

No. 17-697

IN THE
Supreme Court of the United States

SMARTFLASH LLC AND
SMARTFLASH TECHNOLOGIES LIMITED,

Petitioners,

v.

APPLE INC.,

Respondent.

**On Petition For A Writ Of Certiorari To The
United States Court Of Appeals For The Federal Circuit**

BRIEF IN OPPOSITION

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QUESTION PRESENTED

Whether the Federal Circuit correctly applied the standard articulated in *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014), to conclude that claims directed to the age-old idea of conditioning and controlling access to data based on payment, implemented using generic and conventional computer technology, are ineligible for patenting under 35 U.S.C. § 101.

RULE 29.6 STATEMENT

Respondent Apple Inc. has no parent corporation and no publicly traded corporation owns 10% or more of its stock.

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BRIEF IN OPPOSITION

Respondent Apple Inc. respectfully submits that the petition for a writ of certiorari should be denied.

STATEMENT OF THE CASE

Smartflash does not practice its patents or make any products; instead, Smartflash's sole "business" is litigation regarding its portfolio of related patents. Smartflash has sued Apple, Samsung, Google, HTC, and Amazon, accusing an array of platforms and devices of infringing various claims in a family of patents pertaining to "Data Storage and Access Systems." See *Smartflash LLC v. Apple Inc.*, 621 F. App'x 995, 997 (Fed. Cir. 2015); Pet. App. 2a.

Apple develops and sells commercially successful consumer products, including the iPhone, iPad, and iPod Touch, which allow users to purchase and download apps, through its App Store, and multimedia content, such as movies, songs, books, and games, through its iTunes Store. Fed. Cir. Dkt. 55-3 at Appx27953-54, Appx28073-74.

In a unanimous, nonprecedential decision, the Federal Circuit applied the two-step standard articulated in *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014), for evaluating the patent-eligibility of computer-implemented inventions under 35 U.S.C. § 101, and concluded that Smartflash's claims are not patent-eligible because they are directed to an abstract idea—conditioning and controlling access to data based on payment—and do not contain any inventive concept. This routine application of settled precedent to particular claims does not implicate any issue even remotely warranting this Court's consideration.

1. Smartflash filed suit against Apple in the Eastern District of Texas, and alleged that several Apple devices, including the iPhone, iPad, and iPod Touch, infringed various claims of six related patents directed to conditioning and controlling access to data based on payment. *See* Pet. App. 1a–2a; Fed. Cir. Dkt. 55-1 at Appx1267–83. At trial, Smartflash asserted four claims of three patents: claim 13 of U.S. Patent No. 7,334,720; claim 32 of U.S. Patent No. 8,118,221; and claims 26 and 32 of U.S. Patent No. 8,336,772. Pet. App. 1a–2a.

The four asserted claims, while phrased differently, are in substance nearly identical; they are all directed to “reading, receiving, and responding to payment validation data and, based upon the amount of payment, and access rules, allowing access to multimedia content.” Pet. App 13a. Representative claim 13 of the ’720 Patent recites a “data access terminal for retrieving data from a data supplier and providing the retrieved data to a data carrier,” where the terminal includes a “processor” running “stored code.” ’720 Patent, cl. 3 & cl. 13 (Pet. App. 4a–5a); *see also* ’221 Patent, cl. 32 (Pet. App. 4a–5a). This claim requires only a “data carrier,” “data access terminal,” and “data supplier,” integrated with a “mobile communications device,” or a “handheld multimedia terminal.” ’720 Patent, cl. 3 & cl. 13 (Pet. App. 4a–5a). Claims 26 and 32 of the ’772 Patent utilize the term “handheld multimedia terminal” in lieu of “data access terminal.” ’772 Patent, cl. 26 & cl. 32 (Pet. App. 5a–6a). And the asserted claims recite that access to data may be conditioned “upon the amount of payment associated with the payment data forwarded to the payment validation system.” ’720 Patent, 26:51–67 (Pet. App. 50a).

These patents do not recite a specific network architecture or a specific way to improve computer functions in a computer network. As the common specification explains, the so-called “invention may be implemented using *any* electronic communication network.” ’720 Patent, 26:7–8 (Fed. Cir. Dkt. 55-1 at Appx180) (emphasis added).

2. Apple maintained—from its initial answer, through the district court proceedings, on appeal, and to the present—that the asserted claims are ineligible, invalid, and not infringed. *See* Fed. Cir. Dkt. 55-1 at Appx95–114; Fed. Cir. Dkt. 30 at 15–18.

