

No. _____

In the
**SUPREME COURT OF THE
UNITED STATES**

VOTER VERIFIED, INC.,
Petitioner,

v.

ELECTION SYSTEMS & SOFTWARE LLC,
Respondent.

On Petition for a Writ of Certiorari to the
United States Court of Appeals for the
Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether the Federal Circuit erred in deciding that patent claims for a method of voting are invalid under 35 U.S.C. § 101 in a second action for patent infringement where that issue of validity was previously decided to the contrary on a counterclaim for declaratory judgment in a first action.

PARTIES TO THE PROCEEDINGS

The Petitioner is Voter Verified, Inc. (“VVI”), and is the plaintiff and the appellant below.

The Respondent is Election Systems & Software LLC (“ES&S”), (the defendant and appellee below is the survivor of the Delaware corporation conversion of Election Systems & Software, Inc. and of its merger with Premier Elections Solutions, Inc.)

CORPORATE DISCLOSURE STATEMENT

Pursuant to Rule 29.6 of the Rules of this Court, the petitioner, Voter Verified, Inc., states that it has no parent company, and no public company holds any of its stock.

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PETITION FOR A WRIT OF CERTIORARI

This Petition requests the restoration of patent rights which have been won over the last eight years of litigation from an unfortunate combination of judicial error in doctrine and erroneous adjudication. The circumstances of the misfortune will become apparent from the Statement of the Case. The latest assault on the patent involved arrived as a result of the baseless attempt to relitigate issues that had already been adjudicated under the doctrine of *Bilski v. Kappos* in favor of claim validity under § 101. The attempt has thus far succeeded with the dismissal of the present action for infringement, but only because the Federal Circuit refuses to properly adhere to the doctrine of issue preclusion, as adopted from the Eleventh Circuit, upon which the entire case for liability for infringement would be fully and finally determined in the Petitioner's favor.

Certiorari is plainly warranted in order to correct the clear error of the Federal Circuit. The Federal Circuit has failed to recognize that it ruled upon the same issue of responsibility of a litigant to respond to a motion for summary judgment that resulted in the adjudication in favor of the Petitioner which is now under attack. There can be no clearer showing of error than is presented in the following pages, so much so as to cause wonder.

(References to "Pet.App. __" are to the Appendix bound together with this Petition, which

begins with page 27 of the Petition with a blank page (28) followed by "Pet.App.1" as the first page of Appendix documents.

OPINIONS BELOW

The Federal Circuit's order denying rehearing en banc is reproduced at Pet.App.1-2. The Federal Circuit's opinion in this the second action is reported at 887 F.3d 1376 and is reproduced at Pet.App. 3-18. The district court's order and opinion in the second action is published at Voter Verified, Inc. v. Election Sys. & Software LLC , No. 1:16-cv-267, 2017 WL 3688148, at *2 (N.D. Fla. Mar. 21, 2017) (" Voter Verified NDFL ") 2017 WL 3688148 and is reproduced at Pet.App.19-23. The Federal Circuit's opinion in the first action is reported at 698 F.3d 1374. The district court's order and opinion in the first action is published at Voter Verified, Inc. v. Election Sys. & Software, Inc., 745 F.Supp.2d 1237 (M.D. Fla., 2010).

JURISDICTION

The district court had jurisdiction over this patent litigation under 28 U.S.C. §§ 1331 and 1338. The Federal Circuit had jurisdiction under 28 U.S.C. § 1295(a)(1). The Federal Circuit filed its decision on April 20, 2018, denied the Petition for Rehearing and Rehearing En Banc on June 19, 2018. The United States Supreme Court has jurisdiction under 28 U.S.C. § 1254(1) to review the Federal Circuit's

decision on a writ of certiorari.

STATUTORY PROVISIONS INVOLVED

The relevant provisions of the Patent Act, 35 U.S.C. §§ 101 and 282(a), are reproduced at Pet.App.24. Pertinent provisions of the Federal Rules of Civil Procedure (Title 28 of the United States Code) are reproduced at Pet.App.25.

(References to “Pet.App.__” are to the Petition Appendix bound together with this Petition, which begins with page 27 of the Petition with a blank page (28) followed by “Pet.App.1” as the first page of Petition Appendix documents.

STATEMENT OF THE CASE

A. Background

The Petitioner, Voter Verified, Inc. (“VVI”) is the owner of U.S. Patent No. 6,769,613 (“613 patent”) and its reissue, U.S. Patent No. RE40,449 (“449 patent”) (collectively “VVI patents”). The VVI patents are directed to systems and methods for voting that employ computer assisted selection and printing of the voter’s selected votes in a ballot, where the method also includes the steps of “comparing by the voter the printed votes with the votes temporarily stored in the computer, and deciding by the voter whether the printed ballot is acceptable or unacceptable” for submission.

Immediately after the 2000 general election VVI's founder, together with the county judge serving as the chairman of the local county canvassing board, invented and applied for what is now the VVI patents for systems and methods of voting with computer assistance that assured appropriately marked paper ballots. The methods provided for the computer voting station used by the voter to print out a marked ballot with the voter's votes for examination and review by the voter, and for the verification of their machine prepared votes before submission of their votes for counting. The invention solved problems with voter mis-marking of mark-sense ballots and eliminated the necessity for the trust in "black box" voting systems, such as those marketed by ES&S before the 2000 election. "Black box" voting systems are voting systems which are essentially computers operating under a voting program that accepts voting input selection, but do not provide a paper ballot. Using a black box system the voter can not be assured that their votes were correctly recorded or counted. The United States Patent for the voting system and method was originally issued as the '613 patent and was ultimately reissued as the '449 patent in 2008.

The '449 patent in the specification, "BACKGROUND OF THE INVENTION", states:

Current mechanical and electronic voting systems that do not involve physical alteration of ballot material by the voter do not provide for voter verification of the

correctness of his or her own vote. Current voting systems that do involve physical alteration of ballot material by the voter to effect voting are subject to erroneous or incompetent handling by the voter. When such erroneous or incompetent handling by the voter occurs, the mechanical or electronic means for counting the votes on the ballot are affected, and the ballot may be rejected or the counting otherwise rendered inaccurate or suspect. The circumstance of ballot rejection or inconsistent mechanical tabulation in the case of erroneous or incompetent handling by the voter often requires manual examination of ballots, which is not only laborious and subject to its own inaccuracies, but is also inherently fraught with difficulty in maintaining the integrity of the election process. The principal object of the present invention is to provide a voter with a printed ballot prepared by a computer station and printer from input by the voter which completely and accurately presents the votes of the voter, and which is in a familiar form for easy review of his or her vote by the voter, so that machine and human error may be detected and corrected before the ballot is finally submitted by the voter for tabulation with the votes of other voters. (Emphasis supplied.)

That declaration is then followed in the '449 patent document by the "DETAILED DESCRIPTION OF

THE INVENTION” and the claims grounded thereupon.

Shortly after becoming aware of the application for the ‘449 patent ES&S modified their systems to use VVI’s patented voting method, which they then marketed (“ES&S systems”). ES&S systems using VVI’s voting methods performed all of the steps of the claimed methods, and directed the voters using the ES&S systems with instructions programed into the system software throughout the voting process.

B. The Method Claims of the ‘449 Patent

The ‘449 patent included three independent method claims, claims 49, 85, and 93. Claim 85 is the simplest of those claims:

85. A method for voting providing for self-verification of a ballot comprising the steps of
- (a) voting by a voter using a computer voting station programmed to present an election ballot, accept input of votes from the voter according to the election ballot, temporarily store the votes of the voter;
 - (b) printing of the votes of the voter from the votes temporarily stored in the computer for the voting station;
 - (c) comparison by the voter of the printed votes with the votes temporarily

stored in the computer for the voting station;

(d) decision by the voter as to whether a printed ballot is acceptable or unacceptable; and

(e) submission of an acceptable printed ballot for tabulation.

