

Ameranth Attempts to Bump Eligibility Issue Back to Top of SCOTUS' Inbox



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“If the Court were to continue denying review in § 101 cases, intellectual property in critical fields could be taken forever from inventors whose discoveries were subject to litigation terminated during the current chaotic impasse.” – Ameranth petition



Earlier this month, [Ameranth Inc. filed a Petition for a Writ of Certiorari](#) to the U.S. Supreme Court (SCOTUS) requesting review of

the U.S. Court of Appeals for the Federal Circuit's (CAFC's) decision affirming a district court ruling that Ameranth's patent was ineligible under 35 U.S.C. § 101. Ameranth claims that "federal courts have declared thousands of new and useful inventions abstract and patent ineligible" based on SCOTUS's decision in [*Alice Corp Pty. v. CLS Bank Int'l*](#) (U.S. Supreme Court, 2014). The culmination of the post-*Alice* upheaval is the CAFC's paralytic gridlock of denying rehearing en banc in [*American Axle & Mfg. v. Neapco Holding LLC*](#) (CAFC, 2020) according to the petition. Ameranth pled that the court should provide guidance on the standard for patent eligibility, as federal circuits continue to apply the law in a non-uniform and unarticulated manner.

Ameranth's petition raised two legal questions for the Court to answer: (1) What is the suitable standard for determining whether a patent claim is "directed to" a patent-ineligible concept under step 1 of the *Alice* test for determining if an invention is eligible for patenting under 35 U.S.C. § 101? And (2) Is patent eligibility, at both steps of the *Alice* test, a question of law for the court, based on the scope of only the claims or a question of fact, based on the state of art at the time of the invention?

The Exploitation of Eligibility Law

Ameranth explained that the number of accused infringers pressing Section 101 ineligibility arguments has grown exponentially since the application of *Alice* in the various Federal Circuits. In Ameranth's view, this is one of thousands of cases where a patent that the United State Patent and Trademark Office (USPTO) issued, which bears the presumption of validity that can only be overcome by clear and convincing evidence, has summarily perished in district courts, which have all adopted conflicting interpretations of Section 101. Since the Court's decision in *Alice*, said the petition, federal courts have applied

overly broad, inconsistent views of the decision, often without comment, to demolish the “new and useful” test of 35 U.S.C. §101. These inconsistent views have declared thousands of inventions “abstract” and ineligible, and, due to the uncertainty, tens of thousands more patents have been frozen out.

Ameranth further argued that a large number of cases have found patents ineligible on Rule 12(b)(6) motions to dismiss without any factual developments or evidence. This leads district court judges to act without restraint as both legal arbiters and fact finders, causing preemptive invalidity of breakthrough innovations that historically were patent eligible. Without any direction provided by the CAFC, the only court with jurisdiction, the deadly combination of summary affirmance on legal questions that are manifestly unsettled has increasingly had a negative practical impact on the patent system as a whole.

Ameranth’s Case

Ameranth’s [U.S. Patent No. 9,747,651](#) (‘651 Patent) for a new and useful Intelligent Automated Assistant (IAA), which was invented long before and issued over Apple’s SIRI technology, was declared patent ineligible on a 12(b)(6) motion to dismiss. The district court held that the asserted claims of the ‘651 Patent were “results focused and directed to an abstract idea and fail to provide an inventive concept” under *Alice* and dismissed the case with prejudice. The district court’s ruling hinged on two assessments: (1) that in the view of the district judge no inventive concept is provided by the asserted claims and (2) even though claims in the amended complaint “could possibly support an inference that the technology was groundbreaking and innovative,” if “the abstract idea supplies the inventive concept” then the patent challenger prevails “no matter how groundbreaking the advance.”

Ameranth urged the Supreme Court to answer two practical questions: (1) when will the court act and (2) how much intellectual property will be lost until the court does act? The petition emphasized that there is no perfect vehicle that will come to the court to address these issues and that any guidance by SCOTUS will benefit the patent system and provide for a firmer foundation to address these issues. Ameranth filed an amicus brief in *American Axle*, noting that the cases were decided by the same district court judge, and said that its case will be directly affected by the outcome of *American Axle*.

