

No. 16-1241

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

**MOTION FOR LEAVE TO FILE BRIEF *AMICUS CURIAE*
AND BRIEF OF *AMICI CURIAE* US INVENTOR, INC., PAUL
MORINVILLE, AKRON INVENTORS CLUB, CHRISTIAN
INVENTORS ASSOCIATION, EDISON INVENTORS
ASSOCIATION, INDEPENDENT INVENTORS OF AMERICA,
INVENTORS ASSOCIATION OF NEW ENGLAND, INVENTORS
ASSOCIATION OF SOUTH CENTRAL KANSAS, INVENTORS
CENTER OF KANSAS CITY, INVENTORS NETWORK OF
THE CAROLINAS, INVENTORS NETWORK OF MINNESOTA,
INVENTORS NETWORK OF WISCONSIN, INVENTORS'
ROUNDTABLE, INVENTORS SOCIETY OF SOUTH FLORIDA,
MUSIC CITY INVENTORS, NATIONAL INNOVATION
ASSOCIATION, NATIONAL SOCIETY OF INVENTORS,
ROCKET CITY INVENTORS, SAN DIEGO INVENTORS
FORUM, SOUTH COAST INVENTORS AND TAMPA BAY
INVENTORS COUNCIL IN SUPPORT OF PETITIONER**

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May 12, 2017

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**MOTION FOR LEAVE TO FILE BRIEF *AMICUS
CURIAE***

Pursuant to Supreme Court Rule 37.2, *amici* respectfully move for leave to file the accompanying brief *amicus curiae* in support of granting the Petition for Writ of Certiorari.

Petitioner Broadband iTV, Inc. has consented to the filing of this motion and the brief *amicus curiae*. On April 24, 2017, Respondents waived any response to the Petition. In response to the request for consent to file this motion and brief *amicus curiae*. Respondent Hawaiian Telcom, Inc. does not oppose the request for permission to file, and Respondents Oceanic Time Warner Cable LLC and Spectrum Management Holding Company, LLC f/k/a Time Warner Cable, Inc., take no position on the request. Accordingly, this motion for leave to file is necessary.

Amicus US Inventor, Inc. (“US Inventor”) is a not-for-profit organization founded to support inventors seeking to ensure that strong patent rights are available to support commercial activities, create jobs and industries, and promote continued innovation. US Inventor believes that the United States patent system is moving in a direction that no longer encourages the investment in new technologies. *Amicus* Paul Morinville is the President of US Inventor, and is himself a named inventor on dozens of patents. US Inventor files this brief on behalf of twenty inventors’ organizations across the country listed in the brief. These clubs consisting of individual inventors and small- to medium-sized enterprises that depend heavily on the value created by the availability of a strong patent right as a

financial benefit to public disclosure of their creative efforts.

One significant area US Inventor considers critical for clarification is the Court-made “abstract idea” exception to patent-eligible subject matter under 35 U.S.C. § 101. The current lack of clarity as to the definition of such non-patentable abstract ideas puts inventors’ rights in the individual domain of federal judges, many of whom lack the technical understanding to make such a determination.

Certainly, it cannot be true that any abstraction is an ineligible “abstract idea”—but the breadth that lower courts have given that term threatens to swallow the rule most recently confirmed in *Alice Corp. Pty. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2356-57 (2014). The rule in *Alice* merely states that **known and conventional** method steps cannot convert an otherwise abstract method into a patent-eligible one. But neither *Alice*, nor the dozens of post-*Alice* decisions of the lower courts, have resolved the lingering confusion surrounding the lack of a definition of “abstract idea” more constructive than “I know it when I see it.”

U.S. Inventor feels further compelled to express the views of independent inventors and their supporters in entrepreneurial ventures to address the issues raised in the three questions presented. The Court should use this case to clarify that issued patents are presumed valid and a challenger proving invalidity must do so by the heightened standard of clear and convincing evidence. This is so even when issues of fact must be determined to reach that legal conclusion—invalidity requires the same heightened

burden for factual evidence supporting the legal conclusion.

For the foregoing reasons, US Inventor respectfully requests that this Court grant leave to participate as *amici curiae* and to file the accompanying brief *amicus curiae* in support of granting the Petition for Writ of Certiorari.

Respectfully submitted,

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INTEREST OF *AMICI CURIAE*¹

Amicus US Inventor, Inc. (“US Inventor”) is an organization representing many nonprofit inventor clubs and individual inventors and entrepreneurs. Organizations like these each represent thousands of inventors, start-up company owners and executives, and others interested in their success. *Amicus* Paul Morinville is the President of US Inventor.

Inventors associated with US Inventor through inventors’ clubs and inventors’ associations around the country have spent substantial portions of their lives inventing, building new companies and competing in new markets, as well as educating and mentoring new inventors and entrepreneurs. They represent the driving force of the world’s most

¹ Pursuant to Rule 37.6, *amici* certify that no counsel for any party authored this brief in whole or in part, and that no entity or person, aside from *amici* US Inventor and Paul Morinville, made any monetary contribution toward the brief’s preparation and submission.