The claimed methods are not just computer programs that operate within a computer. These claimed methods include the participation of the voter performing the voting tasks as instructed in steps “(a)”, “(c)” thereof according to the computer program. As shown by the claims the performance by the voter does not take place in a computer, but uses computer equipment, software, and associated peripherals, such as a printer, to effect steps (a) and (b) of the method, all of the other steps being performed by the voter without the use of computer equipment. Also as appears from the specification of the ‘449 patent, a printer operating as directed in the method is essential to the production of an accurate and verifiable ballot document, which is then to be acted upon by a voter in the performance of the remaining steps of the method. It is clear from a reading of steps (c) and (d) of the method of claim 85 that neither is performed by or in a computer. All of the independent method claims included steps (c) and (d) in common, these steps being prominent in the reasons for allowance of the VVI patents by the United States Patent and Trademark Office.

C. The First Action

In November, 2009 VVI filed the first action in the United States District Court, Middle District of Florida (“MDFL”) alleging that ES&S infringed the VVI patents by incorporating the voting methods claimed in the VVI patents into the ES&S Systems, including the iVotronic RTAL system (“iVotronic”) and the AutoMARK. The Complaint was brought under 28 U.S.C. §1338 against ES&S for patent infringement under 35 U.S.C. § 271. In that action ES&S filed a counterclaim for declaratory judgment seeking the declaration that all of the claims of the ‘449 Patent were invalid under 35 U.S.C. §§ 101, 102, 103, and 112, and a declaration that the VVI patents were not infringed by the ES&S Systems, *inter alia*.

The MDFL by summary judgment decided in favor of VVI in part and ES&S in part, finding that ES&S developed and marketed the ES&S Systems. In distinct and separate rulings, the MDFL ruled on the ES&S counterclaim for invalidity of the claims of the ‘449 Patent, declaring that all claims of the ‘449 patent were not invalid under 35 U.S.C. § 101.¹ The district court also declared claims 1-93 of the ‘449 Patent were not infringed by the ES&S Systems under doctrine of *Muniauction, Inc. v. Thomson Corp.*, 532 F.3d 1318 (Fed. Cir. 2008) upon the finding that there was no agency or contractual relationship between ES&S and the voters required to use the ES&S Systems. Within three years the *Muniauction* doctrine was overruled by the Federal Circuit. *Akamai IV*.

None of the courts below found the practice of any element of the method claims 49, 85, and 93 to be missing from the practice by the ES&S systems to find non-infringement. All of the courts below resorted to the application of the Muniauction doctrine, which can only be logically applied if the performance of all of the elements of the method has occurred.

D. The Federal Circuit's Decision in the First Action

VVI appealed the MDFL finding of invalidity under § 103 of claim 49 of the '449 patent based upon determination that an article posted on a dial-up bulletin board was supporting prior art, even though not indexed on the world-wide web of the internet, and appealed the declaration of non-infringement as well. ES&S cross-appealed the order granting summary judgment upholding of the validity of the claims of the '449 patent² and the validity of claims 1-48, 50-84, and 86-92 under §§ 102 and 103. The Federal Circuit also affirmed the summary judgment declaration of validity of claims by the MDFL in the cross-appeal by ES&S with the following observation:

. . . Premier and Election Systems kept any "unasserted" claims before the district court by maintaining their respective counterclaims that alleged invalidity of "[e]ach claim of the '449 patent." When Voter Verified moved for summary judgment on those

counterclaims, Premier and Election Systems never responded with viable arguments or evidence to support their invalidity contentions regarding claims 1–48, 50–84, and 86–92, despite multiple opportunities to do so.

The notice of cross-appeal filed by ES&S specifically included the MDFL order that granted VVI's motion for summary judgment "to the extent VVI seeks a finding that the claims of the '449 patent are not invalid under 35 U.S.C. § 101" reported at *Voter Verified Inc. v. Election Sys. & Software, Inc.*, 745 F.Supp.2d 1237 (M.D. Fla., 2010).

E. VVI's Motion For Relief From the Declaration of Non-Infringement

During the course of the first action, several other cases similarly affected by the Muniauction doctrine were also engaged in the appeal process in the Federal Circuit, among which was *Akamai Techs., Inc. v. Limelight Networks, Inc.*, 692 F.3d 1301 (Fed. Cir. 2012) (en banc) ("Akamai II") decided by the Federal Circuit on August 31, 2012, which upheld the Muniauction doctrine. Both Limelight and Akamai sought certiorari in this Court from that decision, but ultimately only Limelight's petition was granted. In the Limelight certiorari proceedings, *Limelight Networks, Inc. v. Akamai Technologies, Inc.*, 134 S. Ct. 2111 (2014), the unanimous Supreme Court reversed and remanded because of another error of the Federal Circuit involving induced

infringement, and noted on remand “the Federal Circuit will have the opportunity to revisit the § 271(a) question if it so chooses”. On remand the Federal Circuit ultimately entered a new decision en banc in Akamai IV on August 13, 2015, and reinstated the infringement verdict for Akamai, holding: “Section 271(a) is not limited solely to principal-agent relationships, contractual arrangements, and joint enterprise, . . .”. Footnote 3 of Akamai IV states: “To the extent our prior cases formed the predicate for the vacated panel decision, those decisions are also overruled.” From *Akamai Technologies, Inc. v. Limelight Networks, Inc.*, 786 F.3d 899 (Fed. Cir. 2015) (“Akamai III”) those “prior cases” are *Muniauction and BMC Resources, Inc. v. Paymentech, L.P.*, 498 F.3d 1373 (Fed. Cir., 2007). Thus the Federal Circuit overruled the Muniauction doctrine under the authority of which the MDFL’s declaration of non-infringement in favor of ES&S in the first action was made. Absent the Muniauction doctrine, there was no authority for the declaration of non-infringement by the district court or the affirmance thereof by the Federal Circuit in *Voter Verified, Inc. v. Premier Election Solutions, Inc.*, 698 F.3d 1374 (Fed. Cir. 2012) (“Voter I”).

Upon becoming aware of the change in law effected by the overruling of Muniauction in Akamai IV and the modification of the “single-entity” rule to accommodate Akamai’s claims, VVI filed its Motion for Relief from Final Judgment Pursuant to Rule 60(b), Fed.R.Civ.P. (“60(b) Motion”) App 21 in the MDFL with regard to the judgment declaration of non-infringement affirmed by the Federal Circuit in

Voter I under the authority of Muniauction. On May 26, 2016 the MDLJ denied the 60(b) Motion. VVI appealed to the Federal Circuit, which resulted in the affirmance without opinion *Voter Verified, Inc. v. Premier Election Sols., Inc.* (Fed. Cir., 2017) (unpublished) (“Voter II”).

VVI had petitioned for certiorari to review both Voter I and Voter II, but both were denied without opinion.

F. VVI’s Complaint in the Second Action and the District Court’s Decision

ES&S has since the filing of the first action continued to make, advertise, sell, and use products and methods for computer assisted voting employing physically printed ballots, such as the iVotronic RTAL system (“iVotronic”); the AutoMARK, and the Vote Express; and various vote counting machines. During the separate existence of Premier Election Solutions, Inc. (before merger into ES&S) it also made, advertised, sold, and used products and methods for computer assisted voting, such as the AccuVote with the AccuView Printer Module, and the AutoMARK; and also various vote counting machines. (All of the above systems shall be referred to collectively as the “ES&S Systems”.)

VVI brought the second action for patent infringement against ES&S for the second period of infringement of its ‘449 Patent (“second action”) in the United States District Court, Northern District of

Florida (“NDFL”), the first period of infringement having been litigated in the first action in the MDFL through appeal to the Federal Circuit.

