

[Judge Michel Asks Supreme Court to Grant Petition in *USR v. Apple* to Save U.S. Innovation \(ipwatchdog.com\)](https://ipwatchdog.com)

March 8, 2022

Judge Michel Asks Supreme Court to Grant Petition in *USR v. Apple* to Save U.S. Innovation



“The result [of Section 101’s unpredictability], unavoidably, is less innovation. Why? Because all these commercial actors follow the simple caution: when in doubt, do not commit time and money in high-risk endeavors, which is what innovation always is.” – Ret. Federal Circuit Chief Judge Paul R. Michel



Judge Paul Michel

On March 2, [amicus briefs were presented](#) to the U.S. Supreme Court in support of petitioner Universal Secure Registry's (USR's) appeal from the U.S. Court of Appeal for the Federal Circuit (CAFC), which challenges that court's application of the *Alice/Mayo* framework on Section 101 subject matter patent eligibility in invalidating patent claims owned by USR. Both amicus filings urge the Supreme Court to rein in the Federal Circuit's expansive application of *Alice/Mayo*, which has gone far beyond the original bounds intended by the Court. One of those briefs is made even more persuasive by the fact that it was authored by Judge Paul R. Michel, the former Chief Judge of the Federal Circuit.

USR Challenges CAFC's 'Specificity' Requirements Under Section 101

Last August, the Federal Circuit entered [a precedential ruling](#) affirming the District of Delaware’s grant of a motion to dismiss Universal Secure Registry’s patent infringement suit against Apple and Visa. The Federal Circuit agreed that USR’s patent claims covering biometric authentication systems for verifying financial transactions via mobile devices were directed to abstract ideas unpatentable under Section 101. Notably, the district court ignored [a magistrate judge’s report and recommendation](#) that USR’s patent claims survived Section 101 at the first step of *Alice/Mayo*. Instead, the Federal Circuit affirmed the Delaware ruling, finding that USR’s patent claims described no specific technical solution for generating biometric information and simply recited conventional actions in a generic way. USR filed a petition for rehearing *en banc* but the Federal Circuit denied that petition last October.

In its [petition for writ](#) filed with the Supreme Court this January, Universal Secure Registry argues that the Federal Circuit’s requirements of “specificity,” “unexpected results” and “unconventionality” conflict with both the Patent Act and the Court’s 2014 ruling in [Alice Corp. v. CLS Bank International](#). If the Supreme Court doesn’t grant USR’s petition, USR asks in the alternative that the petition remain pending until the Court’s resolution of the petition filed in [American Axle & Manufacturing v. Neapco Holdings](#), which raises similar questions on the Federal Circuit’s application of Section 101.

Judge Michel: ‘Inventive Concept’ Reasoning Was Overruled By *Diehr*

As Judge Michel [notes in his amicus brief](#), Section 101 has become the de facto critical barrier for patent protection in the 10 years since the Supreme Court first decided [Mayo Collaborative Services v. Prometheus Laboratories](#), which expanded judicial exceptions under Section 101 to

inventions involving laws of nature. Granting Universal Secure Registry's petition for writ would give the Supreme Court the opportunity to assess the underpinnings of the *Alice/Mayo* test for unpatentable subject matter under Section 101, a test that Judge Michel notes is often reflexively invoked by counsel and courts alike without any consideration of the test's foundation.

Judge Michel argues that reassessing *Alice/Mayo* would allow the Supreme Court to clarify its reliance on pre-1952 cases that analyze "patentability" but not "patent eligibility," at least in the way that the Court invoked those cases in its *Alice* and *Mayo* rulings. Further, the former Chief Judge notes that *Mayo* exaggerated the importance of an "inventive concept," which is only mentioned twice in [Parker v. Flook](#) (1978) and not mentioned at all in [Gottschalk v. Benson](#) (1972), in the Section 101 eligibility analysis.

To the extent that these cases created an "inventive concept" requirement, Judge Michel argued that this reasoning was overruled by the Supreme Court in 1981's [Diamond v. Diehr](#), as is made clear by former Associate Justice John Paul Stevens' dissent in that case acknowledging that *Diehr* "trivializes" the holdings in *Flook* and *Benson*. However, not only did Associate Justice Stephen Breyer, who wrote the majority opinion in *Mayo*, mistakenly conflate "conventional" with the supposed "inventive concept" requirement, Judge Michel argued that Justice Breyer overlooked the holding from *Flook* in which a claim is directed to a judicial exemption only if the claim encompasses nothing more than the law of nature or abstract idea that is exempt from patent eligibility.

"Some might respond to the above analysis by arguing that it is merely an academic issue," Judge Michel writes, but the "inventive concept" barrier to patent eligibility, which isn't supported by Supreme Court precedent, "is causing substantial harm to inventors

and innovators” and America’s innovation economy. Case law on Section 101 under *Alice/Mayo* is unpredictable, and the absence of that predictability is most acutely felt by those who rely on the U.S. patent system to vindicate their rights to their own inventions.