Pursuant to Rule 37.2, US Inventor gave notice to Petitioner and Respondent prior to the filing of this brief. Counsel for Petitioners consented to the filing of an *amicus curiae* brief by US Inventor through e-mail correspondence received on May 9, 2017. In e-mail correspondence received on May 11, 2017, Counsel for Respondents Oceanic Time Warner Cable LLC and Spectrum Management Holding Company, LLC f/k/a Time Warner Cable, Inc. stated that Respondents had filed a waiver of response to the Petition for Writ of Certiorari on April 24, 2017, and does not intend to take a position regarding US Inventor’s request for permission to file a brief *amicus curiae* in this matter. In e-mail correspondence received on May 12, 2017, Counsel for Respondent Hawaiian Telcom, Inc. stated that it does not oppose the request for permission to file.

powerful economy. Inventors within US Inventor's ecosystem have extensive experience with the United States patent system, new technologies and start-up companies and enterprises to commercialize various innovations. As a result, they have deep and longstanding ties to the health of the American economy, and are uniquely qualified to explain the importance of the issues presented in this case.

US Inventor and Paul Morinville therefore submit this brief *amicus curiae* on behalf of hundreds of individual inventors belonging to or affiliated with twenty inventors' clubs joining this brief as *amici*, each supporting the points raised therein:

- Akron Inventors Club, Akron, Ohio;
- Christian Inventors Association, Shelton, Connecticut;
- Edison Innovators Association, Fort Myers, Florida;
- Independent Inventors of America, Clearwater, Florida;
- Inventors Association of New England, Cambridge, Massachusetts;
- Inventors Association of South Central Kansas, Wichita, Kansas;
- Inventors Center of Kansas City, Kansas City, Missouri;
- Inventors Network of the Capital Area, Baltimore, Maryland;

- Inventors Network of the Carolinas, Charlotte, North Carolina;
- Inventors Network of Minnesota, Oakdale, Minnesota;
- Inventors Network of Wisconsin, Green Bay, Wisconsin.
- Inventors' Roundtable, Denver, Colorado;
- Inventors Society of South Florida, Deerfield Beach, Florida;
- Music City Inventors, Nashville, Tennessee;
- National Innovation Association, Stuart, Florida;
- National Society of Inventors, Roselle Park, New Jersey;
- Rocket City Inventors, Huntsville, Alabama;
- San Diego Inventors Forum, San Diego, California;
- South Coast Inventors, North Bend, Oregon; and
- Tampa Bay Inventors Council, Tampa, Florida.

SUMMARY OF THE ARGUMENT

Over the past several years, decisions of this Court and the lower courts, acts of Congress, and rules established by adjudicative fora within the United States Patent and Trademark Office (“USPTO”) have steadily eroded the certainty of patent rights granting an economic benefit to an inventor for his or her invention. *Amici* urge the Court to grant the Petition for Writ of Certiorari in this case to consider fundamental questions that go to the heart of defining the scope of patent-eligible inventions.

The third question presented gets right to the heart of the matter as far as inventors are concerned. Inventors expect to understand, *a priori*, and without needing to consult an oracle, whether the thing they have created is, unfortunately, an “abstract idea” that cannot be patented. And although the courts can render years of research and development valueless with the stroke of a pen at the urging of an adversary years after a patent’s issuance, large numbers of decisions have failed to reveal any clear or predictable definition of what is an abstract idea, and what is not.

Inventors, especially those in early stage companies innovating on the leading edge of technological advance, face the high probability that a competitor will argue that his or her invention is nothing but an abstract idea not deserving of a

patent. Lay judges, who sometimes lack the basic technological understanding necessary to appreciate the true nature of an invention, might agree, depriving inventors and their investors of rights and economic expectancies. Clarity on the scope of what qualifies as an abstract idea is the only guidance that can prevent further deterioration of the incentive structure created by the patent system.

All inventors rely on the patent system to realize financial, reputational and intellectual value from their innovative activity. The more authority that creates uncertainty as to the scope of abstract ideas—whether from USPTO examination, acts of Congress or judicial opinions—only weakens an inventor’s likelihood of financial reward from those risky endeavors necessary to produce novel products, solutions and approaches. US Inventor believes that a lack of clarity in the patent laws significantly erodes the benefit in the bargain between inventor and society at the heart of the patent system.

The Court should grant the Petition, issue a decision that clarifies the scope of the “abstract ideas” exception to patent eligibility under Section 101, and create long-overdue certainty for all stakeholders in and beneficiaries of the patent system.

The Petition addresses another procedural tool that may further create certainty and enhance the value of issued patents. As Petitioners point out, this

Court has made it clear that 35 U.S.C. § 282(a) establishes a clear presumption of validity, and places the burden of proving invalidity squarely on the challenging party. This Court should grant the Petition to reiterate that that a patent may only be proven invalid on a clear and convincing evidentiary standard, *including* when determining facts relating to patent eligibility under 35 U.S.C. § 101.

ARGUMENT

1. **This Court May Finally Create Certainty Concerning the Scope of an Unpatentable “Abstract Idea.”**

This Court has referred to a prohibition on the patenting of abstract ideas for more than four decades. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354-55 (2014) (citing, *inter alia*, *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972) (“The ‘abstract ideas’ category embodies the ‘longstanding rule that an idea of itself is not patentable.’”) (internal quotations and citations omitted)).