In the second action VVI asserted preclusion of the issues of patent validity decided in the first action, but the NDFL dismissed the second action under Fed.R.Civ.P. 12(b)(6) holding that the doctrine of issue preclusion did not apply because of a change in the law from *Bilski v. Kappos*, 130 S. Ct. 3218 (2010) to *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014). The district court then claimed to have applied the “two-step analysis” of *Alice* without recitation of any of the claims of the ‘449 Patent in the Order, as follows:

Using the two-step analysis set forth in *Alice*, this Court must determine if the subject matter of the patent at issue, the ‘449 patent, is patentable. First, the ‘449 patent is directed at one of the “patent-ineligible concepts” because the patent is based on the abstract idea of a vote collection and verification. *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 132 S. Ct. at 1296–97); ECF No. 7 at 7. . . .

One of the method claims that was held not to be invalid in the summary judgment on the ES&S counterclaim in the first action was claim 85, which was considered as representative by the Federal Circuit. With apparently little awareness of the

language of the claim itself, the NDFL proceeded to confuse and combine the steps of the “two-step”:

. . . There is nothing inventive or transformative about the functions claimed in the patent, as they encompass computer functions which are “well-understood, routine, conventional activit[ies] previously known to the industry,” and thus, there is no transformative feature between the abstract ideas of voting and verification and the input of the given steps into a computer system. *Alice*, 134 S. Ct. at 2359 (quoting *Mayo*, 132 S. Ct. at 1294) (brackets in original); ECF No. 1, Exhibit B at 6–7. (Emphasis supplied.)

(It is clear from the steps (c) and (d) of the independent method claims set out with claim 85 in section B of this Statement, *supra*, that neither were to be input into a computer system.)

Thus the NDFL held, without any indication of consideration of the claims as a whole, “that the ‘449 patent is invalid under the *Alice* decision because the voting system claimed is simply an abstract idea on a computer”. VVI then appealed to the Federal Circuit.

G. The Federal Circuit’s Decision in the Second Action.

In its opinion the Federal Circuit determined that consideration of VVI's claim of issue preclusion was preliminary to consideration of the issue of invalidity decided by the NDFL. The Federal Circuit proceeded to correct the NDFL's finding that there was a change in the law from *Bilski* to *Alice* to hold that the doctrine of issue preclusion was not precluded by an alteration in the governing law under §101.

The Federal Circuit then reviewed the NDFL's application of issue preclusion under the law of the Eleventh Circuit, which also requires review de novo of a district court's determination under the doctrine. The Federal Circuit claimed to follow the statement of the doctrine by the Eleventh Circuit in *EEOC v. Pemco Aeroplex, Inc.*, 383 F.3d 1280 (11th Cir. 2004):

(1) the issue at stake must be identical to the one involved in the prior litigation; (2) the issue must have been actually litigated in the prior suit; (3) the determination of the issue in the prior litigation must have been a critical and necessary part of the judgment in that action; and (4) the party against whom the earlier decision is asserted must have had a full and fair opportunity to litigate the issue in the earlier proceeding,

and held that there was no showing of two of the four elements required: "(2) the issue must have been actually litigated in the prior suit; (3) the determination of the issue in the prior litigation must

have been a critical and necessary part of the judgment in that action”. In so holding under element (2) the Federal Circuit agreed with ES&S “that the § 101 issue was never ‘actually litigated,’ because the court did not evaluate that question”. The Federal Circuit also agreed with ES&S that “the § 101 issue of invalidity was not necessary to the judgment in the first district court [MDFL] action”, although that issue was decided in the first action in response to a motion for summary judgment by VVI on the counterclaim of ES&S which raised the § 101 issue.

Having concluded with agreement that issue preclusion did not prevent relitigation of the § 101 issue, the Federal Circuit “turned to the merits of the § 101 issue”:

First, the claims as a whole are drawn to the concept of voting, verifying the vote, and submitting the vote for tabulation. Humans have performed this fundamental activity that forms the basis of our democracy for hundreds of years. . . .

and concludes without any further analysis of the claims that “[t]hese steps are therefore nothing more than abstract ideas”, and proceeds to the second of the “two-step”. VVI made no pretense of satisfying the second step, because it maintained its position that the voting system should not be categorized as a patent-ineligible “abstract idea” simply because it used computer components as tools. This position of

VVI was confirmed by the Federal Circuit, although failing to differentiate between the contributions of the voter and the computer components, and thus confusing the steps of the “two-step”:

. . . Voter Verified’s argument that these steps are not only performed by generic computer components, but also performed by a voter, was addressed under step one when they were determined to be an abstract idea.

On this basis the Federal Circuit declared claims 1-93 of the claims of the ‘449 patent at issue to be “invalid under § 101.

REASONS FOR GRANTING THE PETITION

I. The Federal Circuit’s Decision In The Second Action Conflicts With The Decisions Of This Court, the Decisions of the Eleventh Circuit On the Application Of the Doctrine Of Issue Preclusion.

The Federal Circuit ‘s decision in the second action erroneously departs from the decisions of the Eleventh Circuit and this Court with respect to the meaning of the term “actually litigated” in the context of the doctrine of issue preclusion. That term has been prominently discussed in the following decisions:

1. Endnote in *Gunter v. Hickman*, 348 S.E.2d 644, 256 Ga. 315 (Ga., 1986):

1. The appellant's argument that the evidence is insufficient to support her conviction under *Jackson v. Virginia*, supra, is premised on the assertion that there is insufficient corroboration of accomplice testimony. This issue was actually litigated, i.e., raised and decided, in the appellant's direct appeal. 243 Ga. at pp. 654- Page 645, 656, 256 S.E.2d 341. For this reason, the issue cannot be reasserted in habeas-corpus proceedings. See *Hammock v. Zant*, 243 Ga. 259, 253 S.E.2d 727 (1979) and cits.

2. *Gunter* was cited for the meaning of “actually litigated” in *Foster v. Chatman*, 136 S. Ct. 1737 (2016):

. . . *Gunter v. Hickman*, 256 Ga. 315, 316, 348 S.E.2d 644, 645 (1986) (“This issue was actually litigated, i.e., raised and decided, in the appellant's direct appeal.... For this reason, the issue cannot be reasserted in habeas-corpus proceedings”) . . .

3. *In re Keaty*, 397 F.3d 264 (5th Cir., 2005) provides the most extensive discussion of the term:

There is nothing in the case law defining the term “actually litigated” to require a trial or evidentiary hearing. . . Likewise, at the federal level, there is no requirement of a trial or evidentiary hearing to conclude that

an issue has been "actually litigated." See Restatement (Second) of Judgments § 27 cmt. d (1982) (stating that an issue is actually litigated when "an issue is properly raised, by the pleadings or otherwise, and is submitted for determination, and is determined," but not requiring a trial or evidentiary hearing.); 18 James W. Moore et al., Moore's Federal Practice § 132.03 (3d ed.1999) (failing to state that a trial or evidentiary hearing is a requirement for issue preclusion).

* * *

. . . Courts also apply the doctrine of issue preclusion to issues decided on summary judgment — which itself does not require a trial or evidentiary hearing. See Restatement (Second) of Judgments § 27 cmt. d (stating that an issue is actually litigated when it is, inter alia, "submitted for determination, and is determined" and that "[a]n issue may be submitted and determined on ... a motion for summary judgment"); 18 James W. Moore et al., Moore's Federal Practice § 132.03 ("Issue preclusion generally applies when the prior determination is based on a motion for summary judgment."). . . .

The requirement that an issue be "actually litigated" for collateral estoppel purposes simply requires that the issue is raised, contested by the parties, submitted for determination by the court, and determined. *McLaughlin v. Bradley*, 803 F.2d 1197, 1201 (D.C.Cir.1986)

4. *Community Bank of Homestead v. Torcise*, 162 F.3d 1084 (11th Cir., 1998):

. . . The foreclosure proceeding resolved the issue of the appropriate interest rates on Community Bank's claim--the same issue that is being challenged on this appeal.⁶ The parties are identical.⁷ Finally, the Florida circuit court had jurisdiction over the foreclosure proceeding. Thus, Torcise is collaterally estopped from contesting the calculation of interest.

