

No. 17-136

IN THE
Supreme Court of the United States

OPENET TELECOM, INC., OPENET TELECOM LTD.,

Petitioners,

v.

AMDOCS (ISRAEL) LIMITED,

Respondent.

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

REPLY BRIEF

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INTRODUCTION

Amdocs does not dispute that the question presented is important and worthy of this Court’s review—nor could it. The correct resolution of patent eligibility either encourages innovation or chills it. When patentees are allowed to preempt whole fields through abstract claims, entire technologies can be cut off from further development. Including technical details in a patent specification does nothing to address these preemption concerns because the claims—not the specification—solely define the right to exclude.

Faced with the undeniable importance of these issues, Amdocs resorts to mischaracterizing the decision below—claiming that the majority only reviewed the claims and not the specification. This is simply wrong. Indeed, the majority consulted the specification approximately 30 times in its opinion—and did so after effectively accepting that the claims recited abstract ideas under *Alice* step one. *See generally* Pet. App. 1a-73a. The majority’s extensive reliance on the specification fundamentally changed the outcome below and turned this Court’s precedent on its head. The patent eligibility inquiry must turn on “whether *the claims* at issue are directed” to an abstract idea. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2355 (2014).¹ The Federal Circuit instead followed an approach that was rejected decades ago, as it “read the specifications, which taken in their entirety are merely descriptive or illustrative of his invention . . . as though they were claims[,] whose function is to exclude from the patent all that is not specifically claimed.” *See Marconi*

1. All emphases added, unless otherwise noted.

Wireless T. Co. of Am. v. United States, 320 U.S. 1, 23 (1943).

Nor does Amdocs address the growing split between the Federal Circuit panels that insist that the specification is fair game, and those that insist it is off limits. Instead, Amdocs asserts that there is no split on whether the “patent eligibility analysis should ignore the claims’ construction.” Opp. at 26. But as much as Amdocs might prefer that question—as that question is directed to what is actually claimed—it is not the question raised by the petition or the decision below.

The question presented is “[w]hether the Federal Circuit erred by looking *beyond the claims* to the patent specification to assess patent eligibility.” Pet. at i. That is what the Federal Circuit did below. It went far beyond merely analyzing the claims as construed—it repeatedly scoured the specification, including aspects wholly irrelevant to the claim construction—in search of a purported “technological solution” that could salvage the patent-ineligible claim language.

Amdocs’s brief is silent about the lower-court split on the question actually presented here. And since the Petition was filed, the rift has widened. Two recent Federal Circuit patent-eligibility decisions have reached opposite conclusions on similar facts—because one supplemented the claim language with the specification and the other did not. See *Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, No. 2016-1233, 2017 WL 4654964 (Fed. Cir. Oct. 18, 2017); *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253 (Fed. Cir. 2017). Both decisions were split decisions, further serving to highlight the confusion

in this area of the law. *See Smart Sys.*, 2017 WL 4654964, at *11 (Linn, J., dissenting) (opining that the two-part *Alice* test “is indeterminate and often leads to arbitrary results,” making “the abstract idea exception . . . almost impossible to apply consistently and coherently”).

This Petition presents an ideal vehicle to eliminate this confusion and ensure uniform application of a test that is central to patent law. The four patents at issue offer varying degrees of technical specificity in their claims, providing a realistic picture of the variety of claims that courts have been called upon to consider. And, if left unreviewed, the decision below will provide a roadmap for circumventing *Alice* under each of these variations. By merely including technical details in the specification of a patent—details that do not limit the scope of the claims under black-letter patent law—patentees will be able to broadly preempt abstract ideas. This will eviscerate the Court’s longstanding recognition that abstract ideas, laws of nature, and natural phenomena cannot be patented. And it will authorize patentees, once again, to try to circumvent the “prohibition against patenting abstract ideas . . . by attempting to limit the use of the formula to a particular technological environment” through use of the specification. *Bilski v. Kappos*, 561 U.S. 593, 610 (2010). (internal quotation marks and citation omitted).

This Court’s review is needed.

