

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 Writ of Certiorari to the United
States Court of Appeals for the Federal Circuit**

**AMICUS CURIAE BRIEF OF
HARRIS BRUMFIELD, TRUSTEE FOR
ASCENT TRUST, IN SUPPORT OF
PETITIONER**

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November 22, 2024

TABLE OF CONTENTS

	Page(s)
INTEREST OF THE AMICUS CURIAE	1
SUMMARY OF THE ARGUMENT.....	3
ARGUMENT	4
I. THIS COURT’S SUPERVISORY AUTHORITY IS NEEDED TO CORRECT THE FEDERAL CIRCUIT’S IMPROPER APPLICATION OF RULE 56 TO PATENT CASES	4
A. The <i>Alice</i> Test Involves Questions of Fact...	5
B. Resolving Summary Judgment Where Genuine Disputes of Material Fact Exist Violates Rule 56 and This Court’s Precedent	7
C. The Federal Circuit Routinely (and Wrongly) Affirms Ineligibility at Summary Judgment Despite Substantial Evidence of Disputed Facts	8
D. The Federal Circuit’s Failure to Follow Rule 56 Denies Litigants of an Opportunity to be Heard.....	11
II. THE FEDERAL CIRCUIT’S AFFIRMANCE WITHOUT OPINION UNDER RULE 36 LEAVES THE BASIS OF AFFIRMANCE UNCLEAR AND CONFLICTS WITH THE PRACTICE OF THE OTHER CIRCUIT COURTS	13
CONCLUSION.....	15

TABLE OF AUTHORITIES

	Page(s)
Cases	
<i>Aatrix Software, Inc. v. Green Shades Software, Inc.</i> , 882 F.3d 1121 (Fed. Cir. 2018).....	5, 6
<i>Aatrix Software, Inc. v. Green Shades Software, Inc.</i> , 890 F.3d 1354 (Fed. Cir. 2018).....	7
<i>Adickes v. S. H. Kress & Co.</i> , 398 U.S. 144 (1970).....	12
<i>Alice Corp. Pty. v. CLS Bank Int’l</i> , 573 U.S. 208 (2014).....	2, 4, 5, 6, 8, 10, 11
<i>Am. Axle & Mfg., Inc. v. Neapco Holdings LLC</i> , 967 F.3d 1285 (Fed. Cir. 2020).....	9, 11
<i>Anderson v. Liberty Lobby, Inc.</i> , 477 U.S. 242 (1986).....	7, 11, 12
<i>Beacon Theatres, Inc. v. Westover</i> , 359 U.S. 500 (1959).....	12
<i>Berkheimer v. HP Inc.</i> , 881 F.3d 1360 (Fed. Cir. 2018).....	2, 4, 5, 6
<i>Brumfield, Tr. for Ascent Tr. v. IBG LLC</i> , 97 F.4th 854 (Fed. Cir. 2024)	1, 2, 11
<i>Dairy Queen, Inc. v. Wood</i> , 369 U.S. 469 (1962).....	12

<i>Exergen Corp. v. Kaz USA, Inc.</i> , 725 F. App'x 959 (Fed. Cir. 2018).....	6
<i>IBG LLC v. Trading Techs. Int'l, Inc.</i> , No. CBM2016-00090, 2017 WL 6210830 (P.T.A.B. Dec. 7, 2017).....	2, 14
<i>Jackson Tool & Die, Inc. v. Smith</i> , 339 F.2d 88 (5th Cir. 1964).....	11
<i>Leviton Mfg. Co. v. Universal Sec. Instruments, Inc.</i> , 606 F.3d 1353 (Fed. Cir. 2010).....	12
<i>In re Lockwood</i> , 50 F.3d 966 (Fed. Cir. 1995).....	12
<i>Mayo Collaborative Servs. v. Prometheus Lab'ys, Inc.</i> , 566 U.S. 66 (2012).....	5
<i>Melton v. Greyhound Corp.</i> , 354 F.2d 970 (5th Cir. 1965).....	11
<i>Monsanto Co. v. Bayer Bioscience N.V.</i> , 363 F.3d 1235 (Fed. Cir. 2004).....	13
<i>Realtime Adaptive Streaming LLC v. Sling TV, L.L.C.</i> , 2023 WL 3373583 (Fed. Cir. May 11, 2023).....	9
<i>Trading Techs. Int'l, Inc. v. CQG, INC.</i> , 675 F. App'x 1001 (Fed. Cir. 2017).....	1
<i>Trading Techs. Int'l, Inc. v. IBG LLC</i> , 771 F. App'x 493 (Fed. Cir. 2019).....	2, 14
Statutes	
35 U.S.C. § 101.....	3, 4, 5, 8, 10, 11