Endnote 6

The fact that Torcise did not contest the foreclosure judgment on direct appeal does not prevent the issue from having been "fully litigated" for collateral estoppel purposes. See *Johnson v. Keene (In re Keene)*, 135 B.R. 162, 168 (Bankr.S.D.Fla.1991); *Masciarelli v. Maco Supply Corp.*, 224 So.2d 329, 330 (Fla.1969); see also *Walters v. Betts (In re Betts)*, 174 B.R. 636, 646 (Bankr.N.D.Ga.1994) ("[A] consideration of 'actually litigated' is not addressed to the quality or quantity of evidence or argument presented. Instead, it only requires that an issue was effectively raised in the prior action, and that the adverse party had a fair opportunity to contest the issue.

As the Federal Circuit notes, ES&S counsel on oral argument admitted that ES&S chose not to

respond to VVI's motion for summary judgment in support of the claims of invalidity ES&S raised in its counterclaim. In the words of the Federal Circuit:

. . . First, Election Systems contends that by choosing not to respond to Voter Verified's arguments against its § 101 invalidity counterclaim, the issue was never "actually litigated." See Oral Arg. at 20:30–22:35. . . (Emphasis supplied.)

Moreover:

We agree with Election Systems on both points. First, the § 101 issue was not actually litigated. It was in fact barely considered. The district court disposed of the § 101 issue when Election Systems chose not to respond. . . . (Emphasis supplied.)

In this case ES&S chose not to provide any of such items in discharge of its responsibility to maintain its counterclaim. That is, although the Defendant raised the issue by the counterclaim for declaratory judgment, it did not provide the trial court with any facts, law, or argument for the "evaluation" that the Court below has erroneously engrafted onto the preclusion doctrine of the Eleventh Circuit.

Thus ES&S claims to have chosen not to respond, acknowledging that in the first action it was fully informed of the consequence of its failure to respond to VVI's motion for summary judgment upon the filing of the motion, the adverse judgment of the

MDFL on the counterclaim for invalidity in favor of VVI. The “actually litigated” of the criteria for the application of the issue preclusion doctrine does not allow for ES&S’s choice not to respond to VVI’s motion for summary judgment on the issue of validity without the consequence of an estoppel precluding the same issues in a subsequent action. *Jaffree v. Wallace*, 837 F.2d 1461 (C.A.11 (Ala.), 1988). In order to save ES&S it appears that the Federal Circuit has attempted to engraft a new requirement to be met to “actually litigate”: “because the court did not evaluate that question”.

Having erroneously disposed of the established meaning of the term “actually litigate” the Federal Circuit engages in a circular argument, in order to deal with the element of “critical and necessary part of the judgment” that also involves a non-sequitur

. . . Moreover, as we previously observed, the § 101 issue was not actually litigated. As a result, it is clear that the § 101 issue was not critical or necessary to the final judgment.

The element of the criteria for the application of issue preclusion, “critical and necessary part of the judgment”, is satisfied by the validity of the claims of the ‘449 patent by the MDFL established by the judgment against ES&Ss with regard to its counterclaim for declaratory judgment with which it sought the invalidation of those claims. The critical and necessary part of a judgment upon a counterclaim for declaratory judgment is the

declaration sought thereby. If the declaration sought is the validity or invalidity of a claim, then the declaration of such is the critical and necessary part of the judgment, for which nothing else will suffice. In this case, the “critical and necessary part of the judgment” in the criteria for issue preclusion applies solely to the findings regarding validity of the claims of the ‘449 Patent in the Judgment against ES&S’s counterclaim for declaratory judgment with which it sought the invalidation of those claims.

The Federal Circuit institutes further circularity with the conclusion that the issue was not critical or necessary as a result of the supposed lack of their special notion of “litigation” exploded above. Thus, the Federal Circuit engages in the absurd circularity that an issue is not critical or necessary if it has not been litigated, and ignores the fact that ES&S chose not to cooperate with the system of justice to which it was bound with the assertion of its counterclaim. This leads to the further absurdity of the Panel’s conclusion:

We therefore conclude that issue preclusion does not apply in this case, not because there was a change in law as the district court held, but because the issue of patent eligibility under § 101 was not actually litigated and it was not necessary to the judgment rendered. (Emphasis supplied.)

Finally, it must be observed how this Court lays it on the line in *Jackson v. Irving Trust Co*, 311 U.S. 494, 61 S.Ct. 326 (1941):

. . . . [W]hether a particular issue was actually litigated is immaterial in view of the necessary conclusion that there was full opportunity to litigate it and that it was adjudicated by the decree. *Cromwell v. County of Sac*, 94 U.S. 351, 352, 24 L.Ed. 195; *Grubb v. Public Utilities Commission*, 281 U.S. 470, 479, 50 S.Ct. 374, 378, 74 L.Ed. 972; *Chicot County Drainage District v. Baxter State Bank*, *supra*; *Sunshine Anthracite Coal Co. v. Adkins*, 310 U.S. 381, 403, 60 S.Ct. 907, 917, 84 L.Ed. 1263. . . .

II. The Federal Circuit's Failure To Follow Its Own Precedent Has Departed Far From the Accepted and Usual Course Of Judicial Proceedings Under Doctrine Of Issue Preclusion Regarding Its Earlier Determination On the Same Issue.

ES&S seeks to relitigate patent validity under § 101 in this second action . The Federal Circuit's acceding to ES&S's position necessarily ignores the fact that the Federal Circuit itself ruled on ES&S's failure of the same kind in the first action that ES&S seeks to have relitigated in this action regarding § 101 patent eligibility. However, now the Federal Circuit fails to follow the decision made in the first case. In the first case the Federal Circuit explained:

As the MDFL recognized, it was ultimately up to Premier and Election Systems to establish each of their invalidity counterclaims by clear and convincing

evidence; yet they failed to mount a response to Voter Verified's summary judgment motion on the claims now at issue. . . . Because Premier and Election Systems failed to adequately support their own counterclaims, the district court did not err by granting Voter Verified's summary judgment motion that claims 1–48, 50–84, and 86–92 were not proven invalid.

CONCLUSION

The Petitioner continues to be deprived of their patent rights by the illegal actions of the Federal Circuit. More importantly, the citizens of this country are being deprived of the proper implementation of the voting systems and methods that are being infringed by ES&S with corruption of the objectives thereof.

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Endnote 1.

I. Procedural History

On November 19, 2009, Voter Verified, Inc. (“VVI”) filed the present action against Election Systems & Software Inc. (“ES & S”). (Doc. No. 1.) The Complaint, seeking both damages and injunctive

relief, alleges that ES & S willfully infringed United States Patents Nos. 6,769,613 (“the '613 patent”) and RE40,449 (“the '449 patent”). (*Id.* at 8.) EE & S denies VVI's allegations of infringement and seeks a declaratory judgment that: (1) the ' 613 and '449 patents are invalid pursuant to 35 U.S.C. §§ 101, 102, 103, and 112; (2) the '613 patent is invalid pursuant to 35 U.S.C. § 251; and (3) ES & S does not and has never infringed the '613 and '449 patents. (Doc. No. 17 at 7–8.)

*

*

*

In its Counterclaim, ES & S alleges that the '449 patent is invalid under 35 U.S.C. § 101 and § 112. (Doc. No. 7 ¶ 8.) VVI moves for summary judgment on the issue of invalidity under 35 U.S.C. § 101 and § 112, arguing that ES & S fails to present sufficient evidence to create a genuine issue of material fact as to the invalidity of the '449 patent under either section. (Doc. No. 71 at 22–24.) ES & S provides no response in opposition to VVI's arguments regarding invalidity under 35 U.S.C. § 101, but it alleges that claim 94 of the '449 patent is invalid as indefinite under 35 U.S.C. § 112 ¶ 6. (Doc. No. 84 at 18.)

