

No. 24-____

In the Supreme Court of the United States

RETURN MAIL, INC.,

Petitioner,

v.

UNITED STATES,

Respondent.

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

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Return Mail has a patent for processing undeliverable mail. This Court is familiar with it, since that patent was at issue in *Return Mail, Inc. v. United States Postal Service*, 587 U.S. 618 (2019). After this Court’s remand, the lower courts held that Return Mail’s patent is invalid under the “abstract idea” exception to 35 U.S.C. §101.

This Court tried to bring clarity to §101 a decade ago in *Alice Corporation v. CLS Bank International*, stating a two-step test. 573 U.S. 208 (2014). But now all key decisionmakers—district courts, the U.S. Patent and Trademark Office, and the Federal Circuit—are deeply divided on how to apply that framework.

This Court recently asked the Solicitor General if it should revisit §101, and the Solicitor General twice recommended certiorari. See U.S.-Br.1 in *Interactive Wearables v. Polar Electro Oy*, Nos. 21-1281, 22-22, 2023 WL 2817859 (Apr. 5); U.S.-Br.1 in No. 20-891, *Am. Axle & Mfg. v. Neapco Holdings*, 2022 WL 1670811 (May 24).

The question presented, as framed by the Solicitor General in response to those CVSGs, is:

Whether the claimed invention is ineligible for patent protection under the abstract-idea exception to 35 U.S.C. §101.

RULE 29.6 STATEMENT

Return Mail, Inc. has no parent company or publicly held company with a 10% or greater ownership interest in it.

RELATED PROCEEDINGS

United States Court of Federal Claims:

Return Mail, Inc. v. United States, No. 11-130C,
159 Fed. Cl. 187 (Apr. 6, 2022) (order granting
summary judgment)

United States Court of Appeals (Fed. Cir.):

Return Mail, Inc. v. United States, No. 2022-
1898, 2024 WL 562455 (Fed. Cir. Feb. 13) (or-
der affirming decision below)

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JURISDICTION

The Federal Circuit's judgment was entered on February 13, 2024. This Court has jurisdiction under 28 U.S.C. §1254(1).

STATUTORY PROVISION INVOLVED

Section 101 of Title 35 of the U.S. Code states: "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."

STATEMENT OF THE CASE

When mail is sent to an address that is wrong or outdated, the post office ordinarily returns the mail to the sender as undelivered. The cost of processing that returned mail was a big problem for bulk-mail businesses, like credit-card companies and advertisers, in the late 1990s and early 2000s. It was also a big problem for the U.S. Postal Service.

Return Mail, Inc.—a small business in Alabama founded by Mitch Hungerpillar and Ron Cagle—invented a solution. The invention was so successful that the Postal Service copied it, even after the U.S. Patent Office issued Return Mail a patent. To legitimize its infringement, the government challenged Return Mail’s patent three times, including in a case that reached this Court, but failed each time. Yet the government’s fourth challenge worked. The courts below deemed Return Mail’s patent invalid under §101. Their confusion about this Court’s test for applying that statute now threatens Return Mail’s future as a business.

A. This Court’s decision in *Alice* announces a two-step test for patentability under §101.

Section 101 of the Patent Act “defines the subject matter” that can be patented. *Alice*, 573 U.S. at 216. It allows inventors to patent “any new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. §101. Congress chose these “expansive terms” and the “comprehensive” modifier “any” because it wanted to give the patent laws a “wide scope.” *Bilski v. Kappos*, 561 U.S. 593, 601 (2010).

Under this Court’s precedent, §101 contains an “implicit exception.” *Alice*, 573 U.S. at 216. Inventors cannot patent “[l]aws of nature, natural phenomena, and abstract ideas.” *Id.* This exception is “not required by the statutory text”; it is “judicially created.” *Bilski*, 561 U.S. at 601; *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1311 (Fed. Cir. 2016). If read “too broad[ly],” it would “eviscerate patent law.” *Mayo Collaborative Servs. v. Prometheus Lab’ys*, 566 U.S. 66, 71 (2012). “[A]ll inventions” rely on natural phenomena or abstract ideas. *Id.* So when applying §101, courts “must distinguish” patents that try to “claim the building blocks of human ingenuity” from patents that “integrate the building blocks into something more.” *Alice*, 573 U.S. at 217 (cleaned up).

In *Alice*, this Court stated a two-step “framework” for applying §101’s exception. 573 U.S. at 217. At step one, courts must decide whether the patent is “directed to” one of those ineligible concepts. *Id.* If not, then the patent clears §101. But if the patent is directed to an ineligible concept, then at step two, courts must decide whether it has an “inventive concept.” *Id.* (cleaned up). An inventive concept is something extra that ensures the patent “in practice” is “significantly more” than a patent of “the ineligible concept itself.” *Id.* at 217-18 (cleaned up). If a patent has an inventive concept, then it clears §101. If not, then it fails. In patent law, this two-step inquiry is often called the *Alice/Mayo* framework.