Apple argued on summary judgment that the asserted claims are ineligible for patenting under Section 101 as construed by this Court in *Alice*, which set forth a two-step standard for evaluating the patent-eligibility of computer-implemented inventions. The magistrate judge agreed that the claims were directed to an abstract idea, and thus failed *Alice*’s step one; but she concluded that the claims recited two “inventive concepts” sufficient to satisfy step two. Specifically, the magistrate judge relied on certain claim limitations requiring the use of “parameter memory” and “content memory,” as well as the concept of “restricting access according to use rules.” Pet. App. 67a–68a. Over Apple’s objections, the district judge adopted the magistrate’s recommendation in full. Pet. App. 43a–44a.

Trial was held in February 2015. The jury found that Apple had willfully infringed the four tried claims; that Apple had not demonstrated by clear and convincing evidence that the asserted claims were obvious; and that Smartflash should be awarded \$532.9 million in damages. Fed. Cir. Dkt. 55-2 at Appx10192–96. After trial, Apple moved for a new

trial and/or judgment as a matter of law on (among other things) ineligibility, invalidity, noninfringement, willfulness, and damages. *See* Fed. Cir. Dkt. 55-1 at Appx95–114.

Apple explained in its post-trial briefing that both of the factors the magistrate judge had relied on in her summary judgment decision could no longer be invoked to support eligibility: Smartflash had dropped before trial the claims requiring the specified memory types (Pet. App. 11a n.2), and the named inventor admitted at trial that he did not invent “use rules in connection with the online sale of content” (D. Ct. Dkt. 550 at 8). The district court nonetheless “decline[d] to revise or revisit” the pre-trial ruling on patent-eligibility. D. Ct. Dkt. 585 at 1–2.

Smartflash asserts that “[t]he district court ... upheld the jury’s finding that Apple *knowingly* infringed Smartflash’s patents.” Pet. 11. To the contrary, the district court granted judgment as a matter of law on the willfulness verdict, concluding that “no reasonable jury could have concluded that Apple’s infringement was willful.” D. Ct. Dkt. 580 at 2. The district court also vacated the \$532.9 million damages award and ordered a new trial on damages. D. Ct. Dkt. 581 at 6. The court, however, denied Apple’s post-verdict motions on invalidity and noninfringement. D. Ct. Dkt. 605.

The district court then entered judgment on liability, and stayed the damages retrial that it had ordered. Apple appealed under 28 U.S.C. § 1292(c)(2). *See Robert Bosch, LLC v. Pylon Mfg. Corp.*, 719 F.3d 1305, 1317 (Fed. Cir. 2013) (en banc) (holding that Section 1292(c)(2) permits “appeals from patent in-

fringement liability determinations when a trial on damages has not yet occurred”).

3. Smartflash argues throughout its petition that Apple “did not dispute on appeal that the verdict of validity and infringement was supported by the evidence,” nor did it appeal the issues of novelty and nonobviousness. Pet. 2, 11. That is incorrect.

Apple appealed the district court’s rulings with respect to patent-ineligibility, invalidity, and noninfringement. Fed. Cir. Dkt. 30 at 15–18. Specifically, Apple argued to the Federal Circuit that: (1) the asserted claims are ineligible under 35 U.S.C. § 101; (2) the claims are not infringed because the district court erred in its construction of certain “payment”-related limitations present in the asserted claims and, by consequence, these erroneous constructions permitted a finding of infringement not reconcilable with the patents’ intrinsic evidence; (3) the claims contain means-plus-function limitations governed by 35 U.S.C. § 112, ¶ 6, which render two asserted claims invalid as indefinite and the other two asserted claims not infringed; and (4) the verdict as to validity must be set aside because the district court erred in refusing to instruct the jury that, in considering obviousness under 35 U.S.C. § 103, the jury could give greater weight to prior art that the U.S. Patent and Trademark Office (“PTO”) Examiner did not consider. Fed. Cir. Dkt. 30 at 4.

4. In a unanimous, nonprecedential decision, the Federal Circuit held that Smartflash’s claims are not patent-eligible under Section 101. As a result, the court of appeals did not reach the remaining issues Apple had raised in its appellate challenge to the verdict and partial judgment.