Rules

Fed. Cir. R. 36	2, 3, 9, 13, 14
Fed. R. Civ. P. 56.....	3, 4, 7, 11
Supreme Court Rule 37.2	1
Supreme Court Rule 37.6	1

Other Authorities

C. Graham Gerst & Lily Parker, <i>Section 101 on Trial: Understanding How Eligibility Issues Have Fared Before Judges</i> , IP Watchdog (Jan. 31, 2022), https://www.ipwatchdog.com/2022/01/31/section-101-trial-understanding-eligibility-issues-fared-juries	10
Corrected Opening Br. of Pl.-Appellant Harris Brumfield, <i>Brumfield, Tr. for Ascent Tr. v. IBG LLC</i> , 97 F.4th 854 (Fed. Cir. 2024) (No. 2022-1630), ECF No. 49	11
Charles Macedo et al., <i>Justice is Not Silent: The Case Against One-Word Affirmances in the Federal Circuit</i> , Patently-O (Sept. 22, 2024), https://patentlyo.com/patent/2024/09/appellate-decision-reasoning.html	14
Pet. for Writ of Cert., <i>Worlds Inc. v. Activision Blizzard Inc.</i> , 143 S. Ct. 110 (2022) (No. 21-1554), 2022 WL 2119487	9

Principal Br. of Pl.-Appellant, <i>Am. Axle & Mfg., Inc. v. Neapco Holdings LLC</i> , 967 F.3d 1285 (Fed. Cir. 2020) (No. 2018-1763), 2018 WL 3304247	9
Principal Br. of Pl.-Appellant Realtime Adaptive Streaming LLC, <i>Realtime Adaptive Streaming LLC v. Sling TV, L.L.C.</i> , 2023 WL 3373583 (Fed. Cir. May 11, 2023) (No. 2021-2268), 2022 WL 1617680	9
Statement of Undisputed Material Facts in Supp. of Trading Technologies International, Inc.'s Mot. for Summ. J. that the Claims of the Patents-in-Suit Are Patent-Eligible under 35 U.S.C. § 101, <i>Trading Techs. Int'l, Inc. v. IBG, LLC</i> , No. 10-cv-715, 2021 WL 2473809 (N.D. Ill. June 17, 2021), ECF No. 1367	10
Trading Technologies International, Inc.'s Resp. to Defs. IBG LLC and Interactive Brokers LLC's L.R. 56.1 Statement of Material Facts in Supp. of Mot. for Summ. J. of Unpatentability of U.S. Patent Nos. 7,676,411 and 7,813,996 under 35 U.S.C. § 101, <i>Trading Techs. Int'l, Inc. v. IBG, LLC</i> , No. 10-cv-715, 2021 WL 2473809 (N.D. Ill. June 17, 2021), ECF No. 1448.....	10

INTEREST OF THE AMICUS CURIAE¹

Harris Brumfield, Trustee of Ascent Trust, is a renowned inventor in the field of electronic trading who created an electronic trading GUI tool that revolutionized the trading industry in the early 2000s. The inventive tool was a radical improvement over prior trading tools because it permitted faster and more accurate trading at a trader’s intended price. *See Trading Techs. Int’l, Inc. v. CQG, INC.*, 675 F. App’x 1001, 1006 (Fed. Cir. 2017).² Ascent Trust owns four of Mr. Brumfield’s patents that cover this invention—all related—which were the subject of a litigation before the United States District Court for the Northern District of Illinois, and then before the Court of Appeals for the Federal Circuit. *Brumfield, Tr. for Ascent Tr. v. IBG LLC*, 97 F.4th 854, 859 & n.1 (Fed. Cir. 2024). Two of the patents were previously ruled to be patent eligible by the Federal Circuit in 2017 in a different proceeding. *CQG*, 675 F. App’x at 1006. The other two patents were ruled to be patent ineligible by the *Brumfield* district court on summary judgment, 97 F.4th at 868, notwithstanding over 800-pages of uncontroverted evidence that the technology was not