*

*

*

. . . ES & S fails to provide evidence supporting a finding that any claim of the '449 patent, aside from claim 94, is invalid under either 35 U.S.C. § 101 or § 112. Accordingly, summary judgment will be granted for VVI to the extent VVI seeks a finding that the claims of the '449 patent, excluding claim 94, are not invalid under either 35 U.S.C. § 101 or § 112. The validity of claim 94 will be addressed separately. See *infra* section IV.B.

*

*

*

Conclusion

Based on the foregoing, the Second Motion for Summary by Voter Verified, Inc. (Doc. No. 71, filed Apr. 28, 2010) is GRANTED in part and DENIED in part as follows:

1. The Motion is GRANTED to the extent VVI seeks a finding that the claims of the '449 patent are not invalid under 35 U.S.C. § 101;

APPENDIX

APPENDIX DOCUMENTS BEGIN
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NOTE: This order is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

VOTER VERIFIED, INC.,
Plaintiff-Appellant

v.

ELECTION SYSTEMS & SOFTWARE LLC,
Defendant-Appellee

2017-1930

Appeal from the United States District Court for the Northern District of Florida in No. 1:16-cv-00267-MW-GRJ, Judge Mark E. Walker.

**ON PETITION FOR PANEL REHEARING AND
REHEARING EN BANC**

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK,
MOORE, O'MALLEY, REYNA, WALLACH, TARANTO, CHEN,
HUGHES, and STOLL, *Circuit Judges*.

PER CURIAM.

O R D E R

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2 VOTER VERIFIED, INC. v. ELECTION SYSTEMS & SOFTWARE

Appellant Voter Verified, Inc. filed a combined petition for panel rehearing and rehearing en banc. The petition was referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on June 26, 2018.

FOR THE COURT

June 19, 2018

Date

/s/Peter R. Marksteiner

Peter R. Marksteiner

Clerk of Court

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**United States Court of Appeals
for the Federal Circuit**

VOTER VERIFIED, INC.,
Plaintiff-Appellant

v.

ELECTION SYSTEMS & SOFTWARE LLC,
Defendant-Appellee

2017-1930

Appeal from the United States District Court for the Northern District of Florida in No. 1:16-cv-00267-MW-GRJ, Judge Mark E. Walker.

Decided: April 20, 2018

ANTHONY ITALO PROVITOLA, DeLand, FL, argued for plaintiff-appellant.

ROBERT M. EVANS, JR., Senniger Powers LLP, St. Louis, MO, argued for defendant-appellee. Also represented by KYLE G. GOTTUSO.

Before NEWMAN, LOURIE, and REYNA, *Circuit Judges*.
LOURIE, *Circuit Judge*.

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Voter Verified, Inc. (“Voter Verified”) appeals from the United States District Court for the Northern District of Florida’s dismissal under Fed. R. Civ. P. 12(b)(6) of its claim for patent infringement, holding that the claims of U.S. Reissue Patent RE40,449 (“the ’449 patent”) are directed to patent-ineligible subject matter and are thus invalid under 35 U.S.C. § 101. *See Voter Verified, Inc. v. Election Sys. & Software LLC*, No. 1:16-cv-267, 2017 WL 3688148, at *2 (N.D. Fla. Mar. 21, 2017) (“*Voter Verified NDFL*”). For the reasons that follow, we affirm.

BACKGROUND

The ’449 patent, assigned to Voter Verified, was reissued on August 5, 2008 from U.S. Patent 6,769,613, and is directed to voting methods and systems that provide for “auto-verification” of a voter’s ballot. *See* ’449 patent Abstract. Generally, the patent discloses a process in which a voter enters a vote into a voting system; the system generates a corresponding printed ballot; and the voter verifies the printed ballot for accuracy and submits it for tabulation. *See id.* col. 1 l. 64–col. 2 l. 40, col. 2 l. 53–col. 3 l. 11.

Before we address the issues in the current appeal, an overview of relevant events from a prior litigation is necessary. In November 2009, Voter Verified sued the predecessors of Election Systems & Software LLC (“Election Systems”)¹ in the Middle District of Florida alleging infringement of the ’449 patent. Election Systems, which produces and markets automated voting systems, counterclaimed that the claims of the ’449 patent were invalid under §§ 101, 102, 103, and 112. In a series of summary judgment orders, the district court made various validity and infringement decisions. The court determined that

¹ The parties do not dispute that this means Election Systems was a party to the prior litigation.

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claims 1–93 were not infringed and claim 94 was invalid as indefinite under § 112. The court then entered summary judgment in favor of Voter Verified concluding that all the claims of the '449 patent, except for claim 94, were not invalid under §§ 101 and 112, because Election Systems failed to present any arguments or evidence regarding invalidity of these claims. *See* Summ. J. Order at 18–19, *Voter Verified, Inc. v. Premier Election Sols., Inc.*, No. 6:09-cv-1968 (M.D. Fla. Sept. 15, 2010), ECF No. 155; Summ. J. Order at 20, *Voter Verified, Inc. v. Election Sys. & Software, Inc.*, No. 6:09-cv-1969 (M.D. Fla. Sept. 29, 2010), ECF No. 114; J.A. 239. No further analysis of § 101 was provided. Finally, the court dismissed without prejudice the claim of invalidity of claims 85 and 93 under § 102, having already determined that they were not infringed, but held that claim 49 was invalid under § 103, even though the court had also already determined that it was not infringed. The court additionally held that the remaining claims 1–48, 50–84, and 86–92 were not invalid under §§ 102 and 103.

Voter Verified appealed the holding of invalidity of claim 49, but not of claim 94. *See Voter Verified, Inc. v. Premier Election Sols., Inc.*, 698 F.3d 1374, 1379 (Fed. Cir. 2012). Election Systems cross-appealed the upholding of the validity of the remaining claims 1–48, 50–84, and 86–92. *Id.*

After briefing and oral argument, we affirmed the district court's invalidity judgment of claim 49 under § 103. *Id.* at 1379–81. We also determined that the district court did not err in holding that claims 1–48, 50–84, and 86–92 were not proven invalid because, in failing to respond to these arguments in its summary judgment briefing, Election Systems had not met its burden to prove its invalidity counterclaims by clear and convincing evidence. *Id.* at 1381–82. Therefore, only claims 49 and 94 remain invalid.

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4 VOTER VERIFIED, INC. v. ELECTION SYSTEMS & SOFTWARE

This brings us to the present case on appeal. In July 2016, Voter Verified again sued Election Systems, this time in the Northern District of Florida, alleging that certain voting systems and equipment made or operated by Election Systems infringed the '449 patent. Election Systems filed a motion to dismiss the complaint under Rule 12(b)(6) arguing that Voter Verified failed to state a claim upon which relief could be granted because all the claims of the '449 patent are invalid under § 101. In response, Voter Verified argued that issue preclusion, or collateral estoppel, precludes Election Systems from relitigating the § 101 issue, which it argues had already been decided in the prior litigation. Election Systems countered that issue preclusion should not apply in this case because there was an intervening change in the law. Regardless, Election Systems contended that under Eleventh Circuit law, issue preclusion would still not apply because two of the four required elements of issue preclusion were not met. Specifically, Election Systems argued that the § 101 issue was not “actually litigated” and it was not “a critical and necessary part of the judgment” in the first litigation. *See CSX Transp., Inc. v. Bhd. of Maint. of Way Emps.*, 327 F.3d 1309, 1317 (11th Cir. 2003).

