No. 24-461

In the
# Supreme Court of the United States

**ISLAND INTELLECTUAL PROPERTY LLC,**

*Petitioner*,

**v.**

**TD AMERITRADE, INC., ET AL.,**

*Respondents.*

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

## BRIEF OF THE ASSOCIATION OF AMICUS COUNSEL AS *AMICUS CURIAE* IN SUPPORT OF PETITIONER


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## INTEREST OF *AMICUS CURIAE*

The Association of Amicus Counsel (AAC or Amicus) submits this brief[1] in support of Island Intellectual Property LLC's Petition for Certiorari.

The AAC was founded prior to the present litigation as an independent group of lawyers having diverse affiliations and law practices and who are in good standing and active in the jurisdictions in which they were admitted. By training, experience, scholarship, and discernment in their respective areas of the law, AAC members have earned the judiciary's respect and trust in their abilities and candor in appellate litigation and advocacy, and their proficiencies in preparing and submitting amicus briefs as may be useful to tribunals in cases involving issues of contention.

Briefs of the AAC advocate correct and balanced judicial decision-making in adjudications that illuminate and affect the concerns of the public, of identified amici, and of other non-parties similarly situated. For these reasons the AAC was conceived, established, and exists: to advance the science of jurisprudence through amicus briefs in support of rules of law. Toward that end, the AAC has

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[1] IN ACCORDANCE WITH SUPREME COURT RULE 37.6, THE AAC DECLARES THAT NO PARTY OR PARTY'S COUNSEL AUTHORED THIS BRIEF IN WHOLE OR IN PART, AND THAT NO PERSON OR ENTITY OTHER THAN THE AAC, ITS MEMBERS, OR ITS COUNSEL MADE A MONETARY CONTRIBUTION TO FUND THE PREPARATION OR SUBMISSION OF THIS BRIEF. IN ACCORDANCE WITH SUPREME COURT RULE 37.2(A) COUNSEL FOR EACH OF THE PARTIES HAS BEEN NOTIFIED, AT LEAST TEN DAYS IN ADVANCE, OF THE AAC'S INTENT TO FILE THIS BRIEF.

participated in cases in other fora[2] as well as in this Court.[3]

The AAC as Amicus has a significant interest in the outcome of this case. The AAC's members are part of the broad community of stakeholders in the U.S. patent system, including members' clients and other entities impacted directly or indirectly by the outcomes of patent disputes including the present case. Such outcomes are often the result of court decisions in cases of controversy particularly in the Federal Circuit whose rulings in the form of one-word, no-opinion affirmances under Fed. Cir. R. 36 in appeals from subaltern tribunals such as the district courts and the PTAB are becoming increasingly prevalent and controversial.

As a "friend of the Court" the AAC is motivated to provide perspectives beyond those of the parties on the issues presented. Accordingly, this amicus brief is respectfully submitted with the intention that it will prove useful to the Court in comprehending, and in doing so avoiding, the negative implications and ramifications in allowing the Federal Circuit's no-opinion judgment in this case to stand.

## SUMMARY OF ARGUMENT

By way of background, Congress' powers "[t]o promote . . . the Progress of . . . useful Arts, by securing for limited Times to . . . Inventors the

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[2] *See, e.g.*, *NantKwest, Inc. v. Iancu*, 898 F.3d 1177 (Fed. Cir. 2018).

[3] *See, e.g., Oil States Energy Servs. LLC v. Green's Energy Group, LLC*, 138 S. Ct. 1365 (2018); *Peter v. NantKwest, Inc.*, 589 U.S. __ (2019); *USPTO et al. v. Booking.com B.V.*, 591 U.S. __ (2020); *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC et al.*, No. 20-891.

exclusive Right to their . . .Discoveries" and "[t]o make all Laws which shall be necessary and proper for carrying into Execution the foregoing Powers…" are set forth in Art. I, Section 8, clauses 8 and 18 of the U.S. Constitution. Congress began exercising those powers in the 1790s when it enacted patent laws that included what has since become 35 U.S.C. § 101. In a single sentence of 36 words, § 101 states that: "[w]hoever invents or discovers *any new and useful* process, machine, manufacture, or composition of matter, or *any new and useful* improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." [Emphases added.][4]

Over the years, a number of judicial exceptions have been engrafted onto the statutory standards of § 101 patent eligibility of software-based inventions, culminating in this Court's decisions, viz., in *Bilski v. Kappos*, 561 U.S. 593 (2010) and *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208 (2014).

Amicus respectfully urges the Court, in deciding the present Petition, to consider, in the context of the underlying legal issues that were before the Eastern Texas federal district court and subsequently presented to the Federal Circuit,[5] the negative implications of allowing those lower court rulings, and the manner in which they were made, to remain

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[4] In contemplating the scope of § 101, one might consider a fifth category of invention or discovery, namely, "materials." It resides sub silentio in § 101 inasmuch as § 100(b) defines "process" in the context of § 101 to include "a new use of a known process, machine, manufacture, composition of matter, or *material*." [Emphasis added.]

