

No. 21-

IN THE
Supreme Court of the United States

AMERANTH, INC.,

Petitioner,

v.

OLO, INC.,

Respondent.

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

This computer-based patent infringement case presents the same questions pending before the Court in *American Axle & Mfg, Inc. v. Neapco Holdings LLC*, No. 20-891. Both petitions arise from judgments entered by the same district court judge. Ameranth filed an amicus brief in support of certiorari in *American Axle* specifically identifying this case as one that will be affected by the result in No. 20-891. Although the cases involve different parties, inventions and patents, they both raise the same legal questions:

1. What is the appropriate standard for determining whether a patent claim is “directed to” a patent-ineligible concept under step 1 of the *Alice* two-step framework for determining whether an invention is eligible for patenting under 35 U.S.C. § 101?

2. Is patent eligibility (at each step of the Court’s two-step framework) a question of law for the court, based on the scope of the claims alone or a question of fact, based on the state of art at the time of the invention?

PARTIES TO THE PROCEEDING

All parties to the proceeding are named in the caption.

CORPORATE DISCLOSURE STATEMENT

Petitioner Ameranth, Inc. certifies that it is the real party in interest and that there are no parent corporations and no publicly held companies that own 10% or more of the stock of Ameranth, Inc.

RELATED PROCEEDINGS

United States District Court (D. Del):

Ameranth, Inc. v. Olo Inc., No. 20-cv-518 (Oct. 13, 2020),

United States Court of Appeals (Fed. Cir.):

Ameranth, Inc. v. Olo Inc., No. 21-1211 (Oct. 08, 2021)

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PETITION FOR A WRIT OF CERTIORARI

Petitioner Ameranth, Inc. respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The decision of the Federal Circuit, 2021 WL 4699180, is reproduced at App. *infra* 1a-2a. The decision of the district court granting respondent's motion to dismiss, 2020 WL 6043929, is reproduced at App. *infra* 3a-33a.

JURISDICTION

The judgment of the Federal Circuit issued on October 8, 2021 (App. *infra*, at 1a-2a). On December 20, 2021, Chief Justice Roberts granted a motion extending the time to file this petition to and including March 7, 2022. This Court's jurisdiction rests on 28 U.S.C. § 1257(a).

CONSTITUTIONAL, STATUTORY AND RULES PROVISIONS INVOLVED

U.S. Constitution, Article I, Section 8, Clause 8:

The Congress shall have Power ...

To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries; ...

United States Patent Law, 35 U.S.C. §101: Inventions Patentable

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.

Federal Rules of Civil Procedure, Rule 12(b)(6)

(b)How to Present Defenses. Every defense to a claim for relief in any pleading must be asserted in the responsive pleading if one is required. But a party may assert the following defenses by motion:

- - -.

(6) failure to state a claim upon which relief can be granted

Federal Rules of Civil Procedure, Rule 56 (a) and (f)

(a) MOTION FOR SUMMARY JUDGMENT OR PARTIAL SUMMARY JUDGMENT. A party may move for summary judgment, identifying each claim or defense—or the part of each claim or defense—on which summary judgment is sought. The court shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law. The court should state on the

record the reasons for granting or denying the motion

(f) JUDGMENT INDEPENDENT OF THE MOTION. After giving notice and a reasonable time to respond, the court may: (1) grant summary judgment for a nonmovant; (2) grant the motion on grounds not raised by a party; or (3) consider summary judgment on its own after identifying for the parties material facts that may not be genuinely in dispute

INTRODUCTION

Alice Corp. Pty. v. CLS Bank Int'l, 573 U.S. 208 (2014) shifted the tectonic plates undergirding the core standards of patent eligibility in 35 U.S.C. § 101. In articulating a new two-step test under § 101, this Court expressed the fear that a failure to “tread carefully” in its application could “swallow all of patent law.” *Alice*, 573 U.S. at 217. That fear was prescient. In the eight years since *Alice*, federal courts have declared thousands of new and useful inventions abstract and patent ineligible. The Constitutional responsibility to protect inventor’s discoveries is not being served. *See* U.S. Const. Article I, Sec. 8, Cl. 8.

The post-*Alice* upheaval has culminated in the paralytic gridlock of the Federal Circuit’s 6-6 vote denying rehearing en banc in *American Axle & Mfg. v. Neapco Holdings LLC*, 966 F.3d 1347 (Fed. Cir. 2020), petition for cert. pending No. 20-891. As the standard of patent eligibility got increasingly impossible for the Federal Circuit to articulate and apply uniformly, the number of

accused infringers pressing § 101 ineligibility arguments grew exponentially. Explicit pleas for this Court's guidance from all active Federal Circuit judges continue to go unheeded. Prolonging the current confusion on this foundational issue of patent law amplifies the deleterious impact it has and will continue to have on generations of technology.

Any objective assessment of how the post-*Alice* chaos causes real-world harm should spur this Court to act. The need for review is compelling, loudly proclaimed by the federal bench, the community of innovators, scholars and the patent bar.

This is one of the thousands of cases in which patents issued by the USPTO, bearing the presumption of validity that can only be overcome by clear and convincing evidence, have summarily perished in district courts adopting conflicting interpretations of § 101. In the last eight years, federal courts applied overly expansive inconsistent views of *Alice* to eviscerate the "new and useful" test of 35 U.S.C. § 101. They have directly declared thousands of inventions "abstract" and patent ineligible, and the pervasive cloud of uncertainty has indirectly frozen out tens of thousands more.

And the fiercely divided Federal Circuit has affirmed these disparate results, often without comment.

In an extraordinary number of cases, patents were found ineligible; many on Rule 12(b)(6) motions to dismiss, absent any factual development or evidence. District judges act with free rein as both legal arbiters and fact finders to peremptorily kill just the type and kind of

breakthrough innovations that historically were patent eligible. The oversight that the Federal Circuit would ordinarily provide is lacking because the only circuit court with jurisdiction to address the problem is sadly divided and adrift, begging for this Court's guidance. The problem is exacerbated by the inordinate number of § 101 cases that the Federal Circuit decides without any analysis or written opinion. Summary affirmance under CAFC Rule 36 on legal questions that are manifestly unsettled is a deadly combination.

This deadly combination has an increasingly deleterious practical impact on the patent system, on patent owners, and on investors in the technological and scientific advancements that patent law is intended to promote. *See* U.S. Const. Article I, Sec. 8, Cl. 8 (securing to inventors the “exclusive right” to their “discoveries”).

This case provides valuable insight into the actual impact of the existing legal morass on innovators facing § 101 challenges to their breakthrough technologies. Ameranth's No.9,747,651 patent and new and useful Intelligent Automated Assistant (IAA) invention was invented long before and issued over Apple's IAA/SIRI technology. Yet the '651 claims asserted in this case were summarily declared patent ineligible.

Its value as a vehicle for this Court's review comes not from aspects of this case that are unique or special. It derives instead from recognizing how typical the substantive and procedural flaws are, and from understanding that they are replicated nationwide in case after case.

Such is the reality of § 101 litigation in the post-*Alice* era: On a 12(b)(6) motion to dismiss—without an evidentiary hearing, and ignoring the expert declaration submitted by one of ordinary skill in the art that addressed dispositive material facts—the district court, as fact finder, summarily concluded that the asserted claims of the '651 patent are “results focused and directed to an abstract idea and fail to provide an inventive concept” (App. *infra*, at 24a), under both steps of *Alice/Mayo*, and granted “Dismissal with Prejudice.” (App. *infra*, at 33a) This ruling hinged on two foundational assessments by the district court: (1) that “in my view” the patent claims provide no inventive concept (App. *infra*, at 32a-33a), and (2) that although “allegations in the amended complaint “could maybe 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.” (App. *infra*, at 31a) The Federal Circuit summarily affirmed under CAFC Rule 36 without analysis or opinion. And without correcting multiple red flags of error.

Since *Alice*, this pattern has played out frequently across the country: summary disposition of factual disputes by district judges relying on their lay views or unscientific opinions of technical evidence, and employing conflicting incorrect legal standards. The burgeoning § 101 caseload, coupled with the paralyzing impasse in the Federal Circuit, leaves this Court in a critical position. Its guidance is essential. The Federal Circuit judges have made that necessity clear. The status quo is untenable and worsens with each passing day.