The result, unavoidably, is less innovation. Why? Because all these commercial actors follow the simple caution: when in doubt, do not commit time and money in high-risk endeavors, which is what innovation always is.

Not only is the “inventive concept” requirement of *Alice/Mayo* built upon shaky ground, Judge Michel explains, but searching for “something more” than a conventional application of an abstract idea is largely an exercise in futility. “How are innovators to have any clue as to what ‘something more’ means?” The Federal Circuit’s expansion of Section 101 eligibility has imported analyses that are more properly conducted under Section 103 obviousness or Section 112 indefiniteness tests for patent validity, Judge Michel wrote.

‘Nary A Week Passes’ Without the Federal Circuit Creating More Section 101 Uncertainty

Out of the universe of misguided Section 101 analyses afforded him by this current iteration of the Federal Circuit, Judge Michel found a perfect example of how current jurisprudence on Section 101 was failing the American innovation economy in [Yu v. Apple](#):

We are now in a place where a claim directed to ‘an improved digital camera’ is not even eligible for patent protection—without any consideration of the invention’s novelty, nonobviousness, and usefulness... Anyone with a little knowledge of patent law history will appreciate the irony of the outcome in *Yu*. It was not all that long ago when Polaroid won one of the largest patent infringement judgments

against Kodak for instant photography. Just as instant photography revolutionized consumer access to photographs, so have advances in digital photography. But now the law has been so transmogrified that a digital photography innovation is deemed to lack an ‘inventive concept.’

Universal Secure Registry’s invention, which satisfied step one of *Alice/Mayo* according to a U.S. magistrate judge, is “another victim of the shaky ‘inventive concept’ requirement,” Judge Michel notes. The Federal Circuit’s “specificity” requirement engrafted onto the “inventive concept” standard is nowhere to be found in Section 101, is better analyzed under Section 112. Further, the Federal Circuit’s “unexpected results” requirement is a matter for Section 103 analyses.

“[N]ary a week passes without another decision that highlights the confusion and uncertainty in patent-eligibility law,” Judge Michel writes. As examples, he points to [CosmoKey Solutions v. Duo Security](#) (2021), in which the Federal Circuit upheld the eligibility of patent claims covering mobile device authentication methods despite a dissent from Circuit Judge Jimmie Reyna on the *Alice/Mayo* analysis, and [Mentone Solutions v. Digi International](#) (2021), a Federal Circuit decision marked non-precedential but reversing a district court’s invalidation of patent claims covering a multiple access communication method in a mobile station because the claims included “specific asserted improvements.”

These recent cases are particularly troubling given the apparent importance of the invention at issue in this case. The invention allows users to conduct secure transactions on their personal hand-held devices using biometric, touch, or click input. This type of innovation is precisely the type that should be *eligible* for U.S. patent protection. Whether Petitioner’s claimed invention satisfies the other

requirements for patent protection—namely, novelty, nonobviousness, and utility—is and should be a separate analysis.

Intertrust: USR’s ‘New and Useful Process’ Should Be Eligible Under Section 101

An amicus brief in support of Universal Secure Registry’s petition was also filed by Intertrust Technologies, a developer of security technologies for mobile and enterprise platforms. Intertrust reiterates the warning from *Alice* and *Mayo*, that courts applying Section 101 should “tread carefully in construing this exclusionary principle lest it swallow all of patent law,” a prophecy from the Supreme Court that, in true [Cassandra](#) fashion, has gone completely unheeded by the Federal Circuit. The Federal Circuit’s inconsistency in applying *Alice/Mayo* has led to the invalidation of clearly patent eligible inventions, Intertrust argues, in cases like *American Axle* and [Ariosa Diagnostics v. Sequenom](#) (2015).

Intertrust further contends that Universal Secure Registry’s petition for writ is an ideal vehicle for correcting the over-expansion of Section 101 invalidity determinations under the *Alice/Mayo* framework:

USR’s [invention] provides a new process that enables secure credit card transactions without exposure of the credit card number or any other sensitive information of the credit card holder. The process is useful insofar as it reduces the exposure of sensitive information that could be used for fraudulent transactions. Under the plain language of Section 101, the process was eligible for patent protection.

The Federal Circuit appeared to accept that USR created a new and useful process eligible under Section 101, Intertrust writes, but invalidated the company’s patent claims based on criteria that don’t

appear in either *Alice* or *Mayo*. Intertrust argues that the Federal Circuit’s case law has turned Section 101 subject matter eligibility into the proverbial “nose of wax” that the Supreme Court cautioned against in *Flook*.

SHARE

-
-
-
-
-



STEVE BRACHMANN is a freelance journalist located in Buffalo, New York. He has worked professionally as a freelancer for more than a decade. He writes about technology and innovation. His work has [\[...see more\]](#)