

No. _____

In the
Supreme Court of the United States

WHITSERVE LLC,
Petitioner,

v.

DROPBOX, INC.,
Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. If a patentee makes factual assertions and provides supporting evidence that its claimed invention is directed to patent-eligible subject matter under 35 U.S.C. § 101, is a court permitted to overlook the patentee's assertions and evidence, provide no opportunity for a hearing, ignore the perspective of a person having ordinary skill in the art at the time of the invention, find that the claimed invention is directed to patent-ineligible subject matter, and dismiss the patentee's complaint with prejudice despite the requirements of Rule 12(b)(6) and the statutory presumption of § 282(a)?

2. Whether 35 U.S.C. § 101 requires a patent specification to explain the technological processes underlying the purported technological improvement in a patent claim, or if this encroaches on the enablement test under 35 U.S.C. § 112?

PARTIES TO THE PROCEEDINGS AND
RULE 29.6 STATEMENT

WhitServe, LLC (“WhitServe”) has no parent corporation, and no publicly held company owns 10 percent or more of its stock.

LIST OF RELATED PROCEEDINGS

Related proceedings include the following:

- WhitServe LLC v. Dropbox, Inc.,
No. 2019-2334 (Fed. Cir.)
(Judgment entered April 26, 2021)
- WhitServe LLC v. Dropbox, Inc.,
No. 18-CV-00665-CFC (D. Del.)
(Judgment entered July 25, 2019)

TABLE OF CONTENTS

	Page:
QUESTIONS PRESENTED	i
PARTIES TO THE PROCEEDINGS AND RULE 29.6 STATEMENT	ii
LIST OF RELATED PROCEEDINGS	iii
TABLE OF CONTENTS.....	iv
TABLE OF AUTHORITIES	vi
PETITION FOR WRIT OF CERTIORARI.....	1
OPINIONS BELOW	1
JURISDICTIONAL STATEMENT	1
STATUTORY PROVISIONS INVOLVED	1
STATEMENT OF THE CASE.....	2
I. Legal Background	4
A. The Standard for Granting a Rule 12(b)(6) Motion to Dismiss	4
B. Patent Eligibility under 35 U.S.C. § 101	5
C. The Enablement Requirement Under 35 U.S.C. § 112.....	10
D. The Presumption of Validity Under 35 U.S.C. § 282(a)	10
II. The Patent at Issue.....	11
A. Technological Context: The Internet in the Late 1990s	11
B. Overview of the '437 Patent	12
III. The Proceedings Below	16

REASONS FOR GRANTING THE PETITION	17
I. The Patent-Eligibility Inquiry at the Pleading Stage Should End When Material Factual Issues Are in Dispute	17
A. WhitServe’s Claims Satisfy the Patent Eligibility Standard	17
II. This Case Provides an Ideal Vehicle to Provide Required Guidance on Evidentiary Standards for a Patent Ineligibility Finding	22
III. The Courts Improperly Added an Enablement Requirement to Section 101 when it Required the Claims to Recite Technological Processes Underlying the Technological Improvements.....	25
CONCLUSION	29

TABLE OF AUTHORITIES**Page(s):****Cases**

<i>Aatrix Software, Inc. v.</i> <i>Green Shades Software, Inc.</i> , 890 F.3d 1354 (Fed. Cir. 2018).....	7, 8
<i>Alice Corp. Pty. Ltd. v. CLS Bank Int’l.</i> , 573 U.S. 208 (2014).....	<i>passim</i>
<i>American Axle & Mfg. v. Neapco Holdings LLC</i> , 977 F.3d 1379 (Fed. Cir. 2020).....	5
<i>American Axle & Mfg., Inc. v.</i> <i>Neapco Holdings LLC</i> , 967 F.3d 1285 (Fed. Cir. 2019), <i>rehearing denied</i> , 966 F.3d 1347 (Fed. Cir. 2020).....	<i>passim</i>
<i>Apple, Inc. v. Ameranth, Inc.</i> , 842 F.3d 1229 (Fed. Cir. 2016).....	8
<i>Ashcroft v. Iqbal</i> , 556 U.S. 662 (2009).....	5, 24
<i>BASCOM Glob. Internet Serus. v.</i> <i>AT&T Mobility LLC</i> , 827 F.3d 1341 (Fed. Cir. 2016).....	8, 26
<i>Bell Atl. Corp. v. Twombly</i> , 550 U.S. 544 (2007).....	4
<i>Berkheimer v. HP Inc.</i> , 881 F.3d 1360 (Fed. Cir. 2018), cert denied, 140 S. Ct. 911 (2020)	<i>passim</i>
<i>Cellspin Soft, Inc. v. Fitbit, Inc.</i> , 927 F.3d 1306 (Fed. Cir. 2019).....	9, 11

<i>CLS Bank International v. Alice Corp. Pty.</i> , 717 F.3d 1269 (Fed. Cir. 2013)	22
<i>Daiichi Sankyo Co., Ltd. v. Apotex, Inc.</i> , 501 F.3d 1254 (Fed. Cir. 2007)	9
<i>Data Engine Techs. LLC v. Google LLC</i> , 906 F.3d 999 (Fed. Cir. 2018).....	8, 9, 17
<i>Enfish, LLC v. Microsoft Corp.</i> , 822 F.3d 1327 (Fed. Cir. 2016)	7, 8, 18, 23
<i>Gottschalk v. Benson</i> , 409 U.S. 63 (1972).....	5
<i>Graham v. John Deere Co.</i> , 383 U.S. 1 (1966).....	9
<i>Internet Patents Corp. v. Active Network, Inc.</i> , 790 F.3d 1343 (Fed. Cir. 2015)	7
<i>Jones v. Flowers</i> , 547 U.S. 220 (2006).....	24
<i>KSR Int’l Co. v. Teleflex Inc.</i> , 550 U.S. 398 (2007).....	17
<i>Mathews v. Eldridge</i> , 424 U.S. 319 (1976).....	25
<i>Mayo Collab. Servs. v. Prometheus Labs., Inc.</i> , 566 U.S. 66 (2012).....	5, 6, 11, 26
<i>Microsoft Corp. u. i4i Ltd. P’ship</i> , 564 U.S. 91 (2011).....	7, 11, 22
<i>MyMail, Ltd. v. ooVoo, LLC</i> , 934 F.3d 1373 (Fed. Cir. 2019)	21
<i>Oil States Energy Servs., L.L.C. v. Greene’s Energy Grp.</i> , 138 S. Ct. 1365 (2018).....	24