So the key practical questions are: (1) when will this Court act? and (2) how much more intellectual property will be lost—how much innovation will be thwarted—until it does? Waiting for a perfect vehicle to review aggravates an already bad state of affairs. Whether the Court grants review in this case, or in *American Axle* or another case or group of cases, the ultimate decision will benefit from a full understanding of the substantive, procedural and technological issues. With broader scrutiny, the Court will have a firmer foundation for curing the ills that now cause so much harm in such an important area of the law.

This case should be part of that scrutiny for many reasons, not the least of which is that it was decided by the same district judge as *American Axle* and can therefore shed further light on the rulings in that case. Indeed, in filing one of the ten amicus briefs supporting certiorari in *American Axle*, Ameranth identified this case specifically as one that will be affected by the decision in *American Axle*. *Ameranth Amicus Br.* in No. 20-891 at 1-2.

The Solicitor General has been invited to file an amicus brief stating the government's views on the petition for a writ of certiorari in *American Axle*. When the Court receives that brief, its determination of how best to proceed will benefit from having a full range of options for assessing and resolving the core § 101 issues. For example, some of the many recent petitions in § 101 cases may have been deemed poor vehicles because they arose in specific contexts (*e.g.*, pharmaceutical, mechanical, software) that may narrow their impact. Having multiple cases available for review which, together, fully address these issues at the same time minimizes that concern. Similarly beneficial would be the opportunity to resolve how § 101 cases

should be analyzed in different procedural postures (*e.g.*, motions to dismiss, summary judgment, post-trial) and on different evidentiary records (*e.g.*, questions of law versus questions of fact, role of claim language and specification, assessment of expert declarations, presumption of validity for awarded patents, burden of proof). Because this case addresses and supplements aspects of *American Axle*, it fits precisely within the scope of review this Court will be assessing.

Given the urgency of the Federal Circuit's pleas for guidance, the need for this Court to provide answers is manifest. Those answers must instruct the federal courts on the correct legal standards and their application in its many contexts. By considering this petition with, or following, the decision in *American Axle* and other pending petitions the Court can proceed in the most prudent manner.

STATEMENT OF THE CASE

A. Ameranth's patent-eligible invention disclosed by the '651 patent: improvements to operation and efficiency of legacy computer systems.

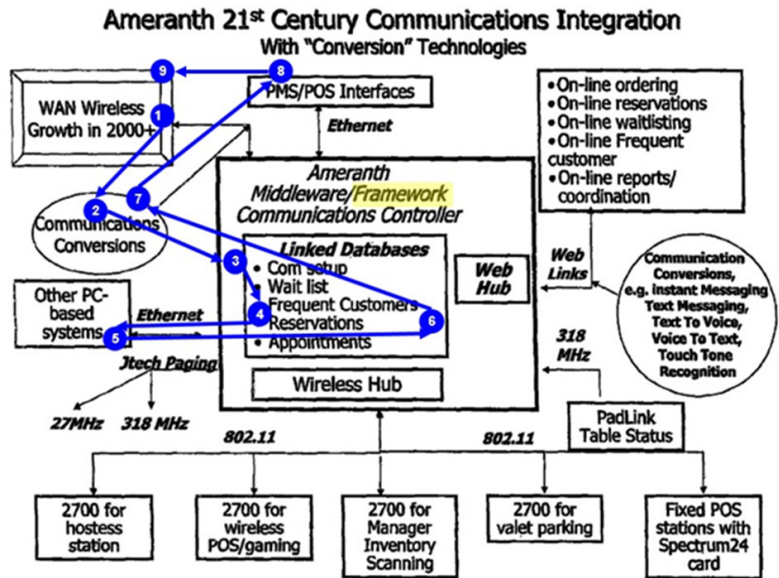
1. The Asserted Claims of the '651 patent improve the functioning of prior existing computer systems.

Each of the Asserted Claims at issue here, claims 1,3,6,9,10 and 11 of the '651 patent, teaches a computer-based intelligent automated assistant ("IAA") system that learns, and applies that learning, to improve, enhance and increase the efficiency of hospitality management systems

for reservations, appointments, ordering, and waitlisting. *See, e.g.*, C.A. App. 96 at ¶ 20; C.A. App. 94 at ¶¶ 9-10; C.A. App. 447-448 at ¶¶ 20-21; C.A. App. 445 at ¶¶ 9-10; C.A. App. 220-225; C.A. App. 231; C.A. App. 585-590; C.A. App. 596; C.A. App. 84 at 18:45-49.

Each claim includes the innovative IAA component with additional hardware and software elements that are claimed to operate in an ordered combination within a specific framework. That ordered combination produces previously unavailable functionality that improves the response time, accuracy and overall efficiency of previously employed systems. These benefits are factually asserted in the complaint, explained in the declaration of an expert witness addressing the knowledge of one of ordinary skill in the art, and are supported by both public accolades and widespread acceptance in the industry. (C. A. App. 97, at ¶ 23; C. A. App. 159, at ¶¶ 15-18; C. A. App. 258; C.A. App. 260-261)

Annotated Figure 10 of the patent shows an embodiment of the IAA system, including the Ameranth Middleware/Framework Communications Controller, with an IAA interface programmed to execute IAA-based rules enabling it to make intelligent decisions, and guides a person of ordinary skill in the art (“POSITA”) both how it works and how it can be practiced:



The claimed IAA system “learns” and, by doing so, improves on prior “non-intelligent” systems, by declining to pursue unnecessary operations on which a non-IAA enabled system would waste time. It intelligently saves computing resources, money and the need for collateral automated operations. It does so by avoiding wasteful processes, such as blindly pursuing alternatives, unnecessary steps, and actions that it has “learned” would fail to accomplish the appointed task. *See, e.g.,* C.A. App. 83 at 15:54-16:11, 16:12-16:45; C.A. App. 83-84 at 16:66-17:9. The “new and useful” aspects of the ’651 patent’s Asserted Claims are based on the extensive IAA system material that discloses, teaches and claims intelligent computer improvements, *not* prior human activity.

2. Factual Evidence Alleged in the Complaint and Supported in an Accompanying Expert Declaration Preclude a Finding of Ineligibility under *Alice*.

Ameranth sued Olo in the District of Delaware for infringement of U.S. Patent No. 9,747,651. Attached to its complaint, Ameranth submitted the expert declaration of Dr. Ricardo Valerdi addressing the innovations in the specification and claims from the perspective of one of ordinary skill in the art at the time of the invention. Dr. Valerdi explained why “[a] POSITA would not have been able to develop this next generation, resource-saving system prior to July 2005 without the disclosures of the ’651 patent specification.” C.A. App. 166 at ¶ 32; C.A. App. 528-529 at ¶ 39. He provided evidence how a POSITA understands the claims and how one would exploit the inventions in view of the claims and the specification. C.A. App. 166-172 at ¶¶ 34-41; C.A. App. 529-535 at ¶¶ 41-48.

The invention’s subsequent use and adoption by the industry confirm the factual allegations of the complaint and the evidence Dr. Valerdi provided.

B. The Asserted Claims were Found Ineligible In Violation of Appropriate Procedures and Standards.

Prior to discovery, claim construction, and without submitting contradictory evidence on how a person of ordinary skill in the art would understand the patent at the time of invention, Olo moved to dismiss under Rule 12(b)(6). The district court effectively morphed the 12(b)(6) motion and treated it as a motion for summary

judgment under Rule 56(a)—without giving Ameranth the opportunity to address it as such and contest it appropriately. Additionally, the district court expressly resolved what it recognized as factual inconsistencies and contradictions. (App. *infra*, at 28a-30a) Addressing and characterizing his lay person factual findings as “in my view” (App. *infra*, at 32a), the court relied heavily for its fact determinations on extrinsic evidence of decisions made in other courts on entirely different patent claims. (App. *infra*, at 25a-30a)

On appeal, Ameranth addressed the many ways that the district court’s opinion conflicted with decisions of this Court and the Federal Circuit:

- Despite having the burden, Olo provided, and the court recited, no evidence—let alone clear and convincing evidence—to overcome the Asserted Claims’ presumption of validity.

- The district court made contrary fact-findings without viewing Ameranth’s plausible and specific factual allegations in the light most favorable to it by dismissing them as “merely conclusory and do not need to be credited” (App. *infra*, at 28a). This is contrary to prevailing law. *See Erickson v. Pardus*, 551 U.S. 89, 93-94 (2007). (A court must accept all factual allegations in the complaint as true and draw all reasonable inferences in favor of the plaintiff; *see also Cellspin Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1318 (Fed. Cir. 2019) (“plausible and specific factual allegations [in the complaint] that aspects of the claims are inventive are sufficient [to overcome a motion to dismiss seeking to invalidate the claims under § 101]”).