The district court granted Election Systems’s motion to dismiss. *See Voter Verified NDFL*, 2017 WL 3688148, at *2. The court concluded that the “two-step analysis” recited in *Alice Corp. v. CLS Bank International*, 134 S. Ct. 2347 (2014), constituted a “substantial change” in the law such that “the issue of patent validity is not precluded from further litigation.” *Voter Verified NDFL*, 2017 WL 3688148, at *1–2. The district court therefore did not reach an issue preclusion analysis under Eleventh Circuit law. The court then proceeded to analyze the claims of the '449 patent under the two-step § 101 framework. First, the court determined that the patent was based on the abstract idea of “vote collection and verification.” *Id.*

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at *2. Second, the court determined that the voting system was made up of “generic computer components performing generic computer functions,” and that this was insufficient to transform the abstract idea into patent-eligible subject matter. *Id.* As a result, the court held that all the claims of the ’449 patent were directed to patent-ineligible subject matter and thus invalid under § 101. *Id.*

Voter Verified timely appealed. We have jurisdiction under 28 U.S.C. § 1295(a)(1).

DISCUSSION

We review a district court’s dismissal under Rule 12(b)(6) under the law of the regional circuit. *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1346 (Fed. Cir. 2014). The Eleventh Circuit reviews the grant of a Rule 12(b)(6) motion *de novo*, accepting as true the complaint’s factual allegations and construing them in the light most favorable to the plaintiff. *Speaker v. U.S. Dep’t of Health & Human Servs. Ctrs. for Disease Control & Prevention*, 623 F.3d 1371, 1379 (11th Cir. 2010).

Before we reach the merits of the § 101 issue, we must first determine whether the district court properly concluded that the § 101 judgment from the prior litigation does not have preclusive effect in this case for the reason that *Alice* was an intervening change in the law. *See* Wright et al., 18 Fed. Prac. & Proc. Juris. § 4425 (3d ed.) (“Preclusion is most readily defeated by specific Supreme Court overruling of precedent relied upon in reaching the first decision.”); *see also* *Dow Chem. Co. v. Nova Chems. Corp. (Can.)*, 803 F.3d 620, 628–29 (Fed. Cir. 2015); *Wilson v. Turnage*, 791 F.2d 151, 157 (Fed. Cir. 1986) (determining that issue preclusion was inapplicable when there was an “intervening change in the legal atmosphere”). If there were a change in the law, then issue preclusion would not apply, which would allow us to reach

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the merits of the § 101 issue. If, however, there were not a change in the law, then issue preclusion would still be a viable issue that we need to evaluate.

I. Intervening Change in the Law

The district court held that *Alice* was a “substantial change” in the law such that issue preclusion does not apply here. *See Voter Verified NDFL*, 2017 WL 3688148, at *1. On appeal, Voter Verified argues that issue preclusion should apply because there was no change in the law, and *Alice* merely applied a rule from *Bilski v. Kappos*, 561 U.S. 593 (2010), which it states was the controlling law at the time the district court in the prior litigation entered summary judgment on the § 101 issue. Election Systems counters that there was a change in the law, because “the two-step analysis [was] established in *Mayo* and further refined in *Alice*.” Appellee’s Br. 23; *see also* Oral Arg. at 23:34–25:25, *Voter Verified, Inc. v. Election Sys. & Software LLC*, No. 17-1930 (Fed. Cir. Feb. 9, 2018), <http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2017-1930.mp3>.

We agree with Voter Verified to the extent that it argues that *Alice* was not an intervening change in the law, so that it does not exempt a potential application of issue preclusion. However, we ultimately conclude for the reasons that follow that issue preclusion does not apply in this case.

For the change of law exception to issue preclusion to apply, three conditions must be satisfied. First, “the governing law must have been altered.” *Dow Chem.*, 803 F.3d at 629 (citations omitted). Second, “the decision sought to be reopened must have applied the old law.” *Id.* (citations omitted). Third, the change in the law “must compel a different result under the facts of the particular case.” *Id.* (citations omitted). Additionally, in order to be intervening, the change in the law must have occurred after the first case was finally decided. *See Wilson*, 791

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F.2d at 157 (“[A] judicial declaration intervening between the two proceedings may so change the legal atmosphere as to render the rule of collateral estoppel inapplicable.” (quoting *Comm’r of Internal Revenue v. Sunnen*, 333 U.S. 591, 600 (1948))).

Turning to the first condition, we conclude that *Alice*, which was decided after the first litigation ended, did not alter the governing law of § 101. In *Alice*, the Court applied the same two-step framework it created in *Mayo* in its § 101 analysis. *Alice*, 134 S. Ct. at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 77–79 (2012)). The Court stated, “[f]irst, we determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* (citing *Mayo*, 566 U.S. at 77–78). If so, it stated, one must then determine “what else is there in the claims before us?” *Id.* (quoting *Mayo*, 566 U.S. at 78). Just as it did in *Mayo*, the Court characterized the second inquiry “as a search for an inventive concept,” *id.* at 2355 (internal quotation marks and citation omitted), that is “sufficient to transform the claimed abstract idea into a patent-eligible application,” *id.* at 2357 (internal quotation marks and citation omitted). It is thus evident from the Court’s reliance on *Mayo* that it was merely applying the same test as it set out in *Mayo*, and did not materially change it. *See id.* at 2355, 2357 (citing *Mayo* for the rule of law). We therefore hold that *Alice* did not alter the governing law under § 101.

Moreover, to the extent that Election Systems argues that *Mayo* was an intervening change in the law, we disagree because *Mayo* was not intervening. *Mayo* was decided while the first appeal was still pending before this court. After that, the only controlling decision that could be considered to have intervened is *Alice*, which issued after the first litigation. And, as we have discussed above, *Alice* did not cause a change in the law.

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Because the first condition for avoiding issue preclusion has not been satisfied, we need not review the second and third conditions. Accordingly, the intervening change in the law exception does not preclude application of issue preclusion in this case.

II. Issue Preclusion

We continue our analysis by applying the doctrine of issue preclusion. Issue preclusion serves to “preclude parties from contesting matters that they have had a full and fair opportunity to litigate,” which “protects their adversaries from the expense and vexation attending multiple lawsuits, conserves judicial resources, and fosters reliance on judicial action by minimizing the possibility of inconsistent decisions.” *Mont. v. United States*, 440 U.S. 147, 153–54 (1979). We review a district court’s application of issue preclusion under the law of the regional circuit. *Aspex Eyewear, Inc. v. Zenni Optical Inc.*, 713 F.3d 1377, 1380 (Fed. Cir. 2013). “However, for any aspects that may have special or unique application to patent cases, Federal Circuit precedent is applicable.” *Id.* (citation omitted). The Eleventh Circuit reviews *de novo* a district court’s determination of issue preclusion, *EEOC v. Pemco Aeroplex, Inc.*, 383 F.3d 1280, 1285 (11th Cir. 2004), and requires a showing of all four of the following elements:

- (1) the issue at stake must be identical to the one involved in the prior litigation;
- (2) the issue must have been *actually litigated* in the prior suit;
- (3) the determination of the issue in the prior litigation must have been *a critical and necessary part of the judgment* in that action; and
- (4) the party against whom the earlier decision is asserted must have had a full and fair opportunity to litigate the issue in the earlier proceeding.

CSX Transp., 327 F.3d at 1317 (emphases added).

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Voter Verified does not specifically argue that issue preclusion applies under the Eleventh Circuit's test. But Election Systems argues that issue preclusion should not apply because at least two of the required elements have not been met. First, Election Systems contends that by choosing not to respond to Voter Verified's arguments against its § 101 invalidity counterclaim, the issue was never "actually litigated." *See* Oral Arg. at 20:30–22:35. Second, Election Systems asserts that a determination of invalidity under § 101 was not critical or necessary to the ultimate judgment of noninfringement. *See id.* at 22:35–22:45.