<i>Rapid Litigation Management v. CellzDirect</i> , 827 F.3d 1042 (Fed. Cir. 2016).....	10
<i>Research Corp. Techs. v. Microsoft Corp.</i> , 627 F.3d 859 (Fed. Cir. 2010).....	26
<i>Soft, Inc. v. Fitbit, Inc.</i> , 927 F.3d 1306 (Fed. Cir. 2019).....	19
<i>Teva Pharm. USA, Inc. v. Sandoz, Inc.</i> , 574 U.S. 318 (2015).....	9
<i>Uniloc USA, Inc. v. LG Elecs. USA, Inc.</i> , 957 F.3d 1303 (Fed. Cir. 2020).....	18
<i>Versata Dev. Group, Inc. v. SAP Am., Inc.</i> , 793 F.3d 1306 (Fed. Cir. 2015).....	11
<i>Visual Memory LLC v. NVIDIA Corp.</i> , 867 F.3d 1253 (Fed. Cir. 2017).....	8, 26
<i>Wyeth & Cordis Corp. v. Abbott Labs.</i> , 720 F.3d 1380 (Fed. Cir. 2013).....	10
Statutes	
28 U.S.C. § 1254(1)	1
28 U.S.C. § 1295(a)(1)	1
28 U.S.C. § 1331	1
28 U.S.C. § 1338.....	1
35 U.S.C. § 101.....	<i>passim</i>
35 U.S.C. § 112(a)	2, 10
35 U.S.C. § 271	22
35 U.S.C. § 282(a)	2, 10, 11, 22

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the origin of the word that has changed the
way we understand public relations
(2013) 12

Fenton, The Death of the Internet,
Popular Mechanics
(February 7, 2019) 11, 19

Rules

Fed. R. Civ. P. 10(c)..... 5

PETITION FOR WRIT OF CERTIORARI

WhitServe respectfully submits this petition for a writ of certiorari to review the opinion and judgment of the United States Court of Appeals for the Federal Circuit in Appeal Number 2019-2334, dated April 26, 2021.

OPINIONS BELOW

The order of the Federal Circuit panel affirming the district court's order and judgment is unreported and available at 854 F. App'x. 367 (Fed. Cir. 2021). (App. 1a-14a.) The opinion and order of the district court are unreported and are available at 2019 WL 3342949 (D. Del. July 25, 2019). (App. 15a-31a.)

JURISDICTIONAL STATEMENT

Per this Court's orders relating to COVID-19 dated March 19, 2020 and July 19, 2021, this Court extended the time within which to file any petition for a writ of certiorari due on or after that date to 150 days from, *inter alia*, the order denying a timely petition for rehearing. The court of appeals entered judgment on April 26, 2021 (App. 1a-14a) and denied WhitServe's timely petition for panel rehearing and timely petition for rehearing *en banc* on June 30, 2021 (App. 32a-33a). Accordingly, the deadline for filing a petition for a writ of certiorari in this case is November 29, 2021. The jurisdiction of the district court was invoked under 28 U.S.C. §§ 1331 and 1338. The jurisdiction of the Federal Circuit was invoked under 28 U.S.C. § 1295(a)(1). This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS INVOLVED

Section 101 of Chapter 35 of the U.S. Code (the "Patent Act") provides:

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.

Section 282(a) of the Patent Act provides:

In General. - A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

Section 112(a) of the Patent Act provides:

In General. - The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor or joint inventor of carrying out the invention.

STATEMENT OF THE CASE

WhitServe's patent was declared invalid without any consideration of evidence regarding several factual disputes. In addition, the district court

dismissed the case with prejudice and prevented WhitServe from providing additional evidence through a hearing or an amended complaint following a good faith opposition to the motion to dismiss.

The '437 Patent's claims are not directed to an abstract idea, but rather to a technological improvement of a technological process: a system for onsite storage of a backup copy of Internet-based data that has been updated or deleted over the Internet by the client, which improved the storage, access, flexibility, and security of data processing, and reflects improvements in software and/or computer functionality. The claims are not directed to storing any data in a general form, but are directed to a specific form of storing and a specific type of data. Even if the claims are directed to an abstract idea, the claims convey an "inventive concept": the '437 Patent improves on the state of the data processing and data storage systems by offering users at various locations Internet-based data processing capabilities while allowing the ability to edit and modify and transmit data records and further safeguard the data at a location without Internet access. The inventiveness of WhitServe's claims have been confirmed numerous times in USPTO proceedings, and by WhitServe's commercially successful licensing program, with over twenty licensees.

Rather than looking at evidence regarding the claim's eligibility, the district court and Federal Circuit compared the claims with other unrelated legal opinions. In doing so, they failed to assess the claims from the perspective of a person having ordinary skill in the art ("POSITA") at the time of invention and ignored several key factual disputes. This effectively excused Dropbox from bearing their

burden of proving invalidity by clear and convincing evidence. In addition, the Federal Circuit improperly expanded Section 101 to include other formality requirements addressed in other sections of the Patent Act.

This case presents an ideal opportunity to provide needed guidance. First, the decision below raises important questions regarding the pleading standards for patent claims under Section 101. The factual determinations required under Section 101 require specific evidence which may be presented by the patent owner (such as what constitutes “well-understood, routine, or conventional” art at the time of invention), and the failure to consider such evidence violates the patent owner’s due process. Third, this case has none of the procedural complexities that prompted the United States to recommend against review in *Berkheimer v. HP Inc.*, 881 F.3d 1360 (Fed. Cir. 2018), cert denied, 140 S. Ct. 911 (2020), and instead presents a vehicle to provide needed guidance in this critical area.