- The court disagreed with the facts set forth in Ameranth’s expert declaration, substituting its own, non-POSITA, uncorroborated opinions. The court concluded: “*In my view*, the additional limitations in each of these claims are routine and conventional and therefore provide no inventive concept.” (App. *infra*, at 31a) (emphasis added). But as Ameranth explained to the Federal Circuit, *this very statement confirms the court’s error*: The district court substituted its own uncorroborated beliefs for evidence and disregarded settled burdens of proof and persuasion by weighing disputed issues of fact at a stage of the case when factfinding is inappropriate. The district court departed from the correct focus on the understanding of a person of ordinary skill in the art. Only Ameranth had submitted evidence on that dispositive point. On 12(b)(6) motions to dismiss, district courts lack authority to weigh opposing views on factual disputes or to simply disregard evidence with which they disagree.

- The district court’s *Alice* Step 2 analysis contradicts multiple appellate decisions. In particular, the district court’s ruling is contrary to this Court’s instruction not to read the “new and useful” standard out of § 101 when the application of the invention provides a “new and useful” advancement. Thus, an invention is *not rendered ineligible* for patent *simply because it involves an abstract concept*. *Alice*, 573 U.S. at 217 (“[A]pplication[s]’ of such concepts ‘*to a new and useful end*,’ we have said, remain eligible for patent protection”) (internal quotation marks and citation omitted) (emphasis added). Step 2 inquiry considers whether the claim limitations “involve more than performance of well-understood, routine, [and] conventional activities previously known to the industry.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1367 (Fed. Cir. 2018)

(quotations omitted). And this is a question of fact. *See Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1127-28 (Fed. Cir. 2018) (“Viewed in favor of Aatrix, as the district court must at the Rule 12(b)(6) stage, the complaint alleges that the claimed combination improves the functioning and operation of the computer itself”); *see also Berkheimer*, 881 F.3d at 1370 (“Whether claims 4–7 perform well-understood, routine, and conventional activities to a skilled artisan is a genuine issue of material fact making summary judgment inappropriate with respect to these claims”).

- Contrary to firmly established principles, the district court concluded that the invention is “directed to” subject matter that was expressly disclaimed in the patent prosecution history. That was especially wrong in this case because the ’651 patent is a continuation-in-part (CIP) patent of earlier inventions and ’651 patent’s claims cover the new material found in the CIP patent. Yet the district court focused on language from earlier patents that informed findings of ineligibility in prior cases, where that language—having been emphatically disclaimed in the CIP process—is not part of the ’651 patent, and, therefore, is not and could not be what the ’651 patent is “directed to.” *American Axle & Mfg. v. Neapco Holdings LLC*, 967 F.3d 1285, 1293 (Fed.Cir. 2019) (“features that are not claimed are irrelevant as to step 1 or step 2 of the Mayo/Alice analysis”).

The Federal Circuit affirmed without analysis or comment, affirming in a Rule 36 order.

REASONS TO GRANT THE PETITION

- A. The Federal Circuit’s precedents since *Alice* and *Mayo* have created confusion and uncertainty in the application of § 101 which has permitted federal courts to improperly expand its scope and summarily invalidate inventions that are, and historically have been eligible for patent protection.**

No one seriously disputes that the federal courts and, more generally, the entire patent community need guidance in the application of 35 U.S.C. § 101. This Court has held under § 101 that “laws of nature, natural phenomena, and abstract ideas are not patentable.” *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 70 (2012). But the Court also recognized in *Alice* that all inventions implicate laws of nature, natural phenomena, or abstract ideas, and expanded upon this conception by stating that what is patent-eligible is really the “applications of such concepts to a new and useful end.” *Alice*, 573 U.S. at 217 (internal quotation marks omitted). Although *Alice* (*id.*) referred to a specific “framework for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts” set forth in *Mayo*, implementing that framework has proven to be very difficult in practice. The multiple opinions accompanying the denial of rehearing en banc in *American Axle* confirm that the challenge of implementing the *Alice/Mayo* formulation has become impossible for the Federal Circuit.

Doctrinal uncertainty on the core issue of § 101 patent eligibility, combined with other consequences flowing from *Alice/Mayo*, burdens the legal landscape even more.

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*.¹ 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. At the same time, the PTO has issued no fewer than 17 different guidelines for determining subject matter eligibility since *Alice*.” *Id.*

In turn, the Federal Circuit was inundated with § 101 appeals. In the first three years after this Court’s decision in *Alice* (until June 19, 2017), the Federal Circuit decided 104 cases on the issue, finding patent ineligibility in 96 cases. In 54 of those cases (more than one-half), the court issued Rule 36 affirmances, all of which upheld findings of ineligibility.²

This explosion in litigation generated further deleterious consequences. District courts commonly employ procedural shortcuts in § 101 cases that would be unthinkable—and emphatically reversed on appeal—in

1. Docket Navigator’s Special Report, *Alice Through the Looking Glass, the Impact of Alice Corp. Pty. v. CLS Bank International*, 134 S. Ct. 2347 (2014) on the patent enforcement landscape (“*Alice Report*”) at 2. Available at <http://brochure.docketnavigator.com/alice/> (accessed on March 3, 2022)

2. Paul R. Gugliuzza and Mark A. Lemley, Can a Court Change the Law by Saying Nothing?, 71 *Vanderbilt L. Rev.* 766, 767 (2018).

any other area of law. Key examples of the procedural shortcomings in this case are: ignoring the presumption of patent validity and the impact of that presumption on burdens of proof and persuasion; weighing disputed facts at preliminary stages like motions to dismiss (or summary judgment); substitution of non-POSITA “views” when the only correct perspective is that of a person of ordinary skill in the art; and isolating segments of the relevant patent claim language rather than view the patent claim as a whole.

The situation would be bad enough if comprehensible, coherent substantive standards had been established. That did not happen. The Federal Circuit’s § 101 jurisprudence created what the circuit judges themselves recognize as “a panel-dependent body of law.” *American Axle & Mfg. v. Neapco Holdings LLC*, 977 F.3d 1379, 1382 (Fed. Cir. 2020) (Moore, J., concurring in denial of motion to stay mandate). And Judge Newman (joined by Judges Moore, O’Malley, Reyna, and Stoll) observed how “[t]he court’s rulings on patent eligibility have become so diverse and unpredictable.” *American Axle*, 966 F.3d at 1357 (dissenting in denial of petition for rehearing).

The Federal Circuit judges know from their first-hand experience that “[w]hat we have here is worse than a circuit split—it is a court bitterly divided. . . . If a circuit split warrants certiorari, such an irreconcilable split in the nation’s only patent court does likewise.” *Am. Axle*, 977 F.3d at 1382.

The Federal Circuit judges have also highlighted the damaging practical consequences of their impasse. They describe § 101 jurisprudence as “near impossible to know

whether the invention is or is not patent eligible.” *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1348 (Fed. Cir. 2018) (Plager, J., concurring in part and dissenting in part). And they warn that turning every case into a “litigation gamble” (Newman, J.), is “destroying the ability of American businesses to invest with predictability.” *American Axle Cert. Pet., App.*, p. 78a. *See Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364, 1377 (Fed. Cir. 2017). Their pleas for help powerfully make the case for certiorari.

Aspects of *American Axle* reify the standardless, unpredictable randomness of results. First, a divided panel of the Federal Circuit affirmed all the district court’s findings of patent ineligibility. *American Axle & Mfg. v. Neapco Holdings LLC*, 939 F.3d 1355 (Fed. Cir. 2019) Then the same panel, still divided, ruled on rehearing that the findings of ineligibility on some patent claims had to be vacated rather than affirmed. *American Axle & Mfg. v. Neapco Holdings LLC*, 966 F.3d 1294 (Fed. Cir. 2020). Whether the rehearing majority had crafted an entirely new standard was hotly disputed by the full Federal Circuit, which denied rehearing en banc by a 6-6 vote. *American Axle*, 966 F.3d 1347.