Section 101 “is only a threshold test.” *Bilski*, 561 U.S. at 602. Even if a patent has eligible subject matter and clears §101, it also must satisfy the Patent

Act’s other “conditions and requirements.” §101. It must be “novel” under §102. *Helsinn Healthcare S.A. v. Teva Pharms. USA, Inc.*, 586 U.S. 123 (2019). It must be nonobvious under §103. *KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398 (2007). And its claims must be fully described under §112 to enable others to practice the patent later. *Amgen Inc. v. Sanofi*, 598 U.S. 594 (2023).

These other requirements are supposed to serve different functions from §101. The purpose of §101, as this Court has “repeatedly emphasized,” is preemption. *Alice*, 573 U.S. at 216. Its bar on abstract ideas stops “monopolization” of the basic tools of science and technology and thus promotes overall “innovation.” *Mayo*, 566 U.S. at 71. But preemption is not the other requirements’ concern. Novelty and nonobviousness stop patents from locking up “knowledge already in the public domain.” *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 65 (1998); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150 (1989). And enablement ensures the public can use the invention once the patent expires. *Amgen*, 598 U.S. at 605, 616.

So §101 is not §102, §103, or §112. This Court has stressed that the questions under §101 and §102 are “wholly apart.” *Diamond v. Diehr*, 450 U.S. 175, 190 (1981). And it has warned courts not to “substitute” §102, §103, or §112 for §101. *Mayo*, 566 U.S. at 91. A patent can satisfy §101 but fail those other requirements, and a patent can satisfy those other requirements but fail §101.

B. The Postal Service tries but fails to invalidate Return Mail’s patent under §101.

Since 2004, Return Mail has owned U.S. Patent No. 6,826,548, which “claims a method for processing mail that is undeliverable.” *Return Mail*, 587 U.S. at 625. Before, humans would manually input address information from envelopes in the hopes of stopping failed deliveries before they happened. Joint Appendix (“J.A.”) 254-55. That “downstream” processing was slow, inefficient, and riddled with human errors. Return Mail’s invention revolutionized the field. Return Mail contracted with Lockheed Martin to create a customized recognition, data-capture, and mail-sorting system, equipped with specialized software. J.A.55; J.A.271-72; J.A.698. Its invention uses a machine-readable, two-dimensional barcode and then—*after* the mail fails to get delivered—scans and processes the returned mail in a way that lets its customers instantly see what happened and decide what to do next. J.A.256-57; J.A.270-72. As Return Mail’s expert explained, this new “upstream” method solved many of the problems with the prior art—reducing inefficiencies, the chance for human error, and overall costs. J.A.338-39; J.A.343-44; J.A.354-57. Return Mail still uses its invention to process returned mail today.

Return Mail’s top competitor is, naturally, the U.S. Postal Service. The Postal Service was using the old, inefficient method of processing returned mail. In 2003, it started expressing interest in Return Mail’s invention. *Return Mail*, 587 U.S. at 625. The parties formally met in January 2006 to discuss licensing, where the Postal Service proposed using Return Mail’s invention in a pilot program. While discussions

of that pilot program were underway, however, the Postal Service abruptly announced that it had created its own method for processing returned mail. App.8a. That method infringed Return Mail’s patent.

Instead of licensing Return Mail’s patent, the Postal Service copied its method and turned its attention toward invalidating the patent. The government first asked the Patent Office to conduct an *ex parte* reexamination—a non-adversarial proceeding that “follows the same procedures as the initial examination.” *Oil States Energy Servs. v. Greene’s Energy Grp.*, 584 U.S. 325, 330 (2018). The Patent Office conducted the reexamination and “confirm[ed] the validity” of Return Mail’s patent. *Return Mail*, 587 U.S. at 625; *see* J.A.60-65.

When Return Mail sued the United States for infringement in the Court of Federal Claims, *see* 28 U.S.C. §1498(a), the government asked the Patent Office’s adjudicatory body, the Patent Trial and Appeal Board, to again review Return Mail’s patent. This time, the United States sought the Board’s review under a new process called covered-business-method review. The Board instituted that review and decided—eleven years after it had issued Return Mail’s patent, and four years after Return Mail had sued for infringement—that the patent was invalid under §101. J.A.4754-5063. (The Board also considered whether the patent was invalid under §102 but ruled in Return Mail’s favor. *Return Mail, Inc. v. United States Postal Serv.*, 868 F.3d 1350, 1355 n.5 (Fed. Cir. 2017).)