According to the petition, the claims of the '651 patent improve the functioning of prior existing computer systems by teaching a computer-based IAA system that learns and applies those learnings to improve the efficiency of hospitality management systems. Each claim teaches an ordered combination within a specific framework that produces previously unavailable functionality. The benefits cited by Ameranth are asserted in their complaint, supported by an expert witness, and supported by public accolades and widespread adoption within the industry. The “new and useful” aspects of the patent are based on the IAA system that discloses, teaches and claims intelligent computer improvements and not prior human activity.

Ameranth argued that a finding of ineligibility under *Alice* is precluded by the factual evidence and expert testimony offered by Ameranth in its complaint and declaration. Ameranth sued Olo in the District of Delaware for infringement of the '651 Patent. Along with the complaint was an expert declaration addressing the innovations in the specification and claims from the view of one of ordinary skill in the art at the time of the invention. The expert witness explained that one of ordinary skill in the art would not have been able to develop the system taught in the '651 Patent without the '651 patent's specification. These claims by the expert witness are confirmed by the industry's adoption of the invention.

Olo moved to dismiss prior to discovery, claim construction, and without submitting contradictory evidence regarding how one of ordinary skilled in the art would interpret the patent at the time of invention. Ameranth said in its petition that the district court morphed this motion to dismiss into a summary judgment in favor of Olo without allowing Ameranth the opportunity to respond and contest it appropriately. Instead, the district judge relied upon extrinsic evidence of decisions from other courts on completely different patent claims, said the petition.

On appeal, Ameranth addressed the many ways the district court's opinion conflicted with decisions from SCOTUS and the CAFC. These included Olo failing to provide evidence to overcome the presumption of validity. Without viewing Ameranth's plausible and specific factual allegations, the district court made contrary fact-findings. The district court disagreed with the facts found in Ameranth's expert declaration, substituting its own uncorroborated opinions. The *Alice* step 2 analysis by the district court contradicted multiple appellate decisions on the matter by determining that an invention is rendered ineligible for a patent simply because it involves an abstract concept. The district court's conclusion that the invention is "directed to" subject matter that was expressly disclaimed in the patent prosecution history is incorrect because the '651 patent is a continuation-in-part (CIP) patent of earlier inventions and the '651 patent's claims cover the new material found in the CIP patent. All of these findings were affirmed by the CAFC without comment or analysis under a Rule 36 order.

Reasons to Grant the Petition

Ameranth offered three bases for SCOTUS to grant the petition. First, since *Alice* and [*Mayo Collaborative Servs. v. Prometheus Laboratories Inc.*](#) (U.S. Supreme Court, 2011), the Federal Circuit has created

confusion and uncertainty regarding the application of Section 101, which has allowed federal courts to inappropriately expand its scope and summarily invalidate inventions that traditionally have been eligible for patent protection, said the petition. Ameranth added that, because of this uncertainty, litigation only continues to rise and the uncertainty is being exploited:

Accused infringers are exploiting the substantive § 101 quagmire by launching patent-eligibility attacks with increasing frequency. According to Docket Navigator's Special Report on *Alice*, district courts addressed subject matter eligibility in only 69 decisions in the four and a half years prior to the first Federal Circuit decision in *Alice*. But in the next four years subject matter eligibility was raised "in 480 cases against 1,497 patents and has generated more than 1,200 district court decisions.

Secondly, this inappropriate expansion of the ineligibility scope of Section 101 and indifference to procedural safeguards by lower courts in their decisions are opposite to the patent statute, due process, and SCOTUS precedent, requiring guidance from SCOTUS, continued the petition. And finally, the entire community, including the Federal Circuit, the USPTO, patent owners and practitioners, and legal scholars, are all in agreement that SCOTUS guidance is essential to rid the patent system of the chaos and confusion of Section 101.

The petition also noted that, in addition to Ameranth's request and the pending *American Axle* petition, another Section 101 petition was [filed by Universal Secure Registry](#) in late January. Retired Federal Circuit Chief Judge Paul Michel has filed an amicus brief in that case, as well [a joint amicus brief](#) in *American Axle*. Ameranth's petition concluded:

Whether the Court decides to grant or hold one or more of the cases for consideration, it would at least have curtailed the extremely negative consequences of the status quo by allowing the new standards to guide the ultimate disposition of cases now pending. For precisely that reason, if the Court were to continue denying review in § 101 cases, intellectual property in critical fields could be taken forever from inventors whose discoveries were subject to litigation terminated during the current chaotic impasse. The path of denying certiorari in other cases while key § 101 issues are pending would lock-in and amplify the current damage to patent law, to innovation, and to the economy. It should be avoided.

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