[5] *See,* "Plaintiff's Corrected Combined Petition For Panel Rehearing And Rehearing *En Banc* For Plaintiff-Appellant" filed in the Federal Circuit.

on the books. Those implications etc. would inflict harmful consequences upon the communities of inventors, patent owners, innovators, entrepreneurs, investors, and ultimately upon the nation's security interests in maintaining its competitive standing on the world stage of science, technology, and engineering which modern civilization has come to depend on for continued "Progress of Useful Arts."

Unless reversed, or vacated and remanded with remedial instructions from this Court, the present rulings, along with similar outcomes in other situations, will add to the ongoing frustration of long-established expectations in, and diminishing traditional reliances upon, the operation of the rule of law in patent cases, and the public's confidence in the continued viability of the U.S. patent system, and respect for the judiciary's role in it.

In particular, Amicus urges the Court to consider the following points in deliberating the issues before it that will affect and be affected by the granting of certiorari:

1. The interests of the legal community and of the public in general, and of law practitioners' clients in particular, are served by full, fair, and consistent judicial adherence to the legal requisites for rendering summary judgments under Fed. R. Civ. P. 56 by courts in patent cases just as they are in other litigation contexts, including how inferences are to be drawn, construed, and applied;

2. The proper functioning of the U.S. patent system requires that, so long as the Court's *Mayo/Alice* test for patent eligibility remains part of the present common law of patents, the

test must be conducted at the threshold of every case in which the legal issue of patent-eligibility is raised. And it must be carried out fully and consistently as a predicate to judging whether an invention or discovery is ultimately patentable; and

3. The public is entitled to a patent system characterized by the orderly development of a comprehensive, robust, and reliable law of judicial precedent and stare decisis in appellate case law governing the scope of judicial review. Toward that end as appertains to the present case, decisions based on the appellate review of judgments of subaltern tribunals on issues of law (reviewed de novo) and fact (reviewed for clear error) in well-pled, contested cases should be required in the form of reasoned opinions under Fed. R. App. P. 36(a)(1) rather than as single-word no-opinion disposals under Fed. R. App. P. 36(a)(2) and Fed. Cir. R. 36. This is especially important when, as in cases like this, written published opinions could have had precedential value (without the parties being able to know for sure whether that would be the case or not), *and* such disposals cannot be justified under any of the five sub-requirements of Fed. Cir. R. 36(a). In such circumstances, the Federal Circuit, in passing on the district court's judgment in this case, failed in its obligation and mission as the "final word" on patent law among the lower courts, to announce its own conclusions in a reasoned, written opinion without deferential blind adherence to what the district court said.

## ARGUMENT

### I.

### THE FED. CIR. R. 36 AFFIRMANCE OF THE DISTRICT COURT'S SUMMARY JUDGMENT OF PATENT INVALIDITY UNDER 35 U.S.C. § 101 EPITOMIZES THE INJUSTICE OF SHORT-SHRIFT, ONE-WORD AFFIRMANCES OF JUDGMENTS ISSUED WITH NO EXPLANATION OF WHATEVER CONSIDERATION (IF ANY) WAS GIVEN TO THE RECORD WHEN DETERMINING THE EXISTENCE VEL NON OF A GENUINE, TRIABLE ISSUE MATERIAL TO PATENT ELIGIBILITY.

Federal Circuit Rule 36(a) states that "the court may enter a judgment of affirmance **without opinion**, citing this rule, when it determines that ***any*** of the following conditions exist ***and*** an opinion would have no precedential value: **(1)** ***the judgment,*** decision, or order ***of the trial court appealed from is based on findings that are not clearly erroneous;*** (2) the evidence supporting the jury's verdict is sufficient; **(3)** ***the record supports summary judgment***, directed verdict, or judgment on the pleadings; (4) the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review*;* or **(5)** ***a judgment or decision has been entered without an error of law."***

To top it all off, Federal Circuit Rule 36(b) states that "[t]he clerk of court will not prepare a separate judgment when a case is disposed by an order without opinion. ***The order serves as the judgment*** when entered." [Emphasis added.] In other words, what you see in a one-word, no-opinion Fed. Cir. R. 36 affirmance is all you are going to get.

In assessing the propriety and fairness of single-word per curiam affirmances under Fed. Cir. R. 36 of district court summary judgments invalidating patents based on subject-matter patent-ineligibility under § 101, there two explicit requirements which must be met before the rule can be applied in a given case. First, the Federal Circuit would have to conclude that rendering an opinion (as opposed to a judgment or decision) based on the record before it would have no value as precedent in future cases. Therefore, if an opinion would have precedential value, then the rule doesn't apply. Second, at least one of the five enumerated conditions must be satisfied, which in the present case would be any of conditions (1), (3), and (5). Of these, condition (3) is likely to be the most pertinent. Therefore, even if conditions (1) and (5) are satisfied, but condition (3) is not, then the rule is likewise inapplicable.