At *Alice* step one, the Federal Circuit agreed with the district court that Smartflash’s claims are directed to an abstract idea—the “fundamental economic practice” of “conditioning and controlling access to data based on payment.” Pet. App. 9a–10a.

At *Alice* step two, the Federal Circuit held that the claims lack any inventive concept because they recite only “generic computer components,” such as “interfaces,” “program stores,” and “processors” that carry out “routine computer activities,” such as “storing, transmitting, retrieving, and writing data to implement” the abstract idea. Pet. App. 11a–14a. The court also explained that the claims are “analogous to claims found ineligible in *Ultramercial[, Inc. v. Hulu, LLC]*, 772 F.3d 709, 716 (Fed. Cir. 2014),” because they recited merely routine computer activity to control and condition “access to multimedia content.” Pet. App. 13a.

5. While the present litigation was proceeding, each of the asserted claims (as well as numerous other claims in Smartflash’s portfolio of similar patents) was challenged in parallel Covered Business Method reviews before the Patent Trial and Appeal Board (“PTAB”). At Smartflash’s request, and over Apple’s objection, the courts declined to stay this proceeding pending these reviews. *See Smartflash*, 621 F. App’x at 1004.

Between March 29, 2016 and May 26, 2016, multiple PTAB panels concluded that all of Smartflash’s claims, including the claims asserted by Smartflash at trial against Apple, are ineligible under Section 101. *See, e.g., Apple Inc. v. Smartflash LLC*, No. CBM2015-00033, 2016 WL 3035470 (P.T.A.B. May 26, 2016) (claims 26 and 32 of the ’772 patent); *Samsung Elecs. Am., Inc. v. Smartflash LLC*, No.

CBM2014-00190 (P.T.A.B. May 26, 2016) (claim 13 of the '720 patent); *Samsung Elecs. Am., Inc. v. Smartflash LLC*, No. CBM2014-00194, 2016 WL 4375254 (P.T.A.B. Mar. 29, 2016) (claim 32 of the '221 Patent). The PTAB concluded that the asserted claims are each directed to the abstract idea of the “fundamental economic practice of conditioning and controlling access to content based on payment.” *Smartflash*, 2016 WL 4375254, at *4. The PTAB also found that the claims lack any inventive concept sufficient to ensure that the patents amount to significantly more than a patent on the abstract idea because the claims recite only generic hardware, memories, and data types that function in their conventional manner. *Id.* at *5–9.

Smartflash has appealed the PTAB’s decisions to the Federal Circuit (*see* Fed. Cir. No. 16-2451); that appeal is fully briefed and awaiting oral argument.

REASONS FOR DENYING THE PETITION

The Federal Circuit’s unanimous, nonprecedential decision constitutes a straightforward application of *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014), and presents nothing worthy of this Court’s review. In its petition for a writ of certiorari, Smartflash advances arguments that this Court has on numerous occasions rejected, and premises its position on demonstrable misstatements regarding the trial and appellate record. The Court should deny the petition.

I. THE ASSERTED CLAIMS ARE PATENT-INELIGIBLE

Smartflash’s petition offers no more than disagreement with the Federal Circuit’s application of the *Alice* standard to the claims asserted by Smart-

flash in this case. This application of settled precedent to particular claims does not warrant this Court's review.

1. The Federal Circuit engaged in a straightforward application of this Court's two-step standard for patent-eligibility to hold that Smartflash's claims are not patent-eligible.

At step one, the Federal Circuit held that Smartflash's claims are directed to a fundamental economic practice—"the abstract idea of conditioning and controlling access to data based on payment"—comparing the claims to the ineligible claims in *Alice*, *Bilski v. Kappos*, 561 U.S. 593 (2010), and other post-*Alice* decisions from the Federal Circuit. Pet. App. 9a–10a. The patents-in-suit confirm this conclusion, as they disclose that the claims “relate[] to a portable data carrier for storing and paying for data and to computer systems for providing access to data to be stored.” ’720 Patent, 1:6–8 (Pet. App. 2a).

At step two, the Federal Circuit held that the claims lack an inventive concept. Pet. App. 12a–14a. Because the claims recite only generic computer components, such as “data,” “data carrier,” “rules,” and a “data access terminal,” functioning in their routine and conventional manner to carry out the abstract idea of conditioning and controlling access to content, the court held that Smartflash's claimed “generic computer components ... do not, taken individually or as an ordered combination, ‘transform [the] abstract idea into a patent-eligible invention.’” Pet. App. 11a–14a (quoting *Alice*, 134 S. Ct. at 2352).