We agree with Election Systems on both points. First, the § 101 issue was not actually litigated. It was in fact barely considered. The district court disposed of the § 101 issue when Election Systems chose not to respond. From the court's opinion, it appears, as Election Systems has argued, that the § 101 issue was never "actually litigated," because the court did not evaluate that question. *See* Restatement (Second) of Judgments § 27, cmt. e (1982) ("A judgment is not conclusive in a subsequent action as to issues which might have been but were not litigated and determined in the prior action.").

Second, the § 101 issue of invalidity was not necessary to the judgment in the first district court action. Whether issues of invalidity are critical or necessary to a judgment holding that a defendant is not liable for infringement is an aspect that is "special or unique" to patent cases. *Aspex Eyewear*, 713 F.3d at 1380. Validity and infringement are separate concepts. In *Cardinal Chemical*, the Supreme Court noted that invalidity and infringement were independent issues. *See Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 96 (1993) (stating that a party seeking a judgment of invalidity "presents a claim independent of the patentee's charge of infringement"). Consequently, either an invalidity or a noninfringement

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determination is sufficient for a final judgment holding that a party is not liable for infringement.

In the first litigation, the Middle District of Florida held that Election Systems was not liable for infringement of the '449 patent. In so holding, the district court reached the conclusions that (1) claims 1–93 were not infringed; (2) claim 94 was invalid under § 112; (3) claims 1–93 were not invalid under §§ 101 and 112; (4) claim 49 was invalid under § 103; and (5) claims 1–48, 50–84, and 86–92 were not invalid under §§ 102 and 103. The court did not specify which of these determinations were critical or necessary to the final judgment. *See* Restatement (Second) of Judgments § 27, cmt. i (1982) (“If a judgment of a court of first instance is based on determinations of two issues, either of which standing independently would be sufficient to support the result, the judgment is not conclusive with respect to either issue standing alone.”); *cf. id.* § 27, cmt. h, illus. 14 (illustrating that in a suit for trademark infringement, a determination that the trademark is both valid and not infringed does not preclude the same defendant from the defense of invalidity in a subsequent action between the parties). Moreover, as we previously observed, the § 101 issue was not actually litigated. As a result, it is clear that the § 101 issue was not critical or necessary to the final judgment.

We therefore conclude that issue preclusion does not apply in this case, not because there was a change in law as the district court held, but because the issue of patent eligibility under § 101 was not actually litigated and it was not necessary to the judgment rendered.

III. Patent Eligibility under § 101

Because issue preclusion does not apply here, we turn to the merits of the § 101 issue. Patent eligibility under § 101 “is ultimately an issue of law we review *de novo*.” *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1365 (Fed. Cir. 2018) (*italics added*). Patent eligibility can be determined

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at the Rule 12(b)(6) stage “when there are no factual allegations that, taken as true, prevent resolving the eligibility question as a matter of law.” *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1125 (Fed. Cir. 2018).

Under § 101, “[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, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. Under the two-step framework, we first “determine whether the claims at issue are directed to a patent-ineligible concept.” *Alice*, 134 S. Ct. at 2355. If so, then we “examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Id.* at 2357 (quoting *Mayo*, 566 U.S. at 72–73, 78).

Voter Verified argues that the claims of the ’449 patent are directed to patent-eligible subject matter because the specification and claims describe “physical” and “human cognitive actions,” which are not abstract ideas. Appellant’s Br. 11. And at step two of the framework, Voter Verified contends that the district court incorrectly found that only generic computer components were required because a voter performs some of the claimed steps as well.

In response, Election Systems argues that the claims are directed to the abstract idea of “voting and checking the accuracy of a paper election ballot.” Appellee’s Br. 30. Furthermore, Election Systems contends that this represents only a well-established human activity. Because the patent only discloses use of general purpose computers, Election Systems argues that this is nothing more than automating a fundamental human activity, which is insufficient to transform the claimed abstract idea into patent-eligible subject matter under step two. Election

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Systems additionally argues that all of the claims recite nothing more than additional abstract ideas or generic computer components.

The claims before us are claims 1–48 and 50–93 (the “remaining claims”); this excludes claims 49 and 94, which were previously finally held to be invalid. Of the remaining independent claims, claims 85 and 93 recite “self-verification” voting methods, and claims 1, 25, and 56 recite closely related self-verifying voting systems. Method claim 85 and system claim 56 are exemplary of the method and system claims and read as follows:

85. A method for voting providing for self-verification of a ballot comprising the steps of:

(a) voting by a voter using a computer voting station programmed to present an election ballot,

accept input of votes from the voter according to the election ballot,

temporarily store the votes of the voter;

(b) printing of the votes of the voter from the votes temporarily stored in the computer for the voting station;

(c) comparison by the voter of the printed votes with the votes temporarily stored in the computer for the voting station;

(d) decision by the voter as to whether a printed ballot is acceptable or unacceptable; and

(e) submission of an acceptable printed ballot for tabulation.

'449 patent col. 11 ll. 53–68.

56. A self-verifying voting system comprising:

one or more voting stations comprising:

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(a) one or more computer programs which operate in a computer to display general voting instructions, at least one election ballot showing the candidates and/or issues to be voted on, and directions to the voter for operation of the system;

present the election ballot for voting and input of votes by the voter;

accept input of the votes from the voter;

print out the election ballot according to which the voter voted with the votes of the voter printed thereon, so that the votes of the voter are readable on said election ballot by the voter and readable by a ballot scanning machine; and

record the votes in the computer;

(b) at least one computer with at least one display device, at least one device to accept voting input from a voter, and sufficient memory to provide for the operation of said computer program;

(c) a printer connected to said computer for printing the election according to which the voter voted;

(d) a ballot scanning machine for reading the votes on the printed ballot printed according to the election ballot which the voter voted and

a means for tabulating the printed ballots generated by said one or more voting stations.

Id. col. 10, ll. 7–33.

We agree with Election Systems that these claims are directed to patent-ineligible subject matter. The factual

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allegations here, taken as true, do not prevent a § 101 determination at the Rule 12(b)(6) stage. While these claims encompass both methods and systems, we find there to be no distinction between them for § 101 purposes, as they simply recite the same concept. *See Alice*, 134 S. Ct. at 2360 (“[T]he system claims are no different from the method claims in substance. The method claims recite the abstract idea implemented on a generic computer; the system claims recite a handful of generic computer components configured to implement the same idea.”).

First, the claims as a whole are drawn to the concept of voting, verifying the vote, and submitting the vote for tabulation. Humans have performed this fundamental activity that forms the basis of our democracy for hundreds of years. *See* ’449 patent col. 2 ll. 62–66 (stating that the “voting process is ultimately founded upon the law which governs elections”); *see also* U.S. Const. art. I, § 1, cl. 1 (1789) (conveying a right in the “People of the several States” to vote). Even Voter Verified characterized these steps as “human cognitive actions.” Appellant’s Br. 11. These steps are therefore nothing more than abstract ideas. *Cf. CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1373 (Fed. Cir. 2011) (“[M]ethods which can be performed entirely in the human mind are the types of methods that embody the ‘basic tools of scientific and technological work’ that are free to all men and reserved exclusively to none.” (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972))).

Second, there is no inventive concept in the claims sufficient to transform them into patent-eligible subject matter. Neither party disputes that the claims recite the use of general purpose computers that carry out the abstract idea. *See* ’449 patent col. 6 l. 18–col. 12 l. 24 (reciting, *inter alia*, “a standard personal computer,” “a visual display device,” and “a keyboard”); *see also id.* col. 3 l. 12–col. 4 l. 28 (disclosing use of, *inter alia*, “data storage

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devices,” “a laser printer,” and a scanner “from the well-known art”). The case law has consistently held that these standard components are not sufficient to transform abstract claims into patent-eligible subject matter.² Voter Verified’s argument that these steps are not only performed by generic computer components, but also performed by a voter, was addressed under step one when they were determined to be an abstract idea. Because all of the remaining claims only recite different variations of the same abstract idea being performed with other generic computer components, we therefore conclude that the district court properly determined that the claims of the ’449 patent are invalid under § 101.