Patent stakeholders and the rest of the invention / innovation community have a two-fold problem with the use of Fed. Cir. R. 36 in cases like this. First, the high percentage of cases decided that way implies that published Federal Circuit opinions in those cases would have lacked precedential value with no one besides the deciding panel being able to challenge that supposition on any reasoned basis. However, the Federal Circuit was established in 1982 with the intention, inter alia, of bringing uniformity and predictability to patent law by being the sole and "final word" on the subject among the various lower Article I and Article III courts and agencies. *See*, 28 U.S.C. § 1295(a). In that way, it was thought that patent jurisprudence would develop coherently without risk of splits of authority arising among the circuits. But since then, with so many patent

judgments of lower tribunals being summarily affirmed under Fed. Cir. R. 36, and petitions to this Court for writs of certiorari in those cases being routinely denied, the original purpose and mission of the Federal Circuit are being thwarted because cases that could have resulted in published precedential opinions would have contributed to the development of patent law jurisprudence. *See*, Dennis Crouch, "From Chief Judge Markey's Promise To Rule 36: We Do Not Just Render One-Worded Decisions," Patently-O (Nov. 8, 2024) And amid suspicions that the use of Fed. Cir. R. 36 has degenerated into a docket control expedient because of the Federal Circuit's case load, the patent community and the public ultimately suffer.

Second, with respect to conditions in Fed. Cir. R. 36(a)(1), (3), and (5) that might be applicable in the present case, no-opinion affirmances make it impossible to know which if any of them is actually satisfied so as to justify a no-opinion affirmance. And with no findings by the Federal Circuit being available in these circumstances, the only result for the present Petitioner has been crickets -- hardly a prescription for due process.

## II.

**THE DISTRICT COURT'S § 101 SUMMARY JUDGMENT INVALIDATING THE PATENT CLAIM IN SUIT AS COVERING A PATENT-INELIGIBLE ABSTRACT IDEA WITHOUT INQUIRING AS TO THE EXISTENCE OF AN "INVENTIVE CONCEPT" UNDER STEP 2 OF THE *MAYO/ALICE* TEST IS A DENIAL OF DUE PROCESS.**

On Sep. 20. 2022, the district court (Gilstrap, J.) referred defendants' summary judgment motion to a magistrate-judge (Payne, MJ) who, in a mere eight

days issued an unreported 14-page *"Report and Recommendation"* ("R&R") (*see*, Appendix C to the Cert. Petition). The R&R made no mention of the 1400-page record of credible, relevant, and triable factual evidence favorable to Island as pointed out in the Cert. Petition, nor did the R&R present any requisite *Alice* Step 2 analysis and findings. Yet, in just two conclusive sentences in his R&R, the magistrate judge recommended that claim 1, which is the only patent claim involved at this point, be judged invalid because it covers an "abstract idea" which lacks an "inventive concept," thereby making it not eligible under § 101 to be considered for patenting. And all this despite (i) the presumption of patent validity under 35 U.S.C. § 282 and defendants' consequent burden of persuading the court otherwise with clear and convincing evidence which, insofar as one can tell, did not take into account the available 1400-plus pages of relevant factual evidence in favor of Island's opposition to the motion, (ii) the court's obligation under apposite case law to construe and apply all reasonable factual inferences in favor of Island, and (iii) Island's constitutional right of due process under the Fifth Amendment and right to a jury trial under the Seventh Amendment, in opposing defendants' argument *fully and comprehensively*. What the district did and what the Federal Circuit failed to do were simply wrong and unfair.

On Nov. 17, 2022, in a five-page *Order* (*see*, Appendix B to the Cert. Petition), the district court over Island's Oct. 19, 2022 timely and detailed objection, adopted the R&R without modification or further explanation, and granted summary judgment against the patent which the district court implemented in its Jan. 20, 2023 *Final Judgment*.

On Dec. 15, 2022, Island appealed to the Federal Circuit (No. 2023-1318) from the district court's *Order,* and on Jan. 23, 2023 Island appealed the district court's *Final Judgment* (Federal Circuit No. 2023-1441). The two appeals were consolidated by the Federal Circuit on Feb. 7, 2023.

On May 16, 2024, the Federal Circuit issued an unreported per curiam judgment under Fed. Cir. R. 36 which, in a single word "Affirmed" the district court's Order and Final Judgment.

