-eligible subject matter is pronounced and threatens to undermine the constitutional purpose of the patent system—to “promote the Progress of Science and useful Arts.” Art. I, § 8, cl. 8. For

example, the issues with patent-eligibility law are so pronounced, that even the successful respondent in *Bilski*, former Director David Kappos, has called for the elimination of Section 101. *See, e.g.*, Ryan Davis, *Kappos Calls For Abolition of Section 101 of Patent Act*, Law360, April 12, 2016.

Similarly, industry groups, including the Intellectual Property Owners Association (“IPO”), comprising representatives from almost 200 major U.S. corporations, have been highly critical of the current patent-eligibility jurisprudence calling for legislative action. *See* IPO, *Proposed Amendments to Patent Eligible Subject Matter Under 35 U.S.C. § 101*, at 2 (February 7, 2017) (“The analysis developed in the 101 Decisions is contrary to Congressional intent, too restrictive, technologically incorrect, unsound from a policy standpoint, and bad law.”).

The fact that two *amici curiae* filed supporting briefs to the Panel below, and that many parties and *amici* have actively sought review by this Court on similar issues in other cases confirms that the Court will be well-informed. Approximately 22 petitions for writs of certiorari have been filed to request guidance on patent-eligibility under § 101 issues since *Alice*, with about 29 amicus briefs filed in support. Likewise, about 24 petitions for *en banc* rehearing have been filed with the Federal Circuit regarding § 101 issues, and about 30 amicus briefs have been filed at the Federal Circuit since *Alice* to weigh in on the proper interpretation of patent-eligibility under § 101.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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