The petition should be granted.

I. Legal Background

A. The Standard for Granting a Rule 12(b)(6) Motion to Dismiss

A complaint requires “only a short and plain statement of the claim showing that the pleader is entitled to relief in order to give the defendant fair notice of what the . . . claim is and the grounds upon which it rests.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 555 (2007) (citation and internal quotation marks omitted). “To survive a motion to dismiss, a complaint must contain sufficient factual matter,

accepted as true, to state a claim to relief that is plausible on its face.” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (citation and internal quotation marks omitted). “A claim has facial plausibility when the plaintiff pleads factual content that [, accepted as true,] allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Id.* Pleadings include documents attached thereto. Fed. R. Civ. P. 10(c).

B. Patent Eligibility under 35 U.S.C. § 101

Section 101 provides that “[w]hoever 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.” 35 U.S.C. § 101. Judicially-created exceptions to patent-eligible subject matter are laws of nature, natural phenomena, and abstract ideas. *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972); *Mayo Collab. Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66 (2012) and *Alice Corp. Pty. Ltd. v. CLS Bank Int’l.*, 573 U.S. 208 (2014). However, the Federal Circuit stated, “[a]s the nation’s lone patent court, we are at a loss as to how to uniformly apply § 101. All twelve active judges of this court urged the Supreme Court . . . to provide us with guidance . . . There is very little about which all twelve of us are unanimous, especially when it comes to § 101.” *American Axle & Mfg. v. Neapco Holdings LLC*, 977 F.3d 1379, 1382 (Fed. Cir. 2020) (*en banc*).

In *Mayo*, the Court considered patent claims concerning laws of nature and held that the claims “did not add enough to [these natural laws] to allow the processes they describe to qualify as patent-eligible processes that apply natural laws.” 566 U.S.

at 77. The Court’s holding was in part supported by the patentee’s explicit admission in a patent at issue that claimed elements were “well known in the art” and that claimed elements were routine. *Id.* at 79.

In *Alice*, the Court considered patents that were directed to an abstract idea. 573 U.S. at 212. The Court distinguished between claims directed to the “building blocks of human ingenuity,” which are ineligible under § 101, and claims that integrate such building blocks in a transformative way to yield a patentable invention. *Id.* at 217.

Alice discussed the two-step test established in *Mayo*. In *Alice* step one, a court “determine[s] whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If so, in *Alice* step two, a court “consider[s] the elements of each claim both individually and as an ordered combination to determine whether the additional elements transform the nature of the claim into a patent-eligible application.” *Id.* (internal quotations and citations omitted).

Although patent eligibility under Section 101 is a question of law, subsidiary factual disputes exist that may preclude a dismissal on the pleadings. This Court has stated that:

a claimed invention must, among other things, fall within one of the express categories of patentable subject matter, § 101, and be novel, § 102, and nonobvious, § 103 In evaluating whether these and other statutory conditions have been met, PTO examiners must make various factual determinations--for instance, the state of the prior art in the field

and the nature of the advancement embodied in the invention.

Microsoft Corp. v. i4i Ltd. P'ship, 564 U.S. 91, 96 (2011) (emphasis added); *see also id.* at 96-97 (“[T]he same factual questions underlying the PTO’s original examination of a patent application will also bear on an invalidity defense in an infringement action.”); *cf. Mayo*, 566 U.S. at 90 (“[I]n evaluating the significance of additional steps, the § 101 patent eligibility inquiry and, say, the § 102 novelty inquiry might sometimes overlap.”).

The Federal Circuit has held that subsidiary factual disputes in patent eligibility under Section 101 exist that may preclude a dismissal on the pleadings or a grant of summary judgment. *See Aatrix*, 882 F.3d at 1121; *Berkheimer*, 881 F.3d at 1360; *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1347 (Fed. Cir. 2015) (describing the patent eligibility analysis as being “facilitated by considerations analogous to those of §§ 102 and 103.”). The foregoing factual questions “must be resolved en route to the ultimate legal determination” of patent eligibility. *Aatrix*, 882 F.3d at 1128. Such resolution must “be answered under the normal procedural standards, including the Federal Rules of Civil Procedure standards for motions to dismiss or summary judgment and the Federal Rules of Evidence standards for admissions and judicial notice.” *Aatrix II*, 890 F.3d at 1359.

Whether a patent claim is directed to a specific technological improvement under *Alice* step one must focus on “the claimed advance over the prior art” and must be considered “in light of the specification.” *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir.

2016); *see also, e.g., Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1259-1260 (Fed. Cir. 2017). That directive requires a court to address Step One of *Alice* considering the state of the art at the date of invention. *See, e.g., Data Engine Technologies LLC v. Google LLC*, 906 F.3d 999, 1004, 1008 (Fed. Cir. 2018) (finding a “now-ubiquitous” electronic spreadsheet interface was not directed to an abstract idea because it provided “a specific solution to then-existing technological problems in computers” since “prior art computer spreadsheets were not user friendly.”).