In *Alice*, this Court enunciated a two-step test for the judicial assessment of the patent-eligibility under § 101 of patent claims that have been challenged as being allegedly directed to abstract ideas that are ineligible to be considered for patenting. In the first step of the test, the court must determine if the claim in question covers what appears to be an abstract idea, in which case the court must proceed to the second step which necessitates an inquiry into whether the claim incorporates a so-called "inventive concept" such that the claim can be judged eligible under § 101 to be considered for patenting under 35 U.S.C. § 102 and § 103.

This case paints a clear picture of due process denial stemming from the district court's failure in deciding and granting the summary judgment motion, to indicate let alone explain what if any consideration was given to the extensive factual record in support of patent eligibility, a situation compounded by the Federal Circuit's opaque, no-opinion affirmance of the district court's judgment. Just as the constitutional right of due process in criminal cases requires that defendants be confronted by the evidence against them in order to afford a fair

chance at a defense, so too are patentees entitled under due process to a fair chance at defending their patent rights by requiring courts to expressly take into account and indicate how the relevant evidence in its entirety affects the outcome. Without that, the Federal Circuit in this case might just as well have been absent from the process.

## III.

### RESOLVING THE SPLIT AMONG THE CIRCUITS IN THEIR USE OF NO-OPINION AFFIRMANCES WOULD HELP RESTORE PARTY-EXPECTATIONS OF DUE PROCESS AND JURY TRIAL RIGHTS IN LITIGATIONS INVOLVING § 101 PATENT-ELIGIBILITY.

The disparity between the Federal Circuit and other circuits in the comparative frequencies of using their respective rules (to the extent other circuits have such rules) for rendering no-opinion affirmances is noted in the Petition for Certiorari. The Federal Circuit's heavy reliance on Fed. Cir. R. 36 to justify issuing no-opinion affirmances is plainly evident from the fact that the court applies the rule regularly in appeals it receives from rulings of the Patent Trial and Appeal Board (PTAB) of the USPTO, an administrative agency. Also, most if not all non-prevailing parties have failed in seeking relief from Fed. Cir. R. 36 straight-jackets by petitioning the Federal Circuit for panel re-hearings /en banc re-hearings, or in petitioning this Court for certiorari. Up until now, both courts have remained essentially silent on the issue.

Although not directly apropos of the present case, the fourth condition in Fed. Cir. R. 36(a) merits consideration here because it illuminates the seriousness of the problem that overuse of the rule

has caused for the patent community. Procedures that must be followed by the Federal Circuit in appeals from PTAB rulings are mandated statutorily by 35 U.S.C. § 144. Pursuant to the words of that statute, the "Federal Circuit *shall* review" the PTAB ruling to determine its merits and then "*shall* issue to the [USPTO] Director its mandate *and opinion*, which *shall* be entered on the [public] record in the [USPTO]." By comparing the subordinate fourth condition in Fed. Cir. R. 36(a) against the overriding statute (§ 144), *supra*, one can immediately spot the conflict: the rule says that the Federal Circuit can issue no-opinion affirmances of PTAB rulings when affirmance is warranted under the "substantial evidence" standard of review governing such rulings, *Dickinson v. Zurko*, 527 U.S. 150 (1999). But, the governing statute requires that reasoned opinions be rendered by the Federal Circuit in *every such case* regardless of whether affirmance is warranted or whether a written Federal Circuit opinion would have precedential value.

Regarding this conflict between the rule and the statute, Amicus respectfully invites the Court's attention to the co-pending petition for writ certiorari docketed in this Court on Nov. 6, 2024 in *ParkerVision, Inc. v. TCL Industries Holdings Co., Ltd.*, Spm. Ct. Case No. 24-518.

## CONCLUSION

Few legal principles are more fundamental to the proper functioning of the U.S. patent system and its vital role in advancing America's industrial economy than those governing the implementation of correct legal standards for the judicial determination of patent-eligibility of inventions and discoveries under

35 U.S.C. § 101. And nowhere are the consequences of failing to apply those principles in judging patent eligibility more starkly on display than in the present case. Such failure is reversible error.

For all of the reasons stated herein and in Plaintiff's Petition for Certiorari, the AAC as Amicus Curie respectfully urges the Court to grant the Petition so that the Court can review the widely-questioned propriety of the Federal Circuit's practice, compared to that of other circuits in non-patent cases, of issuing a disproportionately large number of per curiam no-opinion affirmances under Fed. Cir. R. 36(a)(2) of judgments by subaltern tribunals.

In granting the Petition, the Court will have the opportunity to consider the negative ramifications of such affirmances in cases like the present one which involves an opaque, no-opinion appellate affirmance of a district court' summary judgment of patent invalidity, where the requirements of Fed. R. Civ. P. 56 grounded on the *Mayo/Alice* test for patent-eligibility were not observed. The use of such affirmances here constitutes reversible error.

Nov. 22, 2024

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