² See, e.g., *Alice*, 134 S. Ct. at 2359–60 (holding that “implement[ing] the abstract idea . . . on a generic computer” was not sufficient “to transform an abstract idea into a patent-eligible invention”); *Intellectual Ventures I LLC v. Capital One Fin. Corp.*, 850 F.3d 1332, 1341–42 (Fed. Cir. 2017) (holding that “using generic computer components and conventional computer data processing activities” was not sufficient to find an “inventive concept”); *In re TLI Commc’ns LLC Patent Litig.*, 823 F.3d 607, 613–14 (Fed. Cir. 2016) (“These steps fall squarely within our precedent finding generic computer components insufficient to add an inventive concept to an otherwise abstract idea.”); *Mortg. Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324–25 (Fed. Cir. 2016) (holding that generic computer components such as an “interface,” “network,” and “database” fail to satisfy the “inventive concept requirement” (internal quotation marks omitted)); *Content Extraction*, 776 F.3d at 1347–48 (“There is no ‘inventive concept’ in [Content Extraction’s] use of a generic scanner and computer to perform well-understood, routine, and conventional activities commonly used in industry.”).

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We have considered Voter Verified's remaining arguments, but find them unpersuasive.

CONCLUSION

For the foregoing reasons, we affirm the district court's dismissal of the complaint under Rule 12(b)(6) because all of the remaining claims of the '449 patent are invalid under § 101.

AFFIRMED

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF FLORIDA
GAINESVILLE DIVISION

VOTER VERIFIED INC,

Plaintiff,

v. CASE NO. 1:16cv267-MW/GRJ
ELECTION SYSTEMS & SOFTWARE LLC,

Defendant.

_____ /

ORDER GRANTING MOTION TO DISMISS

This is a patent case. The parties previously litigated the same patent in the Middle District of Florida, and now Plaintiff has brought infringement claims before this Court. ECF No. 1. Defendant moved to dismiss the case, arguing that the patent is invalid under *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014). ECF No. 7. The issue before this Court is whether Alice constitutes a change in the law such that issue preclusion does not apply and, if so, whether the voting system at issue in this case is patentable under the two-step analysis set forth in *Alice*. This Court finds that Defendant's motion to dismiss is due to be granted.

Under 35 U.S.C. § 101, an inventor who "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.” There are three indisputable exceptions to patentable subject matter: laws of nature, physical phenomena, and abstract ideas. *Bilski v. Kappos*, 561 U.S. 593, 601 (2010); *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980). Though these three exceptions exist, the Supreme Court has acknowledged that most inventions draw upon one of these three principles in some way, so application of these concepts “to a new and useful end” are still patent eligible. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1293 (2012); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972).

To give the lower courts guidance in determining patentable subject matter under 35 U.S.C. § 101, the Supreme Court clarified the two-step analysis previously established in *Mayo* in the 2014 case of *Alice Corp. v. CLS Bank Int'l*, 134 S. Ct. 2347, 2355–57 (2014). The first step is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* at 2355 (citing *Mayo*, 132 S. Ct. at 1296–97). If so, then this Court “must examine the elements of the claim to determine whether it contains an ‘inventive concept’ sufficient to ‘transform’ the claimed abstract idea into a patent-eligible application.” *Id.* at 2357 (quoting *Mayo*, 132 S. Ct. at 1294, 1298).

The inventive concept described in *Alice* is qualified as “an element or combination of elements

that is ‘sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the [ineligible concept] itself.’” Id. at 2355 (quoting Mayo, 132 S. Ct. at 1294) (alteration in original). If an inventor simply installs an abstract idea onto a computer, this does not “transform” the abstract idea into a patent-eligible concept. Id. at 2352. This includes computer functions which are “well-understood, routine, conventional activit[ies]’ previously known to the industry.” Id. at 2359 (quoting Mayo, 132 S. Ct. at 1294) (alteration in original).

Courts previously used the “machine or transformation test” established in Mayo, but now Alice has made clear that a claim based upon an abstract idea does not pass § 101 scrutiny by implementing the idea into a computer. Id. at 2358. This two-step analysis was a substantial change in the standard of review for patentable subject matter under § 101. As a result of Alice’s holding, the United States Patent and Trademark Office (USPTO) issued guidance documentation to direct agents to review patents under the new Alice guidelines. ECF No. 17, Exhibit 4 at 3. In other words, it is clear that Alice constitutes a change in the law as it changed the analysis used by the office that issues patents, the USPTO.

Using the two-step analysis set forth in Alice, this Court must determine if the subject matter of the patent at issue, the ‘449 patent, is patentable. First, the ‘449 patent is directed at one of the “patent-ineligible concepts” because the patent is

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based on the abstract idea of idea of a vote collection and verification. *Alice*, 134 S. Ct. at 2355 (citing *Mayo*, 132 S. Ct. at 1296–97); ECF No. 7 at 7. Second, the ‘449 patent does not contain an “inventive concept” sufficient to “transform” the abstract idea of vote collection and verification into a patent-eligible application. *Id.* at 2357 (quoting *Mayo*, 132 S. Ct. at 1294, 1298).¹

According to the complaint², the auto-verification voting system is made of generic computer components performing generic computer functions, including: inputting voting information, printing out a paper ballot, having the voter personally verify the vote, and inputting the verified vote into a “tabulating” computer. ECF No. 1, Exhibit B at 6–7. There is nothing inventive or transformative about the functions claimed in the patent, as they encompass computer functions which are “well-understood, routine, conventional activit[ies] previously known to the industry,” and thus, there is no transformative feature between the abstract ideas of voting and verification and the input of the given steps into a computer system. *Alice*, 134 S. Ct. at 2359 (quoting *Mayo*, 132 S. Ct. at 1294) (brackets in original); ECF No. 1, Exhibit B at 6–7.

This Court concludes that *Alice* provided an authoritative decision that substantially changed the law; thus, the issue of patent validity is not precluded from further litigation. See *Alice*, 134 S. Ct. at 2355–57; *Dow Chem. Co.*, 803 F.3d at 628. This Court also concludes that the ‘449 patent is

invalid under the Alice decision because the voting system claimed is simply an abstract idea on a computer; it does not “transform” the abstract idea into a patent-eligible concept. Alice, 134 S. Ct. at 2352. Because the patent is invalid, Defendant’s motion to dismiss is due to be granted.

Accordingly, it is hereby ORDERED:

Defendant’s Motion to Dismiss, ECF No. 7, is GRANTED. The Clerk is directed to enter judgment stating, “Plaintiff’s claims against Defendant are dismissed with prejudice.” The Clerk shall close the file.

SO ORDERED on March 21, 2017.

s/Mark E. Walker

United States District Judge

1 The USPTO and Federal Circuit have given multiple examples of what is and isn’t patent-eligible subject matter, and the case as bar is most analogous to Planet Bingo, LLC v. VKGS LLC, 576 Fed. Appx. 1005 (Fed.Cir. 2014). The USPTO has provided examples, including a bingo game management system. Examples: Abstract Ideas, U.S. PAT. & TRADEMARK OFF., https://www.uspto.gov/patents/law/exam/abstract_idea_examples.pdf (last visited Feb. 17, 2017).

2 This Court, of course, accepts the facts as alleged in the Complaint in determining whether Defendant’s motion is due to be granted

35 U.S.C. § 101:

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. (July 19, 1952, ch. 950, 66 Stat. 797.)

35 U.S.C. § 282(a):

(a) 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.

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Fed.R.Civ.P 12(b):

(b) Pretrial Motions.

(1) In General. A party may raise by pretrial motion any defense, objection, or request that the court can determine without a trial on the merits. Rule 47 applies to a pretrial motion.