“The question of whether a claim element or combination of elements is well-understood, routine and conventional to a skilled artisan in the relevant field is a question of fact.” *Berkheimer*, 881 F.3d at 1368; *Aatrix*, 882 F.3d at 1128 (“And in this case, that question cannot be answered adversely to the patentee based on the sources properly considered on a motion to dismiss, such as the complaint, the patent, and materials subject to judicial notice.”); *see also Aatrix Software, Inc. v. Green Shades Software, Inc.*, 890 F.3d 1354, 1368 (Fed. Cir. 2018) (“*Aatrix II*”); *BASCOM Glob. Internet Serus. v. AT&T Mobility LLC*, 827 F.3d 1341, 1350 (Fed. Cir. 2016) (“On this limited record, this specific method of filtering Internet content cannot be said, as a matter of law, to have been conventional or generic.”); *cf. Apple, Inc. v. Ameranth, Inc.*, 842 F.3d 1229, 1242 (Fed. Cir. 2016) (finding a patent ineligible at step two, in part because testimony confirmed that certain elements were routine and well-known). As an example, the Federal Circuit concluded that a patent claiming a method of utilizing a digital data capture device with a Bluetooth enabled mobile device for publishing data and multimedia content can be inventive because

“even assuming that Bluetooth was conventional at the time of these inventions, implementing a well-known technique with particular devices in a specific combination, like the two-device structure here, can be inventive.” *Cellspin Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1318 (Fed. Cir. 2019).

More fundamental to the above, even the consideration of the POSITA at the time of the invention is a factual issue.

“Factors that may be considered in determining level of ordinary skill in the art include: (1) the educational level of the inventor; (2) type of problems encountered in the art; (3) prior art solutions to those problems; (4) rapidity with which innovations are made; (5) sophistication of the technology; and (6) educational level of active workers in the field.”

Daiichi Sankyo Co., Ltd. v. Apotex, Inc., 501 F.3d 1254, 1256 (Fed. Cir. 2007); *see also Teva Pharm. USA, Inc. v. Sandoz, Inc.*, 574 U.S. 318, 326-27 (2015) (the scope of a claim in dispute must be understood, and claim terms ought to be construed based on relevant evidence, including the relevant knowledge of a POSITA at the time of invention.).

Objective evidence is often relied on in Section 101 analysis. Such evidence helps “guard against slipping into use of hindsight, and to resist the temptation to read into the prior art the teachings of the invention in issue.” *Graham v. John Deere Co.*, 383 U.S. 1, 36 (1966) (internal citations omitted). The Federal Circuit has considered objective evidence including articles and industry publications under *Alice* step one. *Data Engine*, 906 F.3d at 1008 (relying on articles and industry publications as establishing

that the “claimed invention[] was highly acclaimed as having revolutionized” the technology-at issue and such that it was not directed to an abstract idea.). The Federal Circuit has also considered objective evidence of patentability during its *Alice* step two inquiry, where it emphasized that the prior art taught away from the invention. *Rapid Litigation Management v. CellzDirect*, 827 F.3d 1042, 1051 (Fed. Cir. 2016) (“Repeating a step that the art taught should be performed only once can hardly be considered routine or conventional.”).

C. The Enablement Requirement Under 35 U.S.C. § 112

Section 112 requires every patent specification to sufficiently teach those skilled in the art how to make and use the claimed inventions. *See* 35 U.S.C. § 112(a). “The basic test for enablement is whether one of ordinary skill in the art could not practice [the claims’] full scope without undue experimentation.” *Wyeth & Cordis Corp. v. Abbott Labs.*, 720 F.3d 1380, 1384 (Fed. Cir. 2013). Care must be taken to prevent imbuing § 101 with the enablement requirement under § 112. *American Axle & Mfg., Inc. v. Neapco Holdings LLC* (“*American Axle I*”), 967 F.3d 1285 (Fed. Cir. 2019) (Moore, J., dissenting) (a “blended 101/112 defense is confusing, converts fact questions into legal ones and eliminates the knowledge of a skilled artisan.”) (emphasis added), *rehearing denied* 966 F.3d 1347 (Fed. Cir. 2020) (en banc) (“*American Axle II*”).

D. The Presumption of Validity Under 35 U.S.C. § 282(a)

Section 282 provides that “[a] patent shall be presumed valid” and “[t]he burden of establishing invalidity of a patent or any claim thereof shall rest

on the party asserting such invalidity.” 35 U.S.C. § 282(a); *Microsoft*, 564 U.S. 100. The defendant bears “a heavy burden of persuasion,” on the issue of validity, which must be met by “clear and convincing evidence.” *Id.* at 101-03; *Berkheimer*, 881 F.3d at 1368 (“Any fact ... that is pertinent to the invalidity conclusion must be proven by clear and convincing evidence.”). This presumption attaches to the issue of patent eligibility. *Cellspin*, 927 F.3d at 1319 (“To the extent the district court departed from [the] principle . . . that issued patents are presumed valid but not presumed patent eligible, it was wrong to do so.”); *Versata Dev. Group, Inc. v. SAP Am., Inc.*, 793 F.3d 1306, 1330 (Fed. Cir. 2015) (“contesting § 101 eligibility is an invalidity challenge.”). The presumption therefore includes the factual considerations underlying the *Mayo/Alice* test.

II. The Patent at Issue

A. Technological Context: The Internet in the Late 1990s

The '437 Patent originated in 1999, when Internet access and website interactivity was primitive and frustrating. In this era, much Internet technology was in its nascent stages of development, posing significant practical and technological problems for engineers and non-engineers alike. *See generally* Fenton, The Death of the Internet, *Popular Mechanics* (February 7, 2019)¹ (noting that in 1997, “[d]ial-up connections ruled,” “[t]here was no cloud computing,” and “[t]here were no smartphones”).

¹ Available at <https://www.popularmechanics.com/technology/infrastructure/a26016334/death-of-the-internet/>

In 1999, the term “Web 2.0” was first used. *See* Aced, Cristina, *Web 2.0: the origin of the word that has changed the way we understand public relations* (2013)². Thus, in 1999, data processing using the Internet was deficient, and software and hardware limitations seriously affected the data processing and data storage functionalities. For example, a client computer could not have access to a client’s data that was saved as a backup on the Internet if no Internet connection was available, and safeguarding the data was a problem. In addition, the client computer was functionally unable to process data, but the client still wanted to store locally a backup copy of the processed data. As described below, the ’437 Patent provided a solution to such problems for storage, safeguarding, processing, modification, and transmission of data.

