PersonalWeb Tells Justices To Redo Alice: 'Enough Is Enough'

By Andrew Karpan · Listen to article

Law360 (February 10, 2022, 7:29 PM EST) -- A prolific patent litigant is asking the U.S. Supreme Court to weigh in on its infringement fight against Google, Facebook and VMWare, telling the justices that "chaos in the law" on patent eligibility needs to be litigated at the court again and that "enough is enough."

The admonitions came in the latest high court petition from PersonalWeb Technologies LLC, docketed with the court Monday. The Texas-based patent company wants the highest court in the land to look at a ruling from the Federal Circuit upholding a California federal court's findings that three of its patents were too abstract for patent protection.

"We think there's a decent chance that the Supreme Court is interested in reworking [Section 101 of the Patent Act] or at least providing some sort of clarifying standards, and it seems that they may take American Axle," PersonalWeb's lawyer Lawrence Hadley, of Glaser Weil LLP, said in an interview with Law360, referring to a high-profile patent eligibility dispute pending review at the high court.

Section 101 of the Patent Act lays out the eligibility requirements to qualify for intellectual property protections.

Hadley is the latest lawyer excited by the high court's potential interest in American Axle & Manufacturing Inc. v. Neapco Holdings LLC.

The American Axle case is an appeal from a sharply split ruling from the full Federal Circuit over the eligibility of a driveshaft patent and last May, the justices asked the solicitor general to lay out the Biden administration's take on this divisive issue in patent law.

That case, however, "doesn't directly address the computer-related technology, so maybe they'll take this one as well," Hadley said.

Hadley's petition painted a dire portrait of the state of patent eligibility under the laws the Supreme Court established in its 2014 Alice decision, which created a two-part legal test for judges to use when making rulings on patent eligibility.

"Enough is enough," his petition reads. It was the "chaos in the law" that led to his company losing its right to sue tech companies over allegedly infringing a collection of data processing patents that date to a single patent application filed at the U.S. Patent and Trademark Office in 1995.

PersonalWeb began this legal war back in 2011 and has, so far, collected licensing agreements from companies like Hewlett Packard, Microsoft Corp. and Skype, according to the company's website.

In particular, Hadley speculated that if a different Federal Circuit panel had heard his case in August 2021, his client would have gotten a ruling that would have revived the company's legal saga.

"I'm not aware of any judge who's come right out and said that no software should be patentable, but there are judges who apply Alice to software patents where it basically leads to the same result," he added.

Hadley's Monday petition includes sympathetic quotes from other judges who were not on the PersonalWeb case on appeal, but who have publicly complained about "the law on patent-eligibility of computer-implemented inventions after Alice."

U.S Circuit Judge Sheldon Plager, for instance, said in a fiery dissent issued in 2018 that it was "near impossible to know with any certainty" about the eligibility of computer-related patents.

Recent "abstract idea" jurisprudence has brought "fresh uncertainty to an already strained innovation incentive," Circuit Judge Pauline Newman said in a 2020 dissent for a different patent case.

Circuit Judges Alan D. Lourie, Sharon Prost and Jimmie V. Reyna unanimously found PersonalWeb's attorney's legal efforts to add some inventive concept in the paperwork "just

restate[d] the abstract ideas," according to Judge Prost, who wrote for the trio in the August 2021 ruling.

Hadley said this finding made little sense to his client because those very same patents were in front of the federal appeals court no fewer than twice before, following rulings from the Patent Trial and Appeal Board that had also nixed claims in the patents as easily anticipated by computing devices that had already been around.

The judges on those two earlier cases had been Circuit Judges Kimberly A. Moore, Richard Taranto, Raymond T. Chen and Kara Stoll.

The appeals court reversed the PTAB's decision to throw the claims out both times.

"I understand and would accept that just because something is not obvious does not mean that it's not unpatentable," Hadley said. "But in this case, two different Federal Circuit panels looked at this and said, 'This is a nonobvious technological improvement over the prior art.' It's hard to imagine why a third, and completely different panel, would look at this and say, 'Well, it's abstract.'"

"Whatever that means," he added.

It's not the only case the company is pressing the justices on.

Last year, a different legal team mounted an ongoing bid in a different suit's appeal on behalf of PersonalWeb at the high court, seeking to challenge a longstanding Federal Circuit rule preventing patent owners from dropping a suit and then bringing follow-up litigation against the accused infringer's customers.

Representatives for the tech companies involved did not respond to requests for comment.

The patents-in-suit are U.S. Patent Nos. 7,802,310; 6,415,280; and 7,949,662.

PersonalWeb is represented by Lawrence M. Hadley and Stephen Underwood of Glaser Weil LLP.

Representation for Google, Facebook, EMC and VMWare at the Supreme Court were not

available on Wednesday.

The case is PersonalWeb Technologies LLC v. Google LLC et al., case number 21-1093, at the U.S. Supreme Court.

--Additional reporting by Dani Kass, Tiffany Hu, Dave Simpson and Ryan Davis. Editing by Lakshna Mehta.