When this Court receives the government’s amicus brief in *American Axle* and decides whether to review the § 101 questions presented in this case, the Court would benefit from having maximum flexibility to frame the issues for further analysis. Considering this case along with *American Axle* (and other § 101 cases pending or soon to be filed), provides the best opportunity for this Court to assess the issues on a broad basis and to issue a decision with the greatest practical impact. Even if it were true

that no individual case is a perfect vehicle for review, the range presented to this Court in the stream of many § 101 cases offers an opportunity this Court should not forgo.

B. The improper expansion of the ineligibility scope of Section 101, and disregard of procedural safeguards by lower courts in their decisions, are contrary to the patent statute, due process, and Supreme Court precedent, requiring guidance from this Court.

This case addresses aspects of § 101 patent eligibility at the center of the disputes and uncertainty within the Federal Circuit. Chief among them is “whether a claim element or combination of elements would have been well-understood, routine, and conventional to a skilled artisan in the relevant field at a particular point in time is a question of fact.” *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1370 (Fed. Cir. 2018); *Aatrix Software*, 882 F.3d 1121. For a court to ascertain the understanding of a skilled artisan in the relevant field at a particular point in time may require “weigh[ing] evidence,” “mak[ing] credibility judgments,” and addressing “narrow facts that utterly resist generalization.” *Berkheimer*, 890 F.3d at 1370 (citation omitted).

In *Alice* and *Mayo*, this Court asked whether the claimed activities were “previously known to the industry,” and whether they were “previously engaged in by researchers in the field.” *Alice*, 573 U.S. at 225; *Mayo*, 566 U.S. at 73.

Answering this question may require weighing evidence to determine whether the additional limitations beyond the abstract idea, natural phenomenon, or law of

nature would have been well-understood, routine, and conventional to an ordinarily skilled artisan. And because the patent challenger bears the burden of demonstrating ineligibility, 35 U.S.C. § 282(a), evidentiary support is required for a finding that the additional elements were well-understood, routine, and conventional.

The normal procedural standards for fact questions are set out in the Federal Rules of Civil Procedure applicable to motions to dismiss or for summary judgment, and Federal Rules of Evidence covering admissions and judicial notice. *See SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC*, 137 S. Ct. 954, 964 (2017). Under these standards a genuine dispute of material fact precludes summary disposition of claims. But that did not happen here. Ameranth’s ’651 patent specification described the increases in efficiency and computer functionality that the invention achieved over conventional systems, and submitted an expert declaration explaining how one with ordinary skill in the art would have understood the invention and how that understanding is consistent with the language in the specification and claims. Olo offered no evidence to meet its burden. Yet the district court granted Olo’s motion to dismiss, rejecting the only record evidence on the pivotal issue: what a person of ordinary skill in the art would have understood. Compounding the errors of weighing evidence at the 12(b) (6) stage and relieving Olo of any evidentiary burden, the court substituted its own lay interpretation (“in my view”) for the evidence that should have been dispositive: the understanding of one with ordinary skill in the art.

Further confirmation of the variations of standards and randomness of results in patent cases can be found in a more recent opinion from the same district court judge who decided this case and *American Axle*. Contrary to the standards he applied to the record in this case, the court held in *Datacloud Technologies, LLC v. Squarespace, Inc.*, No. 21-164-LPS (D. Del. Feb. 2, 2022) that “It may be that these claims are clearly and convincingly invalid on their face, [but] that would have to be analyzed from the perspective of a person of ordinary skill in the art. *I am not such a person* and I have nothing in the record to help me understand whether the defendant [is] right that a person of ordinary skill in the art would view the claims exactly the way defendant argues” (emphasis added).

For additional demonstrations that litigating § 101 eligibility is indeed an unpredictable gamble, compare the district court decision in this case with the analysis of claims 4-7 in *Berkheimer*. Summary judgment attacking Berkheimer’s claims 4-7 was denied where the specification described the invention’s improvement over then-conventional systems and the alleged infringer offered no contrary evidence. *Berkheimer*, 881 F.3d at 1370. But Ameranth’s patent claims here were declared ineligible on a functionally identical record.

In addition, when making this determination, there also is inconsistency in deciding what the claims are directed to. Here, the Federal Circuit affirmed the district court’s disregard of patent claim elements (*i.e.*, the IAA claim elements) when determining what the claims are directed to. (App. *infra*, at 24a-25a). Yet, in *Mentone Solutions LLC v. Digi International Inc.*, 2021-1202, 2021 WL 5291802 (Fed. Cir. Nov. 15, 2021), that same approach

by the *same* district court judge was rejected on appeal: “The district court’s abstract idea fails to mention a shifted USF, nor does it capture the receipt of two PDCH assignments that permit monitoring and detecting the PDCHs for a shifted USF and transmission based thereon. Accordingly, it is untethered to the invention as claimed.” *Id.* at *6

As the Federal Circuit has repeatedly advised this Court, the message to inventors is badly muddled. This untenable state of affairs will continue until this Court responds to the Federal Circuit’s urgent requests for help. And the negative ramifications of the crisis will hinder technological advances for years. The impact on the particular technology at issue in this case illustrates the point. Ameranth’s IAA was invented and first deployed with Zagat Reservation Systems in 2005, long before Apple first deployed its IAA-SIRI in 2011 or Google first deployed its IAA Assistant 2015. And the USPTO issued Ameranth’s ’651 patent over and ahead of the Apple inventor’s patent.³ If the first issued patent is declared ineligible, what consequences and potential market disruption will tech giants face on their systems that have become so integral to today’s world?

3. *Ameranth Receives Patent Allowance for its 21st Century Communications™ ‘Intelligent Automated Assistant’ (IAA) Inventions.* <https://markets.businessinsider.com/news/stocks/ameranth-receives-patent-allowance-for-its-21st-century-communications-intelligent-automated-assistant-iaa-inventions-1001758586/> (“Ameranth’s patent was allowed over the other preeminent IAA related inventions, including the technology and IAA related patents of Apple Inc. ... and Thomas Gruber, (SIRI founder, inventor and current technology executive in the IAA field at Apple Inc.)”)

C. The entire patent community, including the Federal Circuit, the USPTO, patent owners, practitioners, and legal scholars, is in agreement that Supreme Court guidance is essential to dispel the chaos and confusion on § 101.

The Federal Circuit judges are not alone in their criticism of the current state of the law on patent eligibility under § 101. As the broad range of amicus briefs supporting certiorari in *American Axle* reflects, all affected segments of the legal, scientific, academic and financial communities bemoan the doctrinal chaos. That is just the tip of the iceberg. *See, e.g.*, Amending Patent Eligibility, 50 U.C. Davis L. Rev. 2149, 2151 (“patent law - and in particular the law governing patent eligibility - is in a state of crisis.”); Resolving Patent Eligibility and Indefiniteness in Proper Context: Applying Alice and Aristocrat, 20 Va. J.L. & Tech. 240, 249 (“In fact, the current doctrinal mess has prompted calls from mainstream figures in the patent community to consider abandonment of § 101 altogether. Given the situation in district courts today, one can see why.”); Still No Path Out of the 101 Swamp?, <https://www.fenwick.com/bilski-blog/still-no-path-101-swamp> (accessed March 4, 2022); ABA, AIPLA and IPO Offer Revisions to Clean Up the §101 Mess, <https://www.ratnerprestia.com/2017/08/02/aba-aipla-and-ipo-offer-revisions-to-clean-up-the-§101-mess/> (accessed March 4, 2022); Federal Circuit Judge Calls for a Fix to the “Abstract Idea” Mess: Part 3, <https://www.filewrapper.com/federal-circuit-judge-calls-for-a-fix-to-the-abstract-idea-mess-part-3/> (accessed March 4, 2022); Can Legislation Solve the Patent-Eligibility Mess, <https://www.b2ipreport.com/swip-report/can-legislation-resolve-the-patent-eligibility-mess/> (accessed March 4, 2022);

Biden Administration Should Recommend Clarifying Patent Eligibility Law in *American Axle*, <https://www.ipwatchdog.com/2022/02/16/biden-administration-recommend-clarifying-patent-eligibility-law-american-axle/id=146014/> (accessed March 4, 2022) (“Entire sectors of startups are struggling to secure patents. Most notably, medical diagnostics have tremendous potential to improve health outcomes, but the current state of patent eligibility law provides startups in this field with no reliable way to protect their investments against larger copyists. Startups working on artificial intelligence, cybersecurity, and blockchain technologies face similar obstacles”).