¹ Pursuant to Rule 37.2, counsel of record for all parties received timely notice of the amicus curiae’s intent to file this brief. In accordance with Rule 37.6, counsel for the amicus curiae certifies that no counsel for any party authored this brief in whole or in part and that no person or entity other than the amicus curiae, its members, or its counsel made a monetary contribution intended to fund the brief’s preparation or submission.

² Trading Technologies International, Inc. (“TT”) subsequently transferred its interest in U.S. Patent Nos. 6,766,304 and 6,772,132, which were the patents-in-suit in *CQG*, to Harris Brumfield, on behalf of and as Trustee for Ascent Trust.

“well-understood, routine and conventional” under step two of *Alice*.³ See *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018). This ruling was affirmed by the Federal Circuit without any consideration of the 800-pages of evidence demonstrating that there was a genuine dispute of material fact on the question of patent eligibility. *Brumfield*, 97 F.4th at 868–69.

Mr. Brumfield has also been subjected to the Federal Circuit’s practice of issuing one-word affirmances under the Federal Circuit’s Local Rule 36. Specifically, another related patent was invalidated by the PTAB in a Covered Business Method Review proceeding. *IBG LLC v. Trading Techs. Int’l, Inc.*, No. CBM2016-00090, 2017 WL 6210830, at *1 (P.T.A.B. Dec. 7, 2017). On appeal, that decision was summarily affirmed with no explanation as to the bases for the affirmance, which deprived Mr. Brumfield and this Court of the ability to review the Federal Circuit’s decision with any clarity. *Trading Techs. Int’l, Inc. v. IBG LLC*, 771 F. App’x 493 (Fed. Cir. 2019).

³ *Alice Corp. Pty. v. CLS Bank Int’l*, 573 U.S. 208 (2014).

SUMMARY OF THE ARGUMENT

The decision below demonstrates repeated, procedural failures by the Federal Circuit that effected a substantive loss of rights. Unfortunately, the Federal Circuit's failure to follow procedural rules adhered to by other Circuit courts and indifference to the rights of patent owners is a widespread issue impacting innovators throughout the country, and which calls for an exercise of this Court's supervisory power.

The Federal Circuit persistently misapplies summary judgment standards under Federal Rule of Civil Procedure 56 in determining patent eligibility. In the decision appealed by the Petition, as well as in numerous similar cases, the Federal Circuit affirms the invalidation of patents under 35 U.S.C. § 101 at the summary judgment stage, despite the existence of extensive, material factual disputes in the record. By doing so, the Federal Circuit employs a summary judgment standard that diverges from the Federal Rules, other Circuit Courts, and precedents of this Court. This significant issue warrants this Court's attention, as it unjustly deprives patent owners of the opportunity to be heard, thereby prematurely invalidating patents that oftentimes embody genuine innovations.

Moreover, the Federal Circuit's practice of affirming opinions of the lower tribunal with one word under Local Rule 36 should also be reviewed by the Court. This is a significant and continued pattern of the Federal Circuit that stands apart from all other Circuit Courts. The failure of the Federal Circuit to

articulate a rationale for its decision deprives property owners of an ability to seek meaningful review of that opinion and ignores the role of the Federal Circuit of articulating patent law precedent for the lower courts to follow. This Court should review both issues.

ARGUMENT

I. THIS COURT'S SUPERVISORY AUTHORITY IS NEEDED TO CORRECT THE FEDERAL CIRCUIT'S IMPROPER APPLICATION OF RULE 56 TO PATENT CASES

The issue of patent eligibility is critically important for this Court to review, particularly in light of how lower courts have been resolving eligibility questions at the summary judgment stage even when there are disputed issues of material fact, without allowing the case to proceed to trial.