ARGUMENT

I. The Decision Below Conflicts Directly with *Alice*.

Amdocs’s primary argument is that the decision below “considered each claim as previously construed” and did “not look beyond the claims to the patent specification.” Opp. at 15-18 (internal quotation marks omitted).² This misrepresents the majority’s opinion.

First, the majority opinion explicitly conceded that it looked at the specification for more than claim construction. *See* Pet. App. 23a (“*In addition* to taking into consideration the approved claim constructions, we examine the claims in light of the written description.”). Indeed, the majority admitted its understanding of how data is processed “is only possible through an examination of the claims in light of the written description.” *Id.* 32a. Thus, without relying on the written description, the majority would have reached a different result.³ There can be no question that a claim drawn to correlating two data records to enhance the data in one record is not patent eligible, regardless of where that process is performed (*i.e.*, in a distributed manner close to data sources, or in a centralized database).

2. Much of the brief in opposition is devoted to a lengthy recitation of this case’s procedural history. There are several mischaracterizations in that recitation, but they are not addressed here, because they are not material to the propriety of certiorari.

3. As the dissent also notes, the “distribut[ed] architecture” that was vital to the majority’s holding “does not exist in all the claims at issue.” Pet. App. 44a. Many claims recite no structures for performing the claimed function.

Second, the decision below is replete with references to the specification, belying Amdocs’s characterization of the decision as just about the claims. For example, the majority reasoned that claim 1 of the ’065 patent was patent eligible because it “is tied to a specific structure of various components (network devices, gatherers, ISMs, a central event manager, a central database, a user interface server, and terminals or clients).” *Id.* 28a. None of these elements is recited in the claim, even as construed, which merely requires a “computer program product embodied on a computer readable storage medium.” *Id.* 32a-33a (“The written description explains that the distributed architecture allows the system to efficiently and accurately collect network usage information in a manner designed for efficiency to minimize impact on network and system resources *With this understanding*, it is clear that . . . claim 16 satisfies step two.”); *see also id.* at 36a, 38a-40a.

Amdocs similarly misrepresents Judge Reyna’s dissent, claiming that “Judge Reyna did not deny that the majority applied the patent-eligibility inquiry to the claims, as the majority understood them to be construed.” *Opp.* at 17 (“Nor does Judge Reyna’s dissent suggest that the majority assessed patent eligibility by looking beyond the construed claims.”). In fact, Judge Reyna expressly recognized that the majority “relie[d] on the specification to import innovative limitations into the claims at issue,” which “contravenes the fundamental principal that the Section 101 inquiry is about whether the claims are directed to a patent-eligible invention, not whether the specification is so directed.” *Pet. App.* 44a (citing *Synopsys Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138 (Fed. Cir. 2016)).

Indeed, that was the crux of the disagreement between the majority and dissenting opinions. As Judge Reyna explained, if he “were to examine only the written description of the asserted patents, [he] would conclude that the network monitoring system disclosed therein is eligible for patenting.” *See id.* 55a; *see also id.* at 41a (Maj. Op.) (“The dissent concedes that the written description discloses a network monitoring system ‘eligible for patenting Unlike the dissent, we find the claims at issue, *understood in light of that written description*, to be eligible for patenting.”). But as the dissent pointed out, the “inquiry is not whether the *specifications* disclose a patent-eligible system, but whether the *claims* are directed to a patent-ineligible concept.” *Id.* 56a.

Finally, even if the majority had limited itself to the claims as construed—which it did not—the construction cannot save the claims because the construction of “enhanced” to mean “in a distributed fashion” does not meaningfully limit the claims in a manner to avoid preemption. It instead imposes a field-of-use limitation based on where the data is enhanced—and this Court has held that “the prohibition against patenting abstract ideas cannot be circumvented by attempting to limit the use of the formula to a particular technological environment[.]” *Bilski*, 561 U.S. at 610 (internal quotation marks and citation omitted).