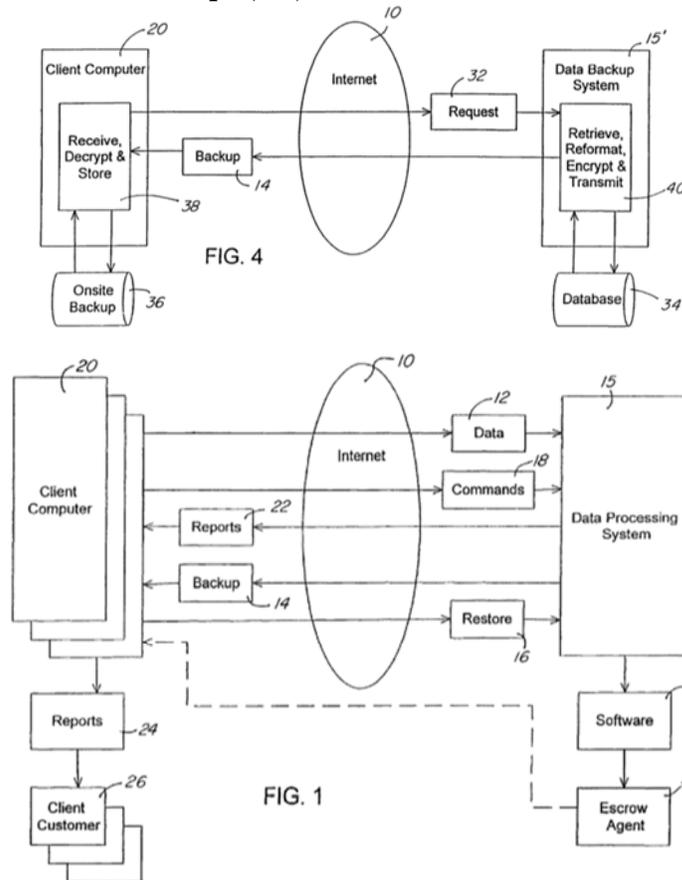
B. Overview of the ’437 Patent

WhitServe owns the ’437 Patent, which has a priority date of July 9, 1999. The ’437 Patent is titled “Onsite Backup for Third Party Internet-Based System” and discloses an Internet-based data processing system that allows a user to modify their Internet-based data over the Internet and backup their modified Internet-based data to an onsite location to maintain continuity of business and safeguard against data loss. (’437 Patent, 1:65-2:16.)

The objects of the invention include systems to: safeguard the integrity of client data in an Internet-based data processing system or business; provide third party Internet-based data processing in which clients have access to and control over their own data;

² Available at https://www.researchgate.net/publication/266672416_Web_20_the_origin_of_the_word_that_has_changed_the_way_we_understand_public_relations.

and provide an Internet-based data processing system in which clients can obtain a copy of their data for on-site backup. (*Id.*)



As described in the specification and shown above in Figs. 1 and 4 of the '437 Patent, the invention safeguards Internet-based data by backing it up to a client's local computer. "The client computer 20 executes software, residing on the data processing system 15, for displaying, updating, and deleting data 12 stored on the central data processing system 15." (*Id.* 2:40-43.) "The client computer 20 transmits a request 32 to the data backup system 15'. The data

backup system 15' accesses data (stored on the data backup system 34), reformats the data, encrypts the data, and transmits the data 40, 14 to the client computer 20. The client computer 20 receives, decrypts, and stores 38 the data onsite 36." (*Id.* 3:8-13.) The data is the client's own data, is associated with client identifiers, and is encrypted to protect its confidentiality. (*Id.* 2:11-13, and claims 1, 2, 9, 11, 17, and 19.)

Because of the Internet's infancy in the late 1990s, as it is described in the background section of the '437 Patent, "[o]ne difficulty companies face when considering whether to outsource data-processing to third party, Internet-based systems is the safeguarding of their and their clients' data." (*Id.* 1:32-34.) "Another difficulty companies face in considering to outsource is continuity of service if, for example, the third party were to go out of business." (*Id.* 1:38-40.)

The '437 Patent is directed to a specific improvement over the prior art related to storage, safeguarding, processing, modification, and transmission of data -- namely, offering multiple users at various locations Internet-based data processing capabilities while allowing the ability to edit and modify and transmit data records and further safeguard the data at a location without internet. (*Id.* 4:35-50, 5:10-6:15.) The improvement to the storage, access, flexibility, and security of data processing provided by the '437 Patent, when reflected under the computer implementation, is that the client computer does not require software to be installed for data processing, and thus requires less, if any, operation on data processing and smaller capacity on hardware, leading to less hardware

requirement and less compatibility requirement, while the client computer can still update and delete the data through the Internet and onsite store a backup copy of such data. (*Id.* Figs. 1 and 4, claims 10 and 19.)

Thus, the '437 Patent describes a particular solution to a specific software and/or computer functionality problem. The '437 Patent is not simply directed to storing any data in a general form, but instead is directed to a specific form of storing and a specific type of data, i.e., onsite storing the Internet-based data that has been updated or deleted by the client through the Internet. The '437 Patent does not simply perform routine computer functions in the traditional practice because the prior art systems (such as those disclosed in Figs. 2 and 3 of the '437 Patent) do not perform onsite storage of the Internet-based data that has been updated or deleted by the client through the Internet. In other words, the traditional practice, as illustrated by the prior art systems above, requires a different form of storing (i.e., offsite storing) and does not appreciate the data processing procedure as the clients update or delete their Internet-based data through the Internet.

The '437 Patent contains an inventive concept: improving on the state of the data processing and data storage systems by offering users at various locations Internet-based data processing capabilities while allowing the ability to edit and modify and transmit data records and further safeguard the data at a location without Internet. (*Id.* 4:35-50, 5:10-6:15.)

The merits of the '437 Patent are confirmed by WhitServe's commercial success and numerous licenses. In addition, at least two claims of the '437

Patent were found by the Patent Trial and Appeal Board to be novel and non-obvious over the prior art in a challenge brought by Dropbox, which further confirms the merits of the '437 Patent.