Patent eligibility, which determines whether an invention qualifies for patent protection under 35 U.S.C. § 101, frequently involves factual determinations about whether the claimed invention is directed to an “inventive concept.” *Alice*, 573 U.S. at 221; *Berkheimer*, 881 F.3d at 1367–8. Identifying an “inventive concept” requires assessing whether the invention, whether viewed as an ordered combination or its individual parts, recites something that is “well-understood, routine and conventional.” *Berkheimer*, 881 F.3d at 1368.

Yet, many lower courts have invalidated patents at the summary judgment stage, despite the presence of

material factual disputes regarding whether the invention is truly “well-understood, routine, or conventional.” *See infra* Section I.C. This approach deprives inventors of their day in court, including the advantages of live witnesses and truth-seeking procedures. By prematurely resolving eligibility issues involving material factual disputes without a trial, these rulings risk distorting the intended role of patents in incentivizing innovation and technological progress. This Court’s intervention is necessary to ensure that courts properly allow the factual nuances of eligibility disputes to be addressed in full, preserving the fairness and integrity of the patent system.

A. The *Alice* Test Involves Questions of Fact

Patent eligibility under 35 U.S.C. § 101 involves addressing factual issues in connection with the *Alice* framework. *Berkheimer*, 881 F.3d at 1368. For instance, at Step 2, the inquiry focuses on whether the claims include an inventive concept that transforms the abstract idea into something patentable. *Alice*, 573 U.S. at 221 (citing *Mayo Collaborative Servs. v. Prometheus Lab’ys, Inc.*, 566 U.S. 66, 71 (2012)). This step often involves assessing whether the elements of the claim are well-understood, routine, or conventional in the field. *Berkheimer*, 881 F.3d at 1368. The presence of such routine or conventional elements requires examining the state of the art and how the invention differs from existing knowledge, necessitating a thorough factual record. *See id.* at 1369.

The Federal Circuit’s decisions in *Berkheimer*, *Aatrix Software, Inc. v. Green Shades Software, Inc.*,

and *Exergen Corp. v. Kaz USA, Inc.*, have clarified that patent eligibility under the *Alice* framework often involves factual issues that must be resolved through a full evidentiary record, rather than at the summary judgment stage. *Berkheimer*, 881 F.3d at 1368–69; *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1126 (Fed. Cir. 2018); *Exergen Corp. v. Kaz USA, Inc.*, 725 F. App’x 959, 967 (Fed. Cir. 2018).

In *Aatrix*, the court noted that determining whether a claim includes inventive elements that transform the idea into a patent-eligible application can depend on the factual specifics of the case, such as the level of innovation involved. *See* 882 F.3d at 1126–30. *Berkheimer* further held that if there are factual disputes about whether a claim element is “conventional” or “well-understood,” summary judgment on patent eligibility is inappropriate, indicating that eligibility often involves fact-intensive inquiries. *See* 881 F.3d at 1369–70. Similarly, in *Exergen*, the court acknowledged that patent eligibility requires a case-specific inquiry that may rely on factual evidence related to the invention’s claimed technology. *See* 725 F. App’x at 966–67. These decisions collectively indicate that the *Alice* test is not exclusively a legal determination but one that requires fact-finding about the invention’s technical nature and its comparison to prior art, making it inappropriate to grant summary judgment on eligibility grounds without a full trial to resolve these factual disputes.

**B. Resolving Summary Judgment
Where Genuine Disputes of Mate-
rial Fact Exist Violates Rule 56 and
This Court’s Precedent**

Federal Rule of Civil Procedure 56(a) provides that “[t]he court shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact.” Fed. R. Civ. P. 56(a). In making this determination, the court must view the facts with “all justifiable inferences” drawn in favor of the nonmoving party. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 255 (1986). There is no exception to this general rule for the issue of patent eligibility, nor should there be. *See Aatrix Software, Inc. v. Green Shades Software, Inc.*, 890 F.3d 1354, 1356 (Fed. Cir. 2018) (Moore, J., concurring) (“[T]he normal procedural standards for fact questions must apply, including the rules in the Federal Rules of Civil Procedure applicable to motions to dismiss or for summary judgment. . . . Though we are a court of special jurisdiction, we are not free to create specialized rules for patent law that contradict well-established, general legal principles.”). Summary judgment is not a proper vehicle for resolving factual issues underlying patent eligibility. *Id.* at 1357 (“If there is a genuine dispute of material fact, Rule 56 requires that summary judgment be denied.”).