This point was driven home recently and powerfully in an amicus brief filed by former Federal Circuit Chief Judge Paul Michel in support of certiorari in *Universal Secure Registry LLC v. Apple, Inc.*, No. 21-1056. Am Br. at 2 (filed March 2, 2022): “The importance of improving patent eligibility law cannot be overstated. Section 101 is now the de facto, critical barrier to reliable patent protection for critical 21st-century technologies, including medical diagnostics, clean and sustainable energy, artificial intelligence, cutting-edge medical and biotechnology innovation, such as gene therapy.”

District court judges on the front line of patent litigation have also focused on the fallout from post-*Alice/Mayo* § 101 upheaval. See *Improved Search LLC v. AOL Inc.*, 170 F. Supp. 3d 683 (D. Del. 2016) (“In other words, even though most of the patent claims now being challenged under § 101 would have survived such challenges if mounted at the time of issuance, these claims are now in jeopardy under the heightened specificity required by the Federal Circuit post-*Alice*”); see also

Front Row Techs., LLC v. NBA Media Ventures, LLC, 204 F. Supp. 3d 1190, 1225-1227 (D.N.M. 2016) (“*Alice* has had an extraordinary impact on patent litigation... The Federal Circuit has attempted to provide guidance on the *Alice* test in this developing and unstable environment...”).

In a particularly telling example of how severely and how long the Federal Circuit’s impasse has left the district courts rudderless, five years ago a district judge applying *Alice* observed that “[a]t the end of the day, it seems that step one remains an exercise of ‘I know it when I see it.’” *Dig. Media Techs., Inc. v. Hulu, LLC*, No. 4:16cv245-MW/CAS, 2017 U.S. Dist. LEXIS 179660, at *10 (N.D. Fla. July 3, 2017). And the Federal Circuit affirmed that opinion in a Rule 36 judgment. *See Dig. Media Techs., Inc. v. Netflix, Inc.*, 742 Fed. Appx. 510 (Fed. Cir. Nov. 13, 2018).

The prolonged assault on patent eligibility has gone on far too long, causing far too much damage to far too many. Whatever the Court expected *Alice* to accomplish, it could not have been this. The continuing damage can only be stopped and the law corrected by now being revisited.

In determining how best to proceed, the Court has multiple options in disposing of the petitions in various § 101 cases that are currently pending or likely to be filed imminently. In addition to this case and *American Axle*, petitions are also pending in other cases, including, most recently, in *Universal Secure Registry LLC v. Apple Inc., et al.*, No 21-1056 (filed March 2, 2022). The Court can grant review in *American Axle* (or another individual case) and hold this and other pending petitions until *American Axle* is resolved and then grant certiorari, vacate the decisions below and remand for further consideration in light of

American Axle (or another individual case). Or it can grant review in multiple cases to address on the broadest basis the correct standards for § 101 patent eligibility. In either event, the substantive standards and procedural requirements the Court prescribes would apply to the greatest number of cases. And a prudent way for this Court to define the parameters of its ultimate review of § 101 issues on the merits is to have the fullest range of cases available when the decision on certiorari is made.

That approach yields further practical benefits. 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.

The need for this Court's review is urgent and unquestioned. Delay imposes crushing costs on scientific innovation. Certiorari should be granted now.

CONCLUSION

The petition for a writ of certiorari should be granted. Alternatively, the Court should consider prudent ways to coordinate its disposition of this petition with other pending cases presenting questions under 35 U.S.C. § 101, including holding this case pending resolution of *American Axle*.

Respectfully submitted,

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March 7, 2022

APPENDIX

1a

**APPENDIX A — JUDGMENT OF THE UNITED
STATES COURT OF APPEALS FOR THE
FEDERAL CIRCUIT, DATED OCTOBER 8, 2021**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2021-1211

AMERANTH, INC.,

Plaintiff-Appellant

v.

OLO INC.,

Defendant-Appellee

Appeal from the United States District Court for the
District of Delaware in No. 1:20-cv-00518-LPS, Judge
Leonard P. Stark.

JUDGMENT

THIS CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

PER CURIAM (MOORE, *Chief Judge*, PROST and TARANTO,
Circuit Judges).

AFFIRMED. See Fed. Cir. R. 36.

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Appendix A

ENTERED BY ORDER OF THE COURT

/s/Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

October 8, 2021
Date

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**APPENDIX B — MEMORANDUM ORDER
OF THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE,
DATED OCTOBER 13, 2020**

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

C.A. No. 20-125-LPS

NATERA, INC.,

Plaintiff/Counter-Defendant,

v.

ARCHERDX, INC.,

Defendant/Counter-Plaintiff.

C.A. No. 20-518-LPS

AMERANTH, INC.,

Plaintiff,

v.

OLO INC.,

Defendant.

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C.A. No. 20-272-LPS

VMWARE, INC.,

Plaintiff/Counter-Defendant,

v.

CIRBA INC. (d/b/a/ DENSIFY),

Defendant/Counter-Plaintiff.

MEMORANDUM ORDER

At Wilmington, this **13th** day of **October, 2020**:

WHEREAS, defendants in the above-listed cases filed Rule 12 motions to dispose of patent infringement claims on the bases that certain patent claims are invalid under 35 U.S.C. § 101, because they are allegedly directed to unpatentable subject matter;

WHEREAS, the above-listed cases brought by Natera, Inc. (“Natera”), Ameranth, Inc. (“Ameranth”), and VMware, Inc. (“VMware”) are unrelated to each other;

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WHEREAS, the Court heard oral argument in all the above-listed cases on September 30, 2020 after considering the parties' respective briefs and related filings;¹

WHEREAS, the Court continues to find that its experimental procedure of addressing multiple Section 101 motions from separate cases in one hearing is an efficient use of judicial resources and a beneficial tool for resolving the merits of Section 101 motions;

NOW, THEREFORE, IT IS HEREBY ORDERED that, with respect to the above-listed VMware case, Plaintiffs Rule 12 motion (C.A. No. 20-272 D.I. 79) is **DENIED**;

IT IS FURTHER ORDERED that, with respect to the above-listed Natera case, Defendant's Rule 12 motion (C.A. No. 20-125 D.I. 23) is **DENIED**; and

IT IS FURTHER ORDERED that, with respect to the above-listed Ameranth case, Defendant's Rule 12 motion (C.A. No. 20-518 D.I. 8) is **GRANTED**.

The Court's Order is consistent with the bench ruling announced on a teleconference on October 2, 2020 (*see, e.g.*, C.A. No. 20-125 D.I. 59 ("Tr.") at ; C.A. No. 20-518 D.I. 28; C.A. No. 20-272 D.I. 96 ("Tr.") at 4-36):

1. Chief Judge Leonard P. Stark and Magistrate Judge Jennifer L. Hall jointly presided throughout the argument. The Court adopts the full bench ruling and includes herein only certain portions of it.

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For the specifics on the legal standards that I have applied, I hereby adopt and incorporate by reference the legal standards as stated in the following:

The Federal Circuit's decision in *Berkheimer*, 881 F.3d at 1364² The Federal Circuit's statement of the law in *Aatrix*, 890 F.3d 1354.³ And I'm also incorporating by reference my discussion of the law as I recited at length at the end of the July 14th, 2020, 101 day that can be found in the transcript ruling on the docket, for instance, in a case called *Pivotal IP vs. ActiveCampaign*, my Civil Action No. 19-2176-LPS at D.I. 27, 2020 U.S. Dist. LEXIS 188953⁴

... [L]et me turn to the cases in the order that they were argued a couple days ago.

First, the *VMware vs. Cirba* doing business as *Densify* case. The motion here is VMware's Rule 12(c) motion; and for the reasons I'm going to explain, that motion is denied.

VMware's motion is directed to *Densify's* patent number 10,523,492, which I will just call the '492 patent.

2. *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018).

3. *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 890 F.3d 1354, 1357-59 (Fed. Cir. 2018).

4. *Pivotal IP LLC v. ActiveCampaign, LLC*, C.A. No. 19-2176-LPS D.I. 27 at 151-55, 2020 U.S. Dist. LEXIS 188953.

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On the issue of a representative claim, I do start by noting that the parties in the VMware case have a dispute about whether claim 1 of the '492 patent is representative of all the claims put at issue in VMware's motion.

VMware contends that claim 1 is representative. Densify disagrees and would have me consider at least claims 1, 5, and 8. In this case, the parties agreed that VMware, as the moving party, has [the] burden to show that claim 1 is representative.