Contrary to Amdocs’s assertions, this Court has never endorsed using the specification to resuscitate a claim lacking an inventive element. Opp. 22-23. If this were the law, Samuel Morse’s infamous claim 8 would have survived, as that specification described using electromagnetism to improve transmitting telegraphs. The decision below

thus conflicts with *Alice* and its forerunners, which held that the patent eligibility inquiry must turn on “whether the *claims* at issue are directed” to an abstract idea, and, if so, whether there is an inventive concept “in the *claims*”—not the specification. *Alice*, 134 S. Ct. at 2355. The Court should grant review and ensure that patent eligibility continues to turn on what was claimed.

II. The Federal Circuit Remains Fractured Over Whether It May Look to the Specification to Find Patent Eligibility.

Amdocs also tries to eliminate the split at the Federal Circuit by changing the question presented. It argues that the panel decisions cited in the petition, such as *Synopsys*, do not conflict with the decision below based on its unsupported claim that the Federal Circuit only assessed “whether there is an inventive concept in the claims as construed.” Opp. at 26. This attempted sleight of hand fails: the question presented is not “whether there is an inventive concept in the claims as construed,” but rather “whether the Federal Circuit erred by looking beyond the claims *to the patent specification* to assess patent eligibility.” Pet. at i. On that question, the Federal Circuit is clearly split.

The Petition predicted that the division in the Federal Circuit’s decisions on this question would worsen “absent the Court’s intervention, leaving patent eligibility dependent on the members of the panel selected to hear a case.” Pet. at 22. That prediction has already proven true, as patent eligibility has hinged on panel selection in two recent split decisions from the Federal Circuit.

In *Smart Systems*, a divided panel of the Federal Circuit held that claims related to an open-payment fare system for mass transit were not patent eligible. See 2017 WL 4654964, at *2. It did so by analyzing only the *claims* and finding that those claims were directed to an abstract idea, namely, “collection, storage, and recognition of data,” *id.* at *6, and did not contain an inventive concept, *id.* at *8 (“The second step of the § 101 analysis requires us to determine whether *the claim elements . . .* contain ‘an inventive concept sufficient to transform the claimed abstract idea into a patent-eligible application.’”) (quoting *Alice*, 134 S. Ct. at 2357).

By focusing only on the claims, *Smart Systems* conflicts with the decision below, which relied on the specification to find an inventive concept. The *Smart Systems* majority also parted ways with the decision below in finding that the patent’s reference to “various computer hardware elements, *which save time by carrying out a validation function on site rather than remotely,*” does not provide an inventive concept. 2017 WL 4654964, at *8. The decision below instead relied on the specification’s indistinguishable description of various hardware elements close to the source of information—which purportedly increase efficiency—to find the claims patent eligible. See, e.g., Pet. App. 4a. (“Through this distributed architecture, *the system minimizes network impact by collecting and processing data close to its source.*”).

Judge Linn, dissenting in *Smart Systems*, pointed to the decision below as a reason to look to the patent specification to find the claims patent eligible. *Smart Sys.*, 2017 WL 4654964, at *12-14 (Linn, J., dissenting) (citing the decision below). Like the decision below, he believed that “[a] determination of what the claims are directed to

is often aided by a consideration of the specification and its description of the problem to be solved and the discovered solution to that problem.” *Id.* at *12. Thus, he would have found the claims patent eligible based on how they were “*explained in the specification.*” *Id.* at *14. The majority criticized his dissent for “ignor[ing] what is actually recited in the asserted claims.” *Id.* at *7.

By contrast, in *Visual Memory LLC v. NVIDIA Corp.*, a different divided Federal Circuit panel upheld claims directed to a “computer memory system” by looking to the specification. 867 F.3d 1253 (Fed. Cir. 2017). The majority reasoned that “*Alice* requires no more from the claims *or the specification* to support our conclusion that the claims are not directed to an abstract idea.” *Id.* at 1261; *see id.* at 1259 (“The specification explains that multiple benefits flow from the ’740 patent’s improved memory system.”); *id.* at 1262 (“factual inferences *drawn from the specification* must be weighed in favor of Visual Memory”). Judge Hughes dissented, finding that the claims were ineligible under Section 101. *Id.* (Hughes, J., dissenting).