Despite scores of district court and USPTO cases examining such validity questions, no clear or consistent definition for a patent-ineligible “abstract idea” has been stated. It is difficult to overstate the negative impact this uncertainty has had on inventors and the commercial activity their innovation produces. Unfortunately, inventors face pressure from

several different directions because no truly clear path for patent eligibility exists, especially for computer- and software-based inventions residing in difficult-to-conceptualize technological spaces.

Having invested considerable time and money in prosecuting patent applications which the USPTO has determined describes inventions in “full, clear, concise, and exact terms,” inventors in certain technology areas must contend routinely with challenges based on that description claiming an “abstract idea.” Those challenges are problematic because they arise as preliminary motions, requiring a district court to decide abstractness on a factual record that may not fairly represent the nature of the invention. Indeed, in 2016, district courts invalidated the majority of patents challenged under 35 U.S.C. § 101, with the most invalidations occurring in software-based inventions. *See* Sachs, Robert R., Alice Brings a Mix of Gifts for 2016 Holidays, Dec. 23, 2016, *available at* <http://www.bilskiblog.com/blog/2016/12/alice-brings-a-mix-of-gifts-for-2016-holidays.html> (last accessed May 11, 2017) (compiling a variety of statistics from 2016, stating that 54% of software patents were invalidated that year).

Perhaps courts’ lack of understanding of the technologies embodied in patents explains the fact that the determination of abstractness seems increasingly arbitrary with no deference being given to the expertise of USPTO’s patent examiners. Commentators have noted fundamental

inconsistencies in courts' analyses of whether an invention claims an abstract idea. *See* Sachs, Robert R., Heads Up: The Federal Circuit Sees Patent Eligibility in Knowing Which Way to Look, Apr. 10, 2017, *available* *at* <http://www.bilskiblog.com/blog/2017/04/heads-up-the-federal-circuit-sees-patent-eligibility-in-knowing-which-way-to-look.html> (last accessed May 11, 2017).

Nor has the Federal Circuit clarified the scope of unpatentable “abstract ideas” to any reasonable extent that would provide guidance to inventors. *E.g.*, *Thales Visonix, Inc. v. U.S.*, No. 2015-5150 (Fed. Cir. Mar. 8, 2017) at *6 (noting the absence of “a definitive rule to determine what constitutes an abstract idea for the purposes of step one) (internal quotation marks and citations omitted); *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1345 (Fed. Cir. 2015) (“[P]recision has been elusive in defining an all-purpose boundary between the abstract and the concrete, leaving innovators and competitors uncertain as to their legal rights.”). Even more troubling, the Federal Circuit has summarily affirmed district court decisions that conclude, on a preliminary motion, that claims are directed to patent-ineligible abstract ideas. *E.g.*, *Athenahealth, Inc. v. Carecloud Corp.*, No. 2016-1622 (Fed. Cir. Mar. 10, 2017); *In re Alsbah*, No. 2016-1788 (Fed. Cir. Feb. 27, 2017); *America’s Collectibles Network v. The Jewelry Channel, Inc.*, No. 2016-1521 (Fed. Cir. Jan. 11, 2017). This lack of guidance necessarily creates uncertainty and a feeling of arbitrariness among inventors.

At the very least, this Court should take the opportunity to give district courts guidance about the amount of factual investigation necessary for a non-technical judge—based solely on the parties’ briefing papers—to be confident that the technology has at least been described properly.

2. The Presumption of Validity Must Apply to Factfinding Relating to Patent Eligibility.

Amici agree with Petitioner that the district court and Federal Circuit failed to properly presume the validity of the patents-in-suit in concluding the patents-in-suit are invalid. Pet. at 21-23.

This Court has ruled decisively in *Microsoft Corp. v. i4i L.P.*, 564 U.S. 91, 95, 100 (2011), that 35 U.S.C. § 282(a) establishes a clear presumption of validity, and places the burden of proving invalidity by clear and convincing evidence squarely on the challenging party. Inventors very much rely on this presumption to recognize significant near-term investment, licensing and sales value from patents that ultimately issue from the USPTO.

Courts have concluded otherwise, however, finding no presumption of validity for determinations of patent eligibility, especially ones involving abstract ideas. *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) (noting the different ways that district courts

have interpreted recent Supreme Court and Federal Circuit decisions regarding the presumption of validity and clear and convincing evidence standard). The decisions below in the case at bar similarly failed to abide by the requirement that facts supporting a legal conclusion of patent invalidity must be found by clear and convincing evidence.

This Court should therefore step in and set the record straight: in *all* instances, and regardless of the nature of the challenge, a patent may only be proven invalid on a clear and convincing evidentiary standard. On behalf of all inventors seeking to create new value through innovation, *amici* urge the Court to clarify this standard so that district courts can no longer erode the certification of rights conferred by USPTO examination.

CONCLUSION

For the foregoing reasons, the Petition for a Writ of Certiorari should be granted.

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