I do not actually need to decide who has the burden and whether VMware has proven that claim 1 is representative. Instead, under the circumstances here, and particularly given my merits analysis, it is proper to assume that claim 1 is in fact representative.

As I am finding, as I will explain, that VMware has failed to meet its burden at step 1 with respect to claim 1 and because VMware contends that claim 1 is representative, I conclude that it is appropriate to consider only claim 1 and to deny the motion in full based solely on my evaluation of claim 1.

With respect to claim construction, both parties in this case insisted in their briefing and the prehearing checklist letter[s] that there is no claim construction dispute that must be

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resolved before the Court can resolve VMware's motion, but it's clear to me that the parties actually do have a dispute on a claim term that is material to the Section 101 analysis.

Specifically, the parties do dispute whether the claim term "system" in claim 1 is limited to "computer system" as Density contends or is not so limited as VMware contends.

In this type of situation, where there is a claim construction dispute and a 101 motion pending, the Federal Circuit has explained at least at the 12(c) stage, the District Court must either adopt the nonmoving party's construction or resolve the dispute to whatever extent is needed to conduct the 101 analysis. That is from the *MyMail* decision of the Federal Circuit, 934 F.3d 1373.⁵

In its briefing, VMware repeatedly contends that, for example, claim 1[']s "systems" are not even limited to "computer system[s]." You can find that, for instance, in their opening brief at page 9, also pages 3 and 4, and again in their reply brief at page 1.

Then . . . at the hearing this week, VMware conceded that for purposes of evaluating the

5. *MyMail, Ltd. v. ooVoo, LLC*, 934 F.3d 1373, 1379 (Fed. Cir. 2019).

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101 motion, the Court could adopt Densify’s implicit proposed claim construction, which is that “systems” in claim 1 is limited to “computer system[s].” So that is what I am doing. That is how I am, I suppose, “resolving for the purposes of the motion” the claim construction dispute that I do think exist[s] between parties.

I am adopting for purposes of this motion the nonmoving party, that is, Densify’s construction of “system” and therefore I am treating the representative claim as limited to “computer system.”

All of that at least takes me to step 1 for the *Alice* or *Mayo* analysis.⁶ And at step 1, I conclude that . . . , as I have just said I will do for purposes of the motion, by construing “system” as limited to “computing system,” that leads me to conclude that at step 1, claim 1 is directed to improving the functioning of computer technology. That is, the claim is directed to improvement of computers as tools, not to using conventional computers as tools.

Therefore, VMware has failed to show that claim 1 is directed to an abstract idea.

6. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 134 S. Ct. 2347, 189 L. Ed. 2d 296 (2014); *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 132 S. Ct. 1289, 182 L. Ed. 2d 321 (2012).

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My conclusion[,] I believe[,] is consistent [with] *Enfish*⁷ and *Finjan*⁸ and their progeny. Namely, that claims that are focused on an improvement in computer functionality itself, not on economic or other tasks for which a computer is used in its ordinary capacity, are not abstract.

In other words, the '492 patent is directed to patent-eligible subject matter because it is directed to an improvement in computer functionality itself. That is, designing an improved computer environment.

The patent claim, the representative claim that is, recites specific steps to accomplish the desired result, that being intelligent placement of source systems on target system[s], and the claims solve the technological problem arising in the computer context.

More specifically, the claims are directed to an improvement in the design of computer environment[s] through improved placement of computer systems, including virtual machines, using compatibility analyses, incorporating technical business and workload constraints.

The patent identifies the technological problem that exists only in a computer environment and

7. *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327 (Fed. Cir. 2016).

8. *Finjan, Inc. v. Blue Coat Systems, Inc.*, 879 F.3d 1299, 2018 WL 341882 (Fed. Cir. 2018).

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claims solutions to it. The claims recite specific steps and not just any result.

Now, to counter this, VMware contends the claims are actually directed to the abstract idea of “analyzing data based on rules.” And it’s true that if that is what the claims were directed to, then VMware would meet its burden at step 1. Analyzing data based on rules has been found to be an abstract idea in cases such as *Electric Power Group*⁹ and *Content Extraction*.¹⁰ But in my view, that is just simply not a fair characterization of the representative claim here for reasons I have already tried to explain.

VMware also contends that the claimed method can be practiced manually by humans using pen and paper or just their mind. Such an inquiry is sometimes helpful to the 101 analysis, although it is not dispositive. And here, it cannot be and is not a basis for VMware to prevail on its motion given what I have already said.

At the hearing the other day, VMware relied heavily on the Federal Circuit[’s] *BSG* decision¹¹

9. *Elec. Power Grp., LLC v. Alstom SA.*, 830 F.3d 1350, 1353-54 (Fed. Cir. 2016).

10. *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347-48 (Fed. Cir. 2014).

11. *BSG Tech LLC v. Buyseasons, Inc.*, 899 F.3d 1281 (Fed. Cir. 2018).

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and my subsequent opinion in *Citrix v. Avi*¹² which itself relied on *BSG*. In my view, these comparisons are also unavailing. In *BSG*, the claims were found to be abstract at step 1 because their focus was guiding database users by presenting summary comparison information to users before they input data which the Federal Circuit said was not a method “necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of wide access databases.

Much, but not all of that, is a direct quote from *BSG Technologies*, 899 F.3d at 1286. In that case, *BSG* had argued that the claims['] focus was an improvement in database functionality, pointing to the purported benefit of the patent.

But the Federal Circuit explained that, “those benefits were not improvements to database functionality. Instead, they were benefits that flowed from performing an abstract idea in conjunction with the well-known database structure.” Most of that is a quote from page 1288 of the opinion.

The Federal Circuit added that “an improvement to the information stored by a database is not equivalent to an improvement in the database’s functionality.”

12. *Citrix Sys., Inc. v. Avi Networks, Inc.*, 363 F. Supp. 3d 511 (D. Del. 2019).

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Thereafter, in *Citrix vs. Avi Networks*, 363 F.Supp.3d at 511, I found that certain claims were abstract [at] step 1 because the patent there addressed a solution that was also not necessarily rooted in computer network[s].

I held there that, “While the claims arose in a technical context” in that case, service availability in a computer network — “every technical advantage identified there by the patentee ultimately stemmed from the same generalized improved determination of availability that the use of a dynamic response time would provide in any other context.” And much of that is from page 522 of that *Citrix* opinion.

In my view, *BSG* and *Citrix* do not change the outcome here with the '492 patent because for the reasons already explained, the benefits of the claim at issue in this case do not flow solely from performing an abstract idea.

Instead, as noted, claim 1 of the '492 patent is directed to an improvement in computer technology and is necessarily rooted in computer technology in order to overcome a problem specifically arising in the realm of, in this instance, consolidation of computer systems.

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This conclusion puts the case before me now squarely in the realm of *Enfish*, *Finjan*, and other cases such as *SRI*.¹³

Finally, the Court's conclusion is supported by and consistent with the analysis that I conducted in denying VMware's earlier Section 101 motion directed to Densify's '687 patent. . . . [A]s requested by Densify and I don't believe opposed by VMware . . . I have taken judicial notice of the briefing and my ruling on eligibility of Densify's '687 patent in a related action in this court, Civil Action No. 19-742-LPS.

Given my conclusions here on step 1, that VM failed at step 1, the Court need not and will not proceed to step two.

So in conclusion, with respect to the VMware motion, that motion is denied. It is denied without prejudice to renew in a motion [for] summary judgment if VMware believes in good faith at that point in the case that it has a basis to renew its motion based on whatever happens in claim construction and the record evidence at that point.

So that is everything I had to say about VMware.

13. *SRI International, Inc. v. Cisco Systems, Inc.*, 930 F.3d 1295 (Fed. Cir. 2019).

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Let me move next to the second case that was argued, the *Natera vs. ArcherDX* case.

In that case, the defendant ArcherDX, who I may refer to as just “Archer” or “defendant[,]” has filed a Rule 12(c) motion which raises Section 101 as well as non-Section 101 issues.

I’m going to address all of those issues and for the reasons I’m going to explain, ArcherDX’s motion is denied and it is denied in all respects.

With respect to 101, the 101 issues arise in connection with three of the four patents-in-suit. Specifically, for the record, the following three patents of Natera’s: Patent [Numbers] 10,513,814; 10,557,172, and 10,590,482.