The Federal Circuit’s decision below was flawed because it improperly ignored material issues of disputed facts at the summary judgment stage when it affirmed the lower court’s ruling. Specifically, the Federal Circuit upheld the district court’s

invalidation of a patent under 35 U.S.C. § 101, finding that the claims lacked an inventive concept. (Pet. App. 1a–10a). However, the court erred by resolving the patent eligibility issue at summary judgment despite the presence of factual disputes that should have been addressed at trial. Specifically, there were unresolved factual questions regarding whether the invention included an inventive technological contribution. (Pet. at 13–15).

The *Alice* framework requires a fact-intensive inquiry, particularly at Step 2, where courts must assess the technological context and determine if the claim adds something significantly more than an abstract idea. By failing to allow these material factual issues to be fully explored, the district court and the Federal Circuit deprived the patent holder of the opportunity to present evidence that could have demonstrated the patent’s eligibility. This approach undermines the integrity of the patent system by prematurely invalidating patents without a full trial, which discourages innovation and investment in research and development. Therefore, the decision in this case was misguided in bypassing these critical factual issues, which should have been resolved through a more thorough evidentiary process.

C. The Federal Circuit Routinely (and Wrongly) Affirms Ineligibility at Summary Judgment Despite Substantial Evidence of Disputed Facts

Despite the well-established standards governing summary judgment, the Federal Circuit has

repeatedly chosen to ignore them in the context of patent eligibility. This case is a prime example. (Pet. at 10–15 (detailing the over 1,400 pages submitted identifying material facts)). As are numerous other cases that have recently been decided by the Federal Circuit. Compare Principal Br. of Pl.-Appellant at 66–67, *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 967 F.3d 1285 (Fed. Cir. 2020) (No. 2018-1763), 2018 WL 3304247, at *66–67 (“Nowhere in its step two opinion does the court address any of th[e] underlying evidence, which, at a minimum, raises disputed facts concerning whether the claims are well-understood, routine, and conventional.”), and *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 967 F.3d 1285, 1318–19 (Fed. Cir. 2020) (Moore, J., dissenting) (“The majority offers no explanation for why this patentee is not entitled to step two consideration, especially at this, the summary judgment stage.”), with *id.* at 1299 (majority finding there was “no dispute of any material fact”); compare Principal Br. of Pl.-Appellant Realtime Adaptive Streaming LLC at 56–57, *Realtime Adaptive Streaming LLC v. Sling TV, L.L.C.*, 2023 WL 3373583 (Fed. Cir. May 11, 2023) (No. 2021-2268), 2022 WL 1617680, at *56–57 (“The district court was not empowered to weigh disputed evidence on summary judgment and ignore all of Realtime’s evidence.”), with *Realtime Adaptive Streaming LLC v. Sling TV, L.L.C.*, No. 2021-2268, 2023 WL 3373583, at *1 (Fed. Cir. May 11, 2023) (summarily affirming the district court under Rule 36); see also Pet. for Writ of Cert. at 19–20, *Worlds Inc. v. Activision Blizzard Inc.*, 143 S. Ct. 110 (2022) (No. 21-1554), 2022 WL 2119487, at *19–20 (“As a result of the Federal Circuit’s confusing eligibility record, district courts regularly and improperly find

patents ineligible at the summary judgment stage, even though factual disputes combined with the presumption of validity should preclude many such rulings.”). Indeed, statistics suggest that very few cases have allowed eligibility determinations to make it past the summary judgment stage. C. Graham Gerst & Lily Parker, *Section 101 on Trial: Understanding How Eligibility Issues Have Fared Before Judges*, IP Watchdog (Jan. 31, 2022), <https://www.ipwatchdog.com/2022/01/31/section-101-trial-understanding-eligibility-issues-fared-juries> (suggesting only four cases have allowed juries to resolve eligibility issues).