III. The Proceedings Below

On May 1, 2018, WhitServe filed a complaint against Dropbox in the United States District Court for the District of Delaware, asserting infringement of at least claims 10 and 19 of the '437 Patent. In support of its allegations of infringement and validity, WhitServe's complaint attached the '437 Patent and addressed the licenses it has granted to multiple companies to use in their businesses.

Dropbox moved to dismiss under Fed. R. Civ. P. 12(b)(6), arguing that all claims of the '437 patent contain unpatentable subject matter under 35 U.S.C. § 101. WhitServe opposed and, although WhitServe believed its pleadings contained sufficient factual allegations, WhitServe moved for leave to amend the complaint to provide additional factual allegations and evidence regarding patent-eligibility.

Despite WhitServe's two requests for oral arguments in August 2018 and May 2019, the district court never held a hearing but granted Dropbox's motion to dismiss and deemed WhitServe's motion to leave to amend the complaint as moot, invalidating all claims of the '437 Patent in the opinion issued in July 2019. (App. 15a-30a). The court then entered judgment in favor of Dropbox. (App. 31a).

On August 23, 2019, WhitServe filed a Notice of Appeal to the Federal Circuit.

Following briefing, the Federal Circuit affirmed the district court's holding dismissing WhitServe's

complaint with prejudice and without leave to amend and denied rehearing. (App. 1a-14a.)

REASONS FOR GRANTING THE PETITION

This Court should grant this petition for the following reasons:

I. The Patent-Eligibility Inquiry at the Pleading Stage Should End When Material Factual Issues Are in Dispute

This appeal raises an important question: whether patent eligibility is a pure question of law, determined based on a judge's own technical understanding of the invention through the lens of present-day technology. In addition, WhitServe asks that this Court find that patent eligibility could include factual questions which preclude dismissal at the pleading stage, such as state of the art at the date of invention, whether a claim is well-understood, routine, or conventional, and the perspective of a POSITA at the time of the invention.

A. WhitServe's Claims Satisfy the Patent Eligibility Standard

a. No Analysis of the Factual Considerations Underlying *Alice* Step One Were Made

The district court and Federal Circuit did not properly assess the claims from a POSITA's perspective at the time of the invention, showing "the distortion caused by hindsight bias." *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 421 (2007). Even assuming the technology described in WhitServe's patent is common or generic by 2019 standards, it was not so in 1999. *See, e.g., Data Engine* 906 F.3d at 1008 (finding that the eligibility of now-ubiquitous technology must

be assessed at the time of the invention). However, both the district court and the Federal Circuit failed to consider any (1) evidence of the level of skill of a POSITA at the time of the invention or (2) apply that skill to make factual determinations as to the technological improvement provided by the claims.

In addition, there was a complete failure to consider whether there was clear and convincing evidence to support that there is no improvement of a technological process. Instead, the district court and Federal Circuit rephrased the claims at a high level of abstraction and concluded “transmitting, saving, and storing of client records is a fundamental business practice that existed well before the advent of computers and the Internet.” (App. 8a-9a, 22a.) The Federal Circuit also concluded “[w]hether the records are stored onsite or offsite does not alter the conclusion that the claims are directed to the abstract idea of maintaining data records.” (App. 9a.) However, when assessed from a POSITA’s perspective at the time of the invention, the ’437 Patent is not limited to local storage of online data but includes a client’s control (processing and accessing) of data that has been modified online. The claims in the ’437 Patent particularly address how the central computer and client computer process and access the data and are not abstract. *See Uniloc USA, Inc. v. LG Elecs. USA, Inc.*, 957 F.3d 1303, 1309 (Fed. Cir. 2020) (an invention is not rendered abstract even when “the improvement is not defined by reference to ‘physical’ components”) (quoting *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016)).

Therefore, the case should at least be remanded for proper factual determinations under *Alice* step one.

b. The Question of Whether an Inventive Concept Exists Contains Predicate Factual Questions that Remain Unanswered

The Federal Circuit did not properly consider the “skilled artisan at the time of the patent” in performing its *Alice* step two analysis, and instead took judicial notice of material facts that are in dispute. *See Berkheimer*, 881 F.3d at 1369-70 (at Step Two, “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.”) (emphasis added); *see also Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1318 (Fed. Cir. 2019).

As explained above, in 1999 the claimed invention was neither known nor conventional in the art. As evidenced by the specification and the prosecution history of the ’437 Patent, the prior art systems did not provide online modification of centrally stored data at the client computer and did not provide an onsite backup of such modified data. There is no evidentiary record to contradict this. In fact, these facts are supported by objective, third party evidence and articles. (*See e.g.*, Fenton, The Death of the Internet, Popular Mechanics (February 7, 2019)³, (noting that in 1997, “[d]ial-up connections ruled,” “[t]here was no cloud computing,” and “[t]here were no smartphones”).)

The Federal Circuit failed to identify clear and convincing evidence defining the level of skill at the time of the invention as to the “well-understood,

³ Available at <https://www.popularmechanics.com/technology/infrastructure/a26016334/death-of-the-internet/>.

routine, and conventional” technology. Instead, the Federal Circuit ignored the fact that the invention provides a nonconventional way in which the data is controlled by the client, and took judicial notice to conclude that “the ability to edit and modify data was well known and cannot constitute an inventive concept.”(App. 11a-12a.) What constituted “well-understood, routine, and conventional” activities at the time of invention requires a factual determination when the evidence on record provides sufficient support, especially at the pleading stage.

However, both the district court and the Federal Circuit failed to consider any (1) evidence of the level of skill of a POSITA at the time of the invention or (2) apply that skill to make factual determinations as to what constituted “well-understood, routine, and conventional” activities under the claims. Further, the Federal Circuit improperly isolated claim limitations, omitted features thereof, and rephrased claims at a high level of abstraction for the “conventional” conclusion. (App. 10a-11a.) In this way, the Federal Circuit failed to apply the correct standard for a motion to dismiss at the pleading stage when all factual allegations in the complaint should be taken as true and construed in the light most favorable to WhitServe. *One (1) Palmetto*, 822 F.3d at 140.