On the representative claim issue in this case, the Court agrees with the defendant that for purposes of the motion, and only for purposes of the motion, and only for purposes of the Section 101 issue in the motion, claim 1 of the ’814 patent can be treated as representative of all claims of all three patents that are challenged by the motion.

As the defendant wrote in its checklist letter, D.I. 49 at page 1, “the Court need only determine the eligibility of claim 1 of the ’814 patent as it will determine the eligibility of all claims in the ’814, ’172, and ’482 patents.” I agree with

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that. All of the claims of the challenged '814, '172, and '482 patents appear to involve the same issues of validity and are substantially materially identical.

Each of these claims claim methods for amplifying and sequencing DNA that requires PCR amplification of target loci, a universal primer, and target specific primers. Thus, again, the Court will treat claim 1 of the '814 patent as a representative claim.

In this case, the parties agree that there is no claim construction dispute that needs to be considered in connection with the motion; and I agree with that.

Turning to step I.

Archer has not shown that the claims are directed to the natural phenomenon of cell-free DNA. In my view, the claims here, as represented by claim 1 of the '814, . . . are method of preparation claims and therefore eligible for patenting. They are not method of detection claims which would not be eligible for patenting. They're also not methods of diagnosis claims.

As the Federal Circuit recently held in *Illumina*,¹⁴ a patent directed to a method of

14. *Illumina, Inc. v. Ariosa Diagnostics, Inc.*, 967 F.3d 1319, 1325-26 (Fed. Cir. 2020).

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preparation that exploits and does not otherwise claim a natural phenomenon is patent eligible....

Considering the claim as a whole in light of the specification, it is, as I have said, in my view a claim directed to a method of preparation of cell-free DNA.

The claims here compare favorably to those that were upheld so recently by the Federal Circuit against a 101 challenge in *Illumina*. For instance, in *Illumina*, the natural phenomenon of cell-free DNA was simply sorted by size, and then the sorted DNA was analyzed, but the cell-free DNA itself was unchanged, and yet that claim was found to be patent eligible.

Here, the patented method includes multiple steps modifying the cell-free DNA using a specific process.

It seems to me then that if the claim at issue in *Illumina* was patent eligible, the claim being challenged here today also must be patent eligible.

Further explanation of the comparison between Natera's claim and the ones upheld in *Illumina* is found in Natera's briefing; for instance, DI 27 at pages 15 to 16, and in Natera's slide 17 as shown at the hearing the other day.

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Archer's motion largely turns on Archer's reading the representative claim as being a detecting claim. A claim directed, that is, to detecting a natural phenomenon, one that begins and ends with a natural phenomenon.

If this were the right reading of the claim, the claim would be non-patentable. We know that from cases like *Cleveland Clinic*¹⁵ and *Ariosa*.¹⁶

But in my view, this view of the representative claim is not an accurate one. The word "detecting" or any form of it does not appear in the representative claim.

As Natera writes, for instance, in its opening brief at 17, "Natera's patent claims do not recite detecting, let alone detecting a naturally occurring cell-free DNA."

To the extent Archer is asking me to read "detecting" into the claim, that is at least an implicit claim construction issue and would pre[s]ent a dispute [needing to be] resolved. Of course, Natera insists that these are not "detecting" claims.

15. *Cleveland Clinic Found. v. True Health Diagnostics LLC*, 760 F. App'x 1013 (Fed. Cir. 2019).

16. *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371 (Fed. Cir. 2015).

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That implicit claim construction dispute is not a dispute that has been briefed or one that I could resolve in favor of the defendant at this stage. So even if I were to view it as a claim construction dispute, it would be just another reason to deny the defendant's motion.

I recognize there are references to "detecting" in the specification but, again, not in the claim. And, again, I'm not in a position today to construe the claim over Natera's objection as having a "detection" limitation in the claim.

Nor am I persuaded, based on what has been presented to me thus far, to do that. Instead, my analysis of the claims in light of the specification persuades me that the claims are directed to an improved method of synthesizing cfDNA, cell-free DNA, that exploits the natural phenomenon of certain primers dimerized less frequently than others.

Unlike in *Ariosa*, the claims here do not begin and end with a natural phenomena for at least the reason that in practicing the claimed method, one does not end up with the same and only thing that one had when one started to practice the claim.

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It is true the Federal Circuit held in *Genetic Techs.*, 818 F.3d at 1372¹⁷ — a case that Archer also relies on — . . . that a method for detection comprising amplifying genomic DNA with a primer pair and analyzing the amplified DNA sequence is not patent eligible. But, again, in my view, the representative claim is not a detecting claim, so what was at issue in *Genetic Tech.* is just not what [i]s at issue here.

In sum, the representative claim does not claim cell-free DNA or modified cell-free DNA, nor does it claim detection of cell-free DNA or modified cell-free DNA. Instead, it claims a method of preparation of cell-free DNA through a method involving manipulation of a natural phenomenon and man-made steps, including steps which create pieces of DNA that do not exist in nature.

The claim then, like that upheld in *Illumina*, is directed to patent eligible subject matter.

As I have found that the defendant has not met its burden at step 1, the Court will not proceed to step 2. Also, again because claim 1 of the '814 patent is a representative claim, my decision with respect to this claim applies to all of the other claims ArcherDX challenges in its motion.

17. *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1372 (Fed. Cir. 2016).

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That's it on the 101 issues. Let me turn to the non-101 issues in Archer's motion.

First, I'll note that there is a pending request from the plaintiff that I take judicial notice of certain documents.

I hereby grant the judicial notice motion

...

Now turning to the issues pressed by the defendant. The first relates to the safe harbor provision of [35 U.S.C. §] 271(e).

Taking the well-pled allegations of the complaint as true, as the Court must, there are factual disputes that preclude granting this portion of Archer's motion. In other words, Natera has plausibly stated infringement by the two accused products at issue in this part of the motion.

...

In sum, the burden was on Archer to show that the safe harbor protects all the alleged activities with respect to these two products, and Archer has failed.

The next issue in the motion is declaratory judgment jurisdiction.

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Here, the defendant contends that the Court lacks subject matter jurisdiction to grant a declaratory judgment with respect to infringement of the patents-in-suit by Stratafide and PCM products.

In my view, the defendant is not correct. Instead, the facts alleged show a substantial controversy between parties having adverse legal interest[s], . . . sufficient immediacy[, and] reality.

...

Finally are the disputes about the ArcherMET product.

The Court finds that Natera has adequately and plausibly alleged that Archer has used the patented method in the U.S. at least by conducting quality control on its ArcherMET product here in the United States where the accused product is allegedly manufactured before exporting these products to Japan for sale.

...

With that, I conclude by reiterating ArcherDX's Rule 12(c) motion is denied in all respects.

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That takes me at long last to the third case that was argued, *Ameranth vs. Olo*. This is Olo's 12(b)(6) motion, raising only 101 issues.

For the reasons I am going to explain, Olo's motion is granted.

Olo's motion is directed to Patent No. 9,747,651 (the '651 patent), which describes an information management and synchronous communications system for use in the hospital services industry.

With respect to which claims I have to consider, at this point there is no dispute, the parties have agreed, including through a stipulation [and] supplemental letters, that I should decide the patent eligibility of the following claims which are the totality of the asserted claims in the now amended complaint: claims 1, 3, 6, 9, 10, and 11.

With respect to claim construction, there is no dispute for purposes of the motion. Ameranth has proposed certain constructions, and Olo agrees that I should adopt those proposed constructions for purposes of evaluating the motion, and I am doing so, all consistent with what the Federal Circuit has set out is an acceptable method for proceeding, for instance, as described in the *Two-Way Media* decision, 874 F.3d at 1338.¹⁸

18. *Two-Way Media Ltd. v. Comcast Cable Commc'ns, LLC*, 874 F.3d 1329, 1338 (Fed. Cir. 2017).

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I find that even applying plaintiff's proposed construction[s], the challenged claims are not patent eligible. The claims even construed as plaintiffs wish are result focused and directed to an abstract idea and fail to provide an inventive concept.

Let me go through the *Alice/Mayo* analysis to explain how I got to that conclusion.

First at step 1. As defendants contend, the Court concludes that the asserted claims are directed to the abstract idea of "communicating hospitality-related information using a system that is capable of synchronous communications and messaging."

That same abstract idea applies to all six claims the Court is reviewing.