The Federal Circuit's ruling was a correct and straightforward application of *Alice*. The decision followed a long line of post-*Alice* decisions from the Federal Circuit deeming ineligible patent claims that

implement fundamental economic concepts with generic computer technology. *See, e.g., Affinity Labs of Texas, LLC v. Amazon.com Inc.*, 838 F.3d 1266 (Fed. Cir. 2016), *cert. denied*, 137 S. Ct. 1596 (2017); *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 701 (2015); *Ultra-mercials, Inc. v. Hulu, LLC*, 772 F.3d 709 (Fed. Cir. 2014), *cert. denied*, 135 S. Ct. 2907 (2015).

2. Smartflash in its petition refers to “the Federal Circuit’s test for eligibility of patents.” Pet. 13. But the Federal Circuit did not, in this case or any other, develop a new “test” for patent-eligibility; rather, the Federal Circuit applied the standard articulated by this Court in *Alice*, which was based on a long line of prior patent-eligibility precedents from this Court. *See Bilski*, 561 U.S. at 602 (noting that this Court’s decisions had “defined the reach of [35 U.S.C. § 101] as a matter of statutory *stare decisis* going back 150 years”).

What the Federal Circuit actually did was faithfully apply the *Alice* standard to claims that fall squarely within the heartland of *Alice*—doing on a computer something that has been done without a computer for ages. Pet. App. 12a–14a. Given that Smartflash does not ask this Court to reconsider *Alice*, *all* of its contentions amount to no more than disagreement with the Federal Circuit’s application of the *Alice* standard to the asserted claims. In other words, Smartflash seeks only error correction; but there was no error here.

For example, Smartflash argues that the court “limited its comparative analysis to analogizing Smartflash’s patents to those in just two other cases,” did “not even address the novel distribution of computer functions” supposedly recited in Smart-

flash’s claims, and incorrectly “insisted that the distinct advantages of Smartflash’s method over alternative technologies were *irrelevant* to the question whether the invention was patent eligible.” Pet. 18, 26. These criticisms are entirely misplaced. The Federal Circuit addressed more than “just two other cases” in analyzing Smartflash’s patent claims. *See, e.g.*, Pet. App. 11a–14a. It also explicitly considered—and rejected—Smartflash’s “ordered combination” argument, holding that Smartflash’s recited generic components, which function in a conventional manner with no improvement to the existing technology, fail to confer any inventive concept—whether individually or in an ordered combination. Pet. App. 13a–14a. And the statement that “provid[ing] a distinct advantage over alternatives’ is not the test for eligibility” flows directly from *Alice*. Pet. App. 14a (citing *Alice*, 134 S. Ct. at 2355).

Smartflash also asserts that the Federal Circuit erred at *Alice* step two because the claims supposedly disclose “a specific *way* to purchase, download, store, and condition access to digital content that addresses the issue of Internet data piracy.” Pet. 21. The claims do nothing of the sort—as the Federal Circuit correctly noted, they “invoke computers merely as tools to execute fundamental economic practices.” Pet. App. 10a. Moreover, implementing abstract economic practices in a “specific way” is not tantamount to inventiveness. If it were, the multi-step claims in *Alice*, which set forth in considerable detail how to employ the abstract idea of intermediated settlement (*see* 134 S. Ct. at 2352 n.2), would have satisfied Section 101. They did not because no matter how “specific,” a non-inventive implementation of an abstract idea fails to confer patent-eligibility.

But *even if* Smartflash’s assertions of error had any merit, correcting purported errors made in applying this Court’s settled standard for patent-eligibility to the specific claims asserted in this case is no basis for this Court’s review—in general, and certainly not in this case. The Court heard and decided *Alice* to clarify the patent-eligibility standard for computer-implemented inventions; it does not sit to review routine applications of that standard in particular cases.

3. The Federal Circuit is not, as Smartflash claims, in “disarray” over how to apply the Court’s two-step *Alice* framework. Pet. 24. Rather, the Federal Circuit since *Alice* has sensibly applied the time-tested “common law methodology,” which “examine[s] earlier cases in which a similar or parallel descriptive nature can be seen—what prior cases were about, and which way they were decided.” *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016), *cert. denied*, No. 17-136, 2017 WL 3191080 (Nov. 27, 2017) (citing *Alice*, 134 S. Ct. at 2355–57). As Federal Circuit Judge Chen recently explained in this context: “A court does not sit as a legislature. Instead, it builds its jurisprudence incrementally over time through precedential decisions based on the facts presented in each case and the specific issues raised by the litigants.” Melissa Daniels, *Alice Worries Turn to Admiration for Fed. Circ. Judge*, Law360 (Oct. 13, 2017), <https://goo.gl/VxzuB2>. Although Smartflash complains that the Federal Circuit has found (in various cases) some claims eligible and others ineligible, reaching different determinations based on applying the same standard to different claims is precisely how the common-law methodology works.