The same is true of the case currently pending before this Court involving Amicus Curiae, Harris Brumfield. *Brumfield, Tr. for Ascent Tr. v. IBG LLC*, No. 24A324 (docketed Oct. 3, 2024). In that case, the patentee, TT,⁴ opposed a motion for summary judgment of ineligibility with over 800 pages of evidence, directed to step two of *Alice*. See Trading Technologies International, Inc.’s Resp. to Defs. IBG LLC and Interactive Brokers LLC’s L.R. 56.1 Statement of Material Facts in Supp. of Mot. for Summ. J. of Unpatentability of U.S. Patent Nos. 7,676,411 and 7,813,996 under 35 U.S.C. § 101 at 36–47, *Trading Techs. Int’l, Inc. v. IBG, LLC*, No. 10-cv-715, 2021 WL 2473809 (N.D. Ill. June 17, 2021), ECF No. 1448; see also Statement of Undisputed Material Facts in Supp. of Trading Technologies International, Inc.’s Mot. for Summ. J. that the Claims of the Patents-in-Suit Are

⁴ TT also transferred its interest in U.S. Patent Nos. 7,813,996 and 7,676,411, which are the patents currently pending on appeal before this Court, to Harris Brumfield, on behalf of and as Trustee for Ascent Trust. Mr. Brumfield was substituted for TT as the plaintiff in the district court after the transfer.

Patent-Eligible under 35 U.S.C. § 101 at Exs. 2–47, *Trading Techs. Int’l, Inc. v. IBG, LLC*, No. 10-cv-715, 2021 WL 2473809 (N.D. Ill. June 17, 2021), ECF No. 1367. On appeal, Mr. Brumfield argued that the district court erred by ignoring the “mass of evidence, including expert testimony, that shows the claims were not well-understood, routine and conventional,” which was improper at “the summary judgment stage.” Corrected Opening Br. of Pl.-Appellant Harris Brumfield at 47–48, *Brumfield, Tr. for Ascent Tr. v. IBG LLC*, 97 F.4th 854 (Fed. Cir. 2024) (No. 2022-1630), ECF No. 49. But just like the district court, the Federal Circuit ignored this overwhelming evidence. *Brumfield*, 97 F.4th at 868–69. Instead, the court found, in a single paragraph, that the patents failed step two of *Alice*. *Id.*

As Judge Moore explained in her dissenting opinion in the *American Axle* case, this is a “chimeric approach to § 101 which is inconsistent with precedent, a vast expansion of § 101, and bound to cause confusion in future cases.” 967 F.3d at 1319. This Court should put an end to this approach.

D. The Federal Circuit’s Failure to Follow Rule 56 Denies Litigants of an Opportunity to be Heard

This Court has long cautioned that “trial courts should act . . . with caution in granting summary judgment.” *Anderson*, 477 U.S. at 255. This is to ensure that “factual issues will not be determined without the benefit of the truth-seeking procedures of a trial.” *Jackson Tool & Die, Inc. v. Smith*, 339 F.2d 88, 91 (5th Cir. 1964); *Melton v. Greyhound Corp.*, 354 F.2d 970, 972 (5th Cir. 1965) (finding summary judgment “was

not intended to, it cannot deprive a litigant of, or at all encroach upon, his right to a jury trial.”). On summary judgment, a court cannot make credibility determinations, weigh the evidence, or decide which inferences to draw from the facts. *Anderson*, 477 U.S. at 255. These are jobs for a factfinder. *Id.*

The factfinder in this case should not have been a judge on summary judgment where material factual disputes exist. As this Court has previously held, a plaintiff seeking damages is entitled to a jury trial on all factual issues. *See Beacon Theatres, Inc. v. Westover*, 359 U.S. 500, 504 (1959); *Dairy Queen, Inc. v. Wood*, 369 U.S. 469, 473 n.8 (1962). And when a patent owner seeks damages for infringement, the patent owner is entitled to a jury trial on the factual issues underlying validity. *In re Lockwood*, 50 F.3d 966, 976 (Fed. Cir.), *vacated sub nom. Am. Airlines, Inc. v. Lockwood*, 515 U.S. 1182 (1995). Indeed, “[t]he advantages of trial before a live jury with live witnesses, and all of the possibilities of considering the human factors, should not be eliminated by substituting trial by affidavit and the sterile bareness of summary judgment.” *Adickes v. S. H. Kress & Co.*, 398 U.S. 144, 176 (1970) (Black, J., concurring). Depriving litigants of these advantages deprives them of the opportunity to be heard.

