

# Payment Co. Tells Justices Its Case Is 'Perfect' To Clarify Alice

By [Britain Eakin](#) · [Listen to article](#)

Law360 (February 3, 2022, 5:06 PM EST) -- A company that had its secure payment patents invalidated for claiming only abstract ideas after it asserted them against [Apple](#) and Visa has asked the [U.S. Supreme Court](#) to address the Federal Circuit's "inconsistent and unpredictable" decisions applying the high court's Alice ruling.

Universal Secure Registry said in a Jan. 27 petition for certiorari that its appeal of a Federal Circuit decision finding its patents were abstract "is the perfect case" for the high court to fill in a gap in its 2014 landmark Alice decision, which held that abstract ideas, minus an inventive concept, aren't eligible to be patented.

The decision laid out a two-part test, the first part of which determines if a patent is directed to ineligible subject matter. The second part of the test looks at whether there's an inventive concept that makes it patent eligible.

But the petition said the justices didn't put forth methodology to determine if a patent is directed to an abstract idea at the first part of the Alice test, and urged them to do so here to address "a concerning pattern" of Federal Circuit decisions that are "inconsistent and unpredictable."

"Alice left that task for a later case. Since that decision and in the absence of this court's guidance, the Federal Circuit has struggled to consistently apply Alice step one," the petition said, calling the decision part of a "concerning pattern."

Under [Alice Corp. v. CLS Bank](#), the Supreme Court held in 2014 that abstract ideas are not patentable absent an added inventive concept transforming them into something patent-eligible. The Federal Circuit panel [ruled in August](#) that Universal Secure Registry's patents, which cover various methods of securing electronic payment transactions, described well-known and conventional ways to perform authentication and did not include any

technological improvements that transformed those abstract ideas into patent-eligible inventions.

The decision affirmed a June 2020 ruling from U.S. District Judge Colm Connolly that the patents were not patent-eligible under the U.S. Supreme Court's Alice test.

Universal Secure Registry's petition, which was docketed Monday, said the Federal Circuit essentially collapsed Alice's two-step test into one step, by cross-referencing its step-one analysis and holding "that the claims failed step two for the same reasons."

The petition, which was lodged after the [full Federal Circuit](#) declined to rehear the panel decision, also said the appeals court erred in determining that the patents were conventional, nonspecific and produced expected results.

Universal Secure Registry contends that Alice doesn't require a showing of unexpected results or impose a heightened showing of specificity for authentication patents.

"This court should grant certiorari to clarify that step one does not include a specificity test," it said. Universal Secure Registry went on to say that the only authority the Federal Circuit cited for its specificity requirement was its own earlier decisions, "none of which derives that test from this court's precedent."

Universal Secure Registry, based in Newton, Massachusetts, [filed suit in 2017](#), alleging that the company's CEO, Kenneth P. Weiss, pitched Apple and Visa on his secure-payment technology in 2010 under a 10-year nondisclosure agreement.

The suit claimed that instead of licensing his technology, Apple and Visa partnered with each other to develop Apple Pay and incorporated the patented technology. Apple Pay launched in 2014 and has since been used to conduct hundreds of millions of transactions.

After Apple and Visa moved to dismiss the suit under Alice, a magistrate judge sided with Universal, recommending a finding that the patents do not cover abstract ideas, but instead cover an improvement in computer technology. However, Judge Connolly disagreed and [dismissed the case](#) in June 2020.

In its petition, Universal Secure Registry said that the justices could alternatively hold its

appeal until after they decide whether to take up a petition from American Axle, which has also asked the high court to tackle the state of patent eligibility under Section 101 of the Patent Act.

American Axle is a Federal Circuit decision invalidating a driveshaft patent for claiming a law of nature, which [bitterly divided](#) the full court during en banc petitioning. The circuit judges voted 6-6 on taking the case up and issued more than 100 pages of opinions, ultimately leaving the panel decision in place. American Axle appealed, and the justices in May asked for the solicitor general to [weigh in on the case](#). The court is still awaiting that brief.

Counsel for Universal Secure Registry did not immediately return a request for comment Thursday, while counsel for Visa and Apple could not be immediately identified.

The patents-in-suit are U.S. Patent Nos. [8,856,539](#); [8,577,813](#); [9,100,826](#); and [9,530,137](#).

Universal Secure Registry is represented by Kathleen M. Sullivan, Kevin A. Smith, Tigran Guledjian and Christopher Mathews of [Quinn Emanuel Urquhart & Sullivan LLP](#).

Counsel for Visa and Apple could not be immediately identified.

The case is Universal Secure Registry LLC v. Apple Inc. et al., case number [21-1056](#), at the U.S. Supreme Court.

--Additional reporting by Ryan Davis, Dorothy Atkins and Andrew Karpan. Editing by Kelly Duncan.