Nor is there any basis for Smartflash’s expression of alarm over the number of patent claims that the Federal Circuit has held to be ineligible. Pet. 28. According to Smartflash’s statistics, that number is in the hundreds at most, which constitutes but a tiny portion of the millions of existing patents. Far more patent claims have been invalidated on grounds other than Section 101. For instance, the PTAB alone has held *seven times* more claims to be invalid under 35 U.S.C. §§ 102 and/or 103 (in *inter partes* review proceedings) than it has held claims to be ineligible under Section 101 (in CBM proceedings). See United States Patent & Trademark Office, Patent Trial and Appeal Board Statistics 12–13 (Mar. 31, 2017), <https://goo.gl/oe6pWh>. This Court obviously contemplated in *Alice* that some claims—such as those in *Alice* itself—would be ineligible; and these claims are like the *Alice* claims in that they simply recite a common business practice and instruct practitioners to use a generic computer to perform that practice.

4. Smartflash contends that the Federal Circuit erred in considering whether Smartflash’s claims are overly preemptive in addition to applying the two *Alice* steps. Pet. 14–18. But complete preemption has never been a freestanding ineligibility requirement. See *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 87 (2012) (the “basic underlying concern that these patents tie up too much future use of laws of nature simply *reinforces* our conclusion that the processes described in the patents are not patent eligible” (emphasis added)). As the Federal Circuit has explained, “questions on preemption are *inherent in and resolved by* the § 101 analysis[,]” and “[w]here a patent’s claims are deemed only to disclose patent ineligible subject matter under the *Mayo* framework, ... *preemption concerns are fully ad-*

dressed and made moot.” Ariosa Diagnostics, Inc. v. Sequenom, Inc., 788 F.3d 1371, 1379 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 2511 (2016) (emphasis added).

Were complete preemption required for ineligibility, limiting a patent to a particular technological environment, or reciting even the most purely conventional or obvious postsolution activity, would be sufficient for patent-eligibility. But this Court has clearly and repeatedly held that ineligibility “cannot be circumvented by attempting to limit the use of the [ineligible concept] to a particular technological environment” or adding “insignificant postsolution activity.” *Diamond v. Diehr*, 450 U.S. 175, 191–92 (1981); *see also Alice*, 134 S. Ct. at 2358.

In a similar vein, Smartflash argues that “a judgment that the patents represent a nonobvious advance over the prior art ... necessarily means that the patent is eligible.” Pet. 22. Even assuming that Smartflash’s claims were nonobvious (which Apple continues to dispute, as explained below), this Court has rejected this precise argument on many occasions, and there is no reason for the Court to reconsider it here. *See, e.g., Funk Bros. Seed Co. v. Kalo Inoculant Co.*, 333 U.S. 127, 131–32 (1948) (“a product must be more than new and useful to be patented; it must also satisfy the requirements of invention”). In *Diehr*, for example, the Court explained that “whether a particular invention is novel is wholly apart from whether the invention falls into a category of statutory subject matter.” 450 U.S. at 190 (quotation omitted); *see also Parker v. Flook*, 437 U.S. 584, 593, 595 n.18 (1978) (“The obligation to determine what type of discovery is sought to be patented must precede the determination of whether that discovery is, in fact, new or obvious”). Indeed,

every issued patent has been deemed novel and non-obvious by the PTO; yet this Court has clearly authorized judicial scrutiny of patent-eligibility.

Most recently, the Solicitor General, as *amicus curiae* in *Mayo*, pressed essentially the same argument as Smartflash makes here. This Court again rejected the argument, observing that the government’s proposed approach was “not consistent with prior law” and “would make the ‘law of nature’ exception to § 101 patentability a dead letter.” 566 U.S. at 89. Smartflash knows all this, but included none of it in the petition. Its effort to secure review on questions that the Court has already resolved against it demonstrates the lack of merit in its position.