The *Smart Systems* and *Visual Memory* decisions provide further support for the Court’s review of the question presented in this case, as they show that panel selection can be outcome determinative. Leading patent-law commentator, Professor Dennis Crouch, described the *Visual Memory* decision as “obviously panel dependent, meaning that the area remains in flux and disruption.” <https://patentlyo.com/patent/2017/08/cache-patent-eligibility.html>. The *Smart Systems* decision could be similarly described. This is unsustainable given the indisputably important interests at stake. As Judge Linn noted in his *Smart Systems* dissent, “the danger of getting the answers to these [patent-eligibility] questions wrong

is greatest for some of today's most important inventions in computing, medical diagnostics, artificial intelligence, the Internet of Things, and robotics, among other things." 2017 WL 4654964, at *11 (Linn, J., dissenting). The Court should grant review and eliminate the uncertainty in this important area of the law.

III. This Case Presents an Excellent Vehicle for Clarifying the Law on Patent-Eligible Subject Matter.

As a threshold matter, Amdocs is simply mistaken that this case is not a proper vehicle for the question presented. As shown above, the panel below upheld the claims under Section 101 by resorting to the specification. *See supra*, Section I. Thus, this case squarely presents the question of whether the Federal Circuit erred by looking beyond the claims to the patent specification in assessing patent eligibility.

Once the Court clarifies the proper legal framework, it can apply that framework to the specifics of this case and determine whether the patents-in-suit are patent eligible. It is routine for the Court to grant certiorari on a question of law and then, in the course of answering that question, apply the correct legal principles to the facts of the case. Indeed, in both of the major precedents relevant to this petition, the Court granted certiorari on a generic question of law (related to the methodology of subject-matter eligibility decisions), and then resolved whether the particular patent claims in dispute were patent-eligible. *See* Petition for Certiorari at i, *Alice Corp. Pty. Ltd. v. CLS Bank, Int'l*, No. 13-298; *Alice*, 134 S. Ct. at 2355-60; *see also* Petition for Certiorari at i, *Bilski v. Kappos*, No. 08-964; *Bilski*, 561 U.S. at 611-13.

Amdocs also wrongly suggests that, even if this Court were to answer the question presented in the affirmative, “the Federal Circuit’s interlocutory decision would still stand because it clearly decided patent eligibility based on ‘the claims.’” Opp. at 1-2. As explained above, the claims, even as construed, are not patent-eligible. Indeed, the Federal Circuit’s attempts to limit the claims to a particular “technological solution” in a specific type of environment, *i.e.*, a distributed architecture, is the exact type of “circumvention” of patent-eligibility prohibited by this Court. *See Bilski*, 561 U.S. at 610.

Amdocs is incorrect in its suggestion that reversal on a subset of patents would not have any impact on this case. Opp. at 19. The four patents are subject to potentially different noninfringement and invalidity defenses, so the correct resolution of the Section 101 challenge matters here.

IV. The Decision Below Is Ripe for This Court’s Review.

Amdocs suggests that this case is not ripe for review. *Id.* at 14. That is incorrect. The interlocutory posture of this case is not a jurisdictional barrier to this Court’s review. *See* 28 U.S.C. § 1254(1). Nor is there any sound prudential reason for delay: The Federal Circuit fully and finally decided the *Alice* issue in the decision below. It remanded only “issues as yet unaddressed,” *i.e.*, infringement and validity. Pet. App. 42a. Thus, the question presented by this petition is effectively in a final posture and will not benefit from further proceedings below.⁴

4. The cases Amdocs cites are distinguishable. *See, e.g., Abbott v. Veasy*, 137 S. Ct. 612, 613 (2017) (mem) (Roberts, C.J.,

CONCLUSION

For the foregoing reasons, and those in the petition, the petition should be granted.

Respectfully submitted,

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respecting denial of certiorari) (denying petition for certiorari where one claim had “been remanded for further consideration,” and “the District Court ha[d] yet to enter a final remedial order” as to another claim”).