Ameranth counters instead that the claims are directed to, "rule capable, intelligent automated assistant or IAA systems for use with remote wireless handheld computing devices and the Internet." I disagree. The IAA systems are merely one feature of the invention claimed. The specification makes it clear that the invention is not directed to those components. The specification identifies the provision of an improved information management synchronous communication system and method as a principle object of the

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invention. For that, I would cite to column 3 of the patent at lines 1 to 3.

Here, and for the reasons I have already stated, the claims are similar to those of the related patent[s] that have already been found abstract by the Federal Circuit in two other cases: *Apple Inc. vs. Ameranth Inc.*, 842 F.3d 1229,¹⁹ including at page 1234, which the Federal Circuit decided in 2016, as well as *Ameranth Inc. vs. Domino's Pizza LLC*, 792 F. App'x 780,²⁰ including at page 786, which the Federal Circuit decided in 2019.

Like the claims at issue in those cases . . . , the claims here provide only results[-] focused and functional language without providing any specifics as to how to carry out the desired goal.

And we know from the *Apple* and *Domino's Pizza* decisions] that that is not enough to become patent eligible. I specifically cite to 842 F.3d at 1241 as well as 792 F. App'x at 786.

The claims here, like those there in those other two cases, state that they solve the problem but don't describe how.

19. *Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1234 (Fed. Cir. 2016).

20. *Ameranth, Inc. v. Domino's Pizza, LLC*, 792 F. App'x 780, 786 (Fed. Cir. 2019).

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Ameranth tries but fails to distinguish the earlier Federal Circuit cases, *Apple* and *Domino's*[,] by pointing to the addition[s] in the specification. Specifically, the addition of Figure 10 which itself points to communication conversion, and by further pointing to text relating to Figure 10 which has been added to the specification, such as in column 18. But Figure 10 [and] the new text of the specification about it do not in my view change the Section 101 outcome. The new material is just more high level results[-]focused ideas.

In the '651 patent-in-suit, just like the related patents that were already invalidated, neither the claims, nor the specification describe[s] any specific programming steps for the IAA system or the free format messaging, nor do they claim an improvement to computer functionality.

Ameranth makes much of the claimed invention in this case being able to purportedly concurrently handle free and fixed format messages, but the claims don't say anything about this or explain how it is accomplished.

Further support for the Court's conclusion is the patent's description of the problem being solved as one of computerizing the traditional pen-and-paper ordering and reservation system practiced in the hospital and restaurant industries, but we know that automation of [a]

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business practice is not patent eligible. That is stated in many cases, including the *Customedia* decision of the Federal Circuit this year, 951 F.3d at page 1365.²¹

These claims are not really directed to an improvement to computer functionality but instead automate pen-and-paper traditional business practices, specifically the practices of ordering and making reservations. I cite as support, among other things, the discussion in column 1 of the patent at line[s] 38 to 46. This is not a computer only problem.

The defendant]] ha[s] met its burden at step 1. So let me turn to step 2.

At step 2, the Court must determine if there is an inventive concept that is something more than the application of an abstract idea using well-understood, routine and conventional activities previously known to the industry. That articulation of step 2 can be found in *Cellspin*, 927 F.3d at 1316,²² or at *Aatrix*, 882 F.3d at 1128.²³

21. *Customedia Techs., LLC v. Dish Network Corp.*, 951 F.3d 1359, 1365 (Fed. Cir. 2020).

22. *Cellspin Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1316 (Fed. Cir. 2019).

23. *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1128 (Fed. Cir. 2018).

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The defendant has met its burden to show that there is no inventive concept in any of the challenged claims at issue in the motion.

Ameranth contends that factual disputes preclude[] siding with Olo at step 2, but I disagree with that.

In making this argument, Ameranth relies heavily on the Court's obligation to take as true the well-pled factual allegations in its complaint, and Ameranth relies equally heavy, if not more so, on the declaration of its expert, Dr. Valerdi, an expert report that is incorporated into the complaint. But in many material respects, the factual allegations and analysis of Dr. Valerdi [are] contradicted by the patent itself.

When there is a conflict between the materials prepared for litigation, including complaints and expert report[s], and the intrinsic evidence of the patent itself, the Court must resolve that conflict in favor of the patent itself and is not obligated to credit the plaintiff's contradictory allegation... .

Additionally, many of the factual allegations on which plaintiff relies are merely conclusory and do not need to be credited for this reason as well.

Ameranth contends that even if the specific claim limitations and components with which the

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claim is practiced are conventional, the ordered combination of these known components was not conventional, routine and well understood at the patent's priority date.

This argument is unavailing in the context of this case. The plaintiff really has not actually pointed to any unconventional ordered combinations, and the patent doesn't explain how one would perform it in any event.

There is simply here no basis to conclude that the practice of the abstract idea . . . with what the patent repeatedly describes as "typical" — and that's a quote, "typical" computer hardware [—] using "well-known" software programming in the order that the claim sets out, an order which is logical and expected . . . [is] anything other than . . . conventional, well understood, and routine. And I think it is important to understand just how repeatedly the specification describe[s] the invention as using typical hardware and commonly known software programming steps. You can see this in column 6, in column 7, in column 13 of the patent.

In this regard, the case is analogous with what the Federal Circuit described in *Aatrix*, 890 F.3d at 1356: "In a situation where the specification admits the additional claim elements are well understood, routine and conventional, it will be

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difficult, if not impossible, for patentee to show a genuine dispute.”

The best comparisons here again are between the '651 patent and the claims from the related patents that were found ineligible for patenting in *Apple* and *Domino's*, cases in which the Circuit called out that the specification “expressly recited that the hardware needed was typical and that the programming steps were commonly known,” and that the patent provided no disclosure of how the invention would be technologically implemented.

That is from *Apple*, 842 F.3d at 1244, and I would say also see *Domino's*, 792 F. App'x at 788.

In *Domino's*, notably, the Federal Circuit found the claims ineligible and rejected the patentee's contentions at step 2, even though the record there contains supporting declarations for the plaintiff, just as I have here in the form of Dr. Valerdi's declaration.

In this case, Dr. Valerdi's declaration contradicts the specification and therefore is not to be credited and does not change the outcome here.

In this regard, the situation I confront is not like *Cellspin*, the case that Ameranth compares to[, where] there was also a complaint incorporating by reference an expert declaration.

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At best, the allegations in the amended complaint [here] could maybe support an inference that the technology was groundbreaking and innovative. But if, as here, at best for the patentee, the abstract idea supplies the inventive concept, then the patent challenger has prevailed at step 2, no matter how groundbreaking the advance. And that is from *Trading Technologies*, 921 F.3d at 1091²⁴ Another 2019 decision of the Federal Circuit.

Let me just briefly address each of the specific claims. They all have, as I have said, the same abstract idea. They're directed to the same abstract idea. None of them add[s] an inventive concept to that abstract idea.

Claim 1 recites a system capable of real-time communication of hospitality-related information between the system component[s], which include at least two remote wireless handheld computing devices.

This, in my view, is simply the abstract idea implemented with conventional activity. The claim limitations just describe a desired result but not how to accomplish it.

Claim 3 recites [a] system capable of real-time communication of hospitality-related

24. *Trading Techs. Intl, Inc. v. IBG LLC*, 921 F.3d 1084, 1093 (Fed. Cir. 2019).

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information between the system components which include at least three remote wireless handheld computing devices.

This is really just claim 1 all over again with one additional handheld remote wireless computing device. This doesn't materially affect the analysis.

Claims 6, 9, 10 and 11 are all dependent of claim 1.

Claim 6 relates to hospitality application, including food or drink ordering integrated with customer rewards.

Claim 9 relates to a mobile application operating on a handheld device interface with a back office.

Claim 10 talks of a frequent customer mobile application used to interface with a back office.

Claim 11 relates to a system enabled so that its staff members can utilize only a wireless handheld smartphone for substantially all interactions with the back office.

In my view, the additional limitations in each of these claims are routine and conventional and therefore provide no inventive concept. They again just add more high-level ideas but no

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discussion of how to implement or accomplish the goal.

So in conclusion, the Court will grant Olo's motion, and it will be with prejudice. Ameranth has already amended its complaint. It did so after seeing Olo's contentions, indeed [after] full briefing under Section 101. There is no need to give Ameranth yet another opportunity to amend. And in any event, given my conclusions and the analysis set out at some length here, any amendment would be futile.

/s/ Leonard P. Stark
HONORABLE LEONARD P. STARK
UNITED STATES DISTRICT JUDGE