* * *

The Federal Circuit’s unanimous, nonprecedential decision treads no new ground, and simply applies the *Alice* framework to a group of patent claims that are exactly what this Court’s precedents deem ineligible. Those claims were prosecuted under the pre-*Bilski* standards and would not be allowed today. The Federal Circuit correctly ruled them ineligible, as has the PTAB. Smartflash’s petition rehashes arguments this Court has considered and rejected on numerous prior occasions, and presents nothing worthy of this Court’s review. It should be denied.

II. SMARTFLASH MISCHARACTERIZES THE RECORD

Smartflash argues that this case differs from *Alice* and the Court’s other Section 101 precedents, as well as the long string of Section 101 cases decided by the Federal Circuit since *Alice*, because “[t]he Federal Circuit discarded a verdict of liability in a case involving knowing infringement” and a “verdict

supporting a finding of novelty and nonobviousness.” Pet. 13. Smartflash asserts that the court’s decision was “based on the paradoxical conclusion that a patent claiming a novel and nonobvious arrangement of technological elements” was ineligible. *Ibid.*

This argument seriously mischaracterizes the record of the proceedings below. Apple challenged eligibility, validity, *and* infringement on appeal, raising a host of arguments, any one of which would have required reversal of the judgment. In no sense has Apple ever conceded validity, infringement, or anything else.

For instance, Apple argued on appeal that the district court incorrectly construed the recited “payment” claim terms, and that under the correct construction Apple’s accused devices could not be found to infringe. Fed. Cir. Dkt. 30 at 52–55. Apple further argued that the claims fail to recite sufficient structure for certain claimed computer operations requiring special programming, and thus are invalid under 35 U.S.C. § 112, ¶ 6. Fed. Cir. Dkt. 30 at 35–44. And because the claims are solely limited to a disclosed algorithm and its equivalents, Apple’s accused devices do not infringe. Fed. Cir. Dkt. 30 at 45–46. Had the claims been properly construed (which they were not), they are either invalid or not infringed based on the trial evidence. Thus, the Court could not even resolve Smartflash’s infringement-based argument without independently reviewing the disputed constructions of the “payment”-related terms.

Particularly troubling is Smartflash’s repeated assertion that the unchallenged “verdict of validity” makes the Federal Circuit’s determination of ineligibility extraordinary. Pet. 2, 22. This is a blatant

misrepresentation, as Apple expressly challenged on appeal the verdict of validity, including the jury's obviousness finding.

Specifically, Apple proposed an instruction to the jury that, in assessing the obviousness of the claims, it could afford greater weight to prior art references not considered by the PTO Examiner during prosecution of the patent applications—an instruction that this Court has held “most often should be given” upon request. *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 111 (2011). Smartflash *conceded* that this instruction “may be necessary,” but the district court inexplicably refused to give it. D. Ct. Dkt. 521 at 12. Apple strenuously challenged that ruling on appeal, demonstrating that a properly instructed jury could (and should) have found the asserted claims invalid in light of the extensive prior art addressed at trial. *See* Fed. Cir. Dkt. 30 at 55–59.

The instructional error in this case means that the jury's verdict on obviousness cannot even be considered in connection with the eligibility inquiry in this particular case. That is, even if the adjudicated nonobviousness of a patent claim could have some effect on the eligibility analysis (as discussed above, it does not), this case would not be an appropriate vehicle for considering that issue given the fundamental flaw in the jury's verdict here. At minimum, the Court would have to decide the correctness of the obviousness instruction before considering any eligibility arguments made by Smartflash that depend on the verdict of validity.

* * *

This Court has emphasized that patent-eligibility under Section 101 is a “threshold” inquiry. *Bilski*, 561 U.S. at 602. If a patent claim is ineligible, then

the prerequisites to patentability (including novelty) are immaterial. Likewise, an ineligible claim cannot be infringed. Thus, if the district court had not committed legal error at the summary judgment stage in concluding that Smartflash's claims satisfied Section 101, this case would never have reached a jury. Smartflash's reliance on subsequent events (which Smartflash mischaracterizes) is therefore legally irrelevant to the patent-eligibility issue. Either these claims are eligible under Section 101 or they are not. That was the question before both the Federal Circuit and PTAB, and they separately came to the same conclusion: that Smartflash's claims fail both steps of the *Alice* standard and accordingly are ineligible for patenting. Further review of that determination, which is specific to the claims asserted here, is not warranted.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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