The Federal Circuit also over-simplified WhitServe’s claims to make them appear less inventive. Claim 10 recites “software executing on said central computer . . . modifying the internet-based data in the plurality of data records according to instructions received from the at least one client computer.” Yet, without evidence, the Federal Circuit simplified the claim language to just modifying data stored in database. This ignored the plain language of

the claims as well as the evidence in the specification that the prior art systems do not have the claimed capability. (*See* App. 10a-11a.)

Additional facts support an “inventive concept,” or at least created a disputed fact, that were ignored by the Federal Circuit. The Examiner never rejected the claims under Section 101 and the USPTO previously reviewed a patent in the ’437 family and did not find eligibility issues.

The district court appeared to take issue with claim language rather than the substance of the invention, and thus at a minimum created a factual issue regarding claim construction. *See MyMail, Ltd. v. ooVoo, LLC*, 934 F.3d 1373, 1381 (Fed. Cir. 2019) Yet, no Markman hearing was held. The Federal Circuit alleged that WhitServe waived any argument regarding claim construction. However, WhitServe could not have known that the district court’s order would create such an issue. This is the direct result of failing to consider evidence supporting patent eligibility.

Finally, the Federal Circuit held that objective indicia of non-obviousness are not relevant in a § 101 inquiry. There is no case known by the Appellant that prevents using such evidence -- WhitServe’s commercial success and numerous licenses along with its success through multiple reviews at the USPTO -- to support a finding of an inventive concept at Step Two. Although the secondary considerations such as commercial success and licensing are traditionally used to prove non-obviousness, such considerations also demonstrate the merits of the claimed invention and the inventive concept in the claims. At a minimum, these secondary considerations introduce a factual

dispute as to whether there is an “inventive concept” within the claims sufficient to render them patent eligible.

Regardless, whether the claims provide the inventive concept of improving the state of data processing and storage systems is in dispute, and it was error ruling at the pleading stage while ignoring the specification and the prosecution history of the '437 Patent.

II. This Case Provides an Ideal Vehicle to Provide Required Guidance on Evidentiary Standards for a Patent Ineligibility Finding

A patentee that alleges infringement of a granted patent inherently alleges that it meets each of the foregoing factual elements of patent validity and eligibility. *See, e.g., Microsoft*, 564 U.S. at 96; 35 U.S.C. § 271. As such, at the pleading stage, under the presumption of validity of a granted patent provided under 35 U.S.C. § 282(a), a complaint which includes the granted patent is presumed sufficient for facial plausibility of the validity of the patent. As Judge Lourie stated, “as with obviousness and enablement, [the] presumption [of validity] applies when [§] 101 is raised as a basis for invalidity in district court proceedings.” *CLS Bank International v. Alice Corp. Pty.*, 717 F.3d 1269, 1284 (Fed. Cir. 2013) (Lourie, J. concurring). To the extent patent eligibility questions turn on a factual issue, an accused infringer must prove invalidity by clear and convincing evidence. *Microsoft*, 564 U.S. at 111-112.

The Federal Circuit’s decision eviscerates the important role the time of the invention and POSITA’s perspective play in our patent system. It does so by refusing to allow parties to provide

evidence as to the timeframe and POSITA's perspective. Under this expansion of Section 101— itself a judicially created exception to statute— whether a patent claim invokes a patent-ineligible concept is a question for a district court judge to decide without evidence.

The necessity of viewing Steps of *Alice* from the skilled artisan's perspective of the time period of the invention is particularly important considering the district court's findings in this case. The district court's understanding of the patent is at least partially based on comparing unrelated legal opinions and is based on present-day non-expert opinion about technical issues, rather than evidence. The Federal Circuit itself has cautioned against such a trend. *Enfish*, 822 F.3d at 1339 (*Alice* does not “broadly hold that all improvements in computer-related technology are inherently abstract.” . . . Software can make non-abstract improvements to computer technology just as hardware improvements can,” and neither *Alice* nor any of this Court's cases excludes patenting a “large field of technological progress” involving software or computer technology.)

The district court relies on present-day non-expert opinion (“I [the judge] find nothing inventive”), which the Federal Circuit affirmed. However, technical evidence from a qualified expert able to opine on the POSITA and their understanding at the time of the invention is required to determine whether the invention is “well understood, routine, and conventional” technology and/or contains the “inventive concept.” Instead, the Federal Circuit is permitting the hindsight bias of district judges to control.

It is the patent challenger's burden to prove that the asserted patent fails the *Alice* test by providing evidence supporting that, for example, the asserted patent is "a fundamental business practice that existed well before the advent of computers and Internet" and/or contains no "technological improvement" according to a POSITA at the time of the invention in Step One analysis, or that the asserted patent is a "well understood, routine, and conventional" technology and/or contains no "inventive concept" to a POSITA at the time of the invention in Step Two analysis. Of course, the patent owner should also be allowed to offer rebuttal evidence. Only then can the court make a determination regarding eligibility after assessing the evidence.

The only way to find that a patent owner has not met its burden of asserting the factual allegations of validity and eligibility is if competing factual elements are weighed. This is impermissible under Rule 12(b)(6). *Iqbal*, 556 U.S. at 678. However, it is exactly what the district court has done and the Federal Circuit allowed in this case. Guidance regarding pleading standards for eligibility is therefore required.