Finally, even if Petitioner was not entitled to a jury trial, it would still be entitled to an evidentiary hearing on the factual issues underlying the eligibility determination. To be sure, the Federal Circuit routinely orders such hearings on patent issues when summary judgment is improper. *E.g., Leviton Mfg. Co. v. Universal Sec. Instruments, Inc.*, 606 F.3d 1353, 1363 (Fed. Cir. 2010) (vacating summary judgment on

inequitable conduct and remanding for an evidentiary hearing before the judge); *Monsanto Co. v. Bayer Bioscience N.V.*, 363 F.3d 1235, 1242 (Fed. Cir. 2004) (same). This Court should grant the Petition in order to afford these protections here.

II. THE FEDERAL CIRCUIT'S AFFIRMANCE WITHOUT OPINION UNDER RULE 36 LEAVES THE BASIS OF AFFIRMANCE UNCLEAR AND CONFLICTS WITH THE PRACTICE OF THE OTHER CIRCUIT COURTS

The use of Rule 36 by the Federal Circuit as a vehicle to summarily affirm lower courts' decisions, without an opinion, is inappropriate because it undermines the principles of transparency and accountability in the judicial process. By issuing decisions without providing any rationale, the Federal Circuit creates a barrier for potential Supreme Court review, as it deprives the highest court of a reasoned explanation to evaluate in the context of a writ of certiorari. This lack of explanation not only denies litigants the opportunity to understand the basis of the decision but also hinders the development of legal precedent. The summary nature of these affirmances is unfair to litigants, as it denies them a fair opportunity to challenge the reasoning behind a ruling, which is fundamental to ensuring justice and legal clarity.

The use of a one-word affirmance in this case illustrates the uncertainty Local Rule 36 creates. Numerous issues were addressed on appeal. (Pet. at 40). By issuing a Rule 36 affirmance and thereby failing to specify the bases for the affirmance, the Petitioner and this Court are deprived of the ability to review

the Federal Circuit's decision with any clarity. (Pet. App. 1a–2a).

The same occurred in a case involving one of Mr. Brumfield's patents that was invalidated by the PTAB in a Covered Business Method (CBM) Review proceeding. *IBG*, 2017 WL 6210830, at *1. That case involved issues such as patent eligibility, CBM jurisdiction, and obviousness. *Id.* at *1–18. Yet, the Federal Circuit disposed of the appeal with a single word order. *IBG LLC*, 771 F. App'x at 493. Like here, without knowing the bases of the affirmance, Mr. Brumfield and this Court were deprived of the ability to review the Federal Circuit decision with any clarity.

While the Federal Circuit extensively uses Rule 36 as a vehicle to resolve appeals without opinion, this stands in stark contrast to the other circuit courts. For instance, the majority of circuits, including the First, Second, Third, Fourth, Sixth, Seventh, Ninth, Eleventh, and DC Circuits, do not have a rule that permits a summary affirmance. Charles Macedo et al., *Justice is Not Silent: The Case Against One-Word Affirmances in the Federal Circuit*, Patently-O (Sept. 22, 2024), <https://patentlyo.com/patent/2024/09/apellate-decision-reasoning.html>. Of the remaining four circuits that do permit this practice, “in the past year only the Fifth and Federal Circuit have used one-word affirmances, with the Federal Circuit's use standing out by a high margin.” *Id.*

Furthermore, such a practice is improper, as it diminishes the judicial responsibility to articulate legal reasoning, which serves as the foundation for legal consistency and public confidence in the courts. This is especially true at the Federal Circuit, whose

jurisdiction is premised on providing a unified body of legal precedents from which lower courts may adhere to and follow in their cases.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

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