Finally, a granted patent is a property of the patent owner. This Court has ruled that a hearing is required before property may be seized. *Jones v. Flowers*, 547 U.S. 220, 223 (2006); *see also Oil States Energy Servs., L.L.C. v. Greene's Energy Grp.*, 138 S. Ct. 1365, 1379 (2018) ("[O]ur decision should not be misconstrued as suggesting that patents are not property for purposes of the Due Process Clause or the Takings Clause."). The Court identified three factors to be considered: (1) the private interest affected by

the challenged action; (2) the risk of an erroneous determination of this interest under existing procedures and the value of additional or alternative procedures; and (3) the government's interest, including the function involved and the fiscal and administrative burdens which would be imposed by the additional or alternative procedures. *Mathews v. Eldridge*, 424 U.S. 319, 334-335 (1976).

Applied here, the patent owner's private property interest, obtained by lengthy and expensive examination and maintenance processes which grant a statutory presumption of validity, is affected by the court's action because the patent is declared invalid and unenforceable. Second, the risk of an erroneous determination of this interest is high because no additional and alternative procedures are available for the patent owner if reversal or remand is not warranted. Third, the district court would not be burdened by at least providing a hearing.

The district court and the Federal Circuit ignored these due process concerns, which resulted in a taking of property without due process. The case should be remanded.

III. The Courts Improperly Added an Enablement Requirement to Section 101 when it Required the Claims to Recite Technological Processes Underlying the Technological Improvements.

The Federal Circuit and district court improperly concerns regarding the teachings of the specification into the Section 101 analysis. Instead of addressing the '437 Patent's claimed advance over the prior art, the Federal Circuit held that "[t]he specification does not, however, explain the technological processes

underlying the purported technological improvement” and “the claims rely on the ordinary storage and transmission capabilities of computers within a network and apply that ordinary functionality in the particular context of onsite backup.” (App. 10a.) In doing so, the Federal Circuit required that, to survive a challenge under Section 101, the claims must recite *how* to make a particular invention. However, “whether a patent specification teaches an ordinarily skilled artisan how to implement the claimed invention presents an enablement issue under 35 U.S.C. §112, not an eligibility issue under §101.” *Visual*, 867 F.3d 1261. In other words, the Federal Circuit improperly expanded the Section 101 inquiry to include an additional requirement, typically answered under Section 112.

This Court raised this very concern regarding importing standards from other patent requirements, stating “the patent eligibility inquiry entirely to these later sections risks creating significantly greater legal uncertainty.” *Mayo*, 566 U.S. at 90. And the Federal Circuit has recognized, “the Supreme Court advised that section 101 eligibility should not become a substitute for a patentability analysis related to prior art, adequate disclosure, or the other conditions and requirements of Title 35.” *Research Corp. Techs. v. Microsoft Corp.*, 627 F.3d 859, 868 (Fed. Cir. 2010). “Claims . . . that are not enabled raise questions of patentability [under Section 112], not eligibility.” *BASCOM*, 827 F.3d at 1354 (Newman, J., concurring).

“Eligibility under Section 101 is not the same as patentability under the substantive statutory provisions of novelty (§102), nonobviousness (§103), and description and enablement (§112).” *American Axle II*, 966 F.3d 1347 at 1359 (Newman, Moore,

O'Malley, Reyna, and Stoll, JJ., dissenting from denial of reh'g *en banc*). The *American Axle* majority clearly differentiated between eligibility and enablement by describing two distinct *how* requirements in patent law. See *American Axle I*, 967 F.3d at 1302. The *how* requirement of eligibility “is that the claim itself . . . must go beyond stating a functional result; it must identify ‘how’ that functional result is achieved by limiting the claim scope to structures specified at some level of concreteness, in the case of a product claim, or to concrete action, in the case of a method claim.” *Id.* The *how* requirement of enablement “applies to the specification, not the claims,” and requires that once the “concrete physical structures or actions are set out in the claim, the specification must set forth enough information for a relevant skilled artisan to be able to make and use the claimed structures or perform the claimed actions.” *Id.*

At the motion to dismiss stage, the Federal Circuit improperly combined these two *how* requirements of eligibility and enablement. Instead of focusing on the claim language for the eligibility *how* requirement, the Federal Circuit concerned itself with the enablement *how* requirement as to the “technological processes underlying the purported technological improvement.” (See App. 10a.) But, in fact, the claims of the '437 Patent satisfy the eligibility *how* requirement because the claims recite how the technological improvement is achieved with specific, concrete structures of different system components (e.g., a central computer, at least one database, data processing software) to perform different actions (e.g., outsourcing, modifying, requesting, transmitting for storage) and specific types of data (e.g., the internet-

based data in the at least one of the plurality of data records that has been modified by said data processing software according to instructions received from the at least one client computer).

Further, this case is distinguishable from *American Axle* (currently on appeal in this Court), in that *American Axle* was determined on summary judgment with the benefit of full fact and expert discovery. *See American Axle*, 967 F.3d at 1291. Here, the district court's decision was made at the pleadings stage, without any discovery, and without even a hearing. The Federal Circuit's decision, which is based on conclusory findings of material facts, is therefore even more troubling.

As explained in the '437 Patent with reference to Figs. 2 and 3, prior art systems did not have data modified by the client online and did not provide an onsite backup for such data. The Federal Circuit overlooked the importance of the client's control over the data -- namely, offering Internet-based data processing capabilities while allowing the ability to edit and modify and transmit data records and further safeguard the data at a location without Internet access -- which presents a technological improvement. The Federal Circuit's eligibility analysis used the wrong *how* requirement, leading to a conclusion that is contrary to the facts, namely, that the claims recite details defining what data is processed and accessible and how the data is processed and accessed (for example, "the internet-based data in the plurality of data records" "that has been modified by said data processing software" "according to instructions received from the at least one client compute" and "internet-based data ... is modifiable over the Internet from the client computer") and includes further details

of the communication between the central computer and the client computer.

Ultimately, the Federal Circuit (and the district court) improperly combined the eligibility *how* requirement and the enablement *how* requirement that is articulated by the *American Axle* majority and deepened the uncertainty.

CONCLUSION

For the foregoing reasons, WhitServe respectfully requests that the Court reverse, or, at the very least vacate, the Federal Circuit's holding and remand for further proceedings.

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