The Federal Circuit affirmed the Board’s decision in a published opinion. 868 F.3d 1350. Under *Alice*’s first step, the majority “agree[d] with the Board” that the patent was “directed to the abstract idea of ‘relaying mailing address data.’” *Id.* at 1368. It reduced Return Mail’s invention to “‘collecting data,’ ‘recognizing certain data within the collected data set,’ and ‘storing that recognized data in memory.’” *Id.* It then said these tasks can be “performed in the human mind.” *Id.* Under *Alice* step two, the court held that the patent lacks “an inventive concept” because its method is just “routine, conventional activities” listed in logical order. *Id.* at 1368-69.

This Court granted certiorari and reversed. It held that the government is not a “person” that can seek the Board’s covered-business-method review in the first place, and so the proceeding before the Board was invalid. *Return Mail*, 587 U.S. at 621. The Federal Circuit acknowledged that its prior opinion was void, “vacate[d]” the Board’s decision, and “remand[ed] to the Board to dismiss for lack of jurisdiction.” *Return Mail, Inc. v. United States Postal Serv.*, 774 F. App’x 684, 684 (Fed. Cir. 2019).

C. After this Court reinstated the patent in *Return Mail*, the lower courts invalidated it under §101.

After its victory here, Return Mail resumed its infringement suit in the Claims Court. After fact and expert discovery, the parties cross-moved for summary judgment. The government did not deny infringement. It instead argued that Return Mail’s patent is invalid, primarily under §101.

The Claims Court agreed with the government. App.15a-31a. It mainly followed the Federal Circuit’s now-void opinion affirming the Board’s unlawful review of Return Mail’s patent, which the Claims Court deemed “persuasive.” App.20a. Under *Alice* step one, the court agreed that the patent is directed to the “abstract idea” of “processing returned mail and relaying mailing address data.” App.22a. It ruled, as a matter of law, that the patent involves nothing more than the “conventional” processes of sorting mail and updating addresses. App.23a. At *Alice* step two, the court repeated its analysis, concluding again that the patent’s method was “well-known and conventional at the time of the patent application.” App.29a. Though this point was a main point of contention between the parties’ experts, the Claims Court resolved it as a matter of law.

The Federal Circuit summarily affirmed. App.1a-2a. After an extension, Return Mail filed this timely petition.¹

REASONS FOR GRANTING THE PETITION

The contours of Section 101 patent eligibility are extraordinarily important and ripe for this Court’s review. Though this Court tried to provide guidance a decade ago in *Alice*, all relevant decisionmakers are now deeply divided on how to properly apply this Court’s two-step framework. And without this Court’s

¹ Petitioner is aware of at least one other pending petition asking this Court to review §101: *Eolas Techs. v. Amazon.com*, No. 23-1184 (filed May 1, 2024). This Court called for a response to that petition on May 31.

course correction, innovation—the very purpose of patent law—will be stifled. This case is also the right vehicle for reaching the question presented. The question is squarely presented, the technology is comparatively less complex, and the factual record is developed and straightforward. And the key errors in the Federal Circuit’s jurisprudence on §101 are present here, giving this Court an opportunity to give the lower courts guidance by applying the correct standard to Return Mail’s patent. This Court should grant certiorari and reverse.

I. The proper application of §101 is an important question that warrants this Court’s review.

Though stakeholders are deeply divided on §101, they all agree on one thing: This Court’s guidance is badly needed. The key decisionmakers cannot agree on how to apply this Court’s two-step framework. The Federal Circuit—the specialty appellate court for patents—is hopelessly deadlocked on the proper scope of §101. Unable to go en banc on a §101 issue since *Alice*, every judge of that court has asked this Court for guidance. That deadlock has led the Solicitor General to urge this Court to grant certiorari on the meaning of §101 twice in the last two years. This prolonged confusion over §101 has also hampered innovation. Simply put, §101 doctrine is in disarray and needs this Court’s review.

A. All three branches of government agree that this Court’s guidance is needed.

It’s been a decade since this Court decided *Alice*. In the last few years, the calls to revisit §101 have

grown louder and louder. The United States, respondent here, has urged this Court to grant certiorari on the meaning of §101 in recent years. *See, e.g.*, U.S.-Br. in *Tropp v. Travel Sentry, Inc.*, No. 22-22, 2023 WL 2817859 (Apr. 5); U.S.-Br. in *Interactive Wearables v. Polar Electro Oy*, No. 21-1281, 2023 WL 2817859 (Apr. 5) (“U.S.-*IW*-Br.”); U.S.-Br. in *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, No. 20-891, 2022 WL 1670811 (May 24) (“U.S.-*Axle*-Br.”). And at least one Justice agreed that those cases warranted review. *See Tropp v. Travel Sentry, Inc.*, 143 S.Ct. 2483 (2023) (“Justice Kavanaugh would grant the petition”); *Interactive Wearables, LLC v. Polar Electro Oy*, 143 S.Ct. 2482 (2023) (same); *CareDx Inc. v. Natera, Inc.*, 144 S.Ct. 248 (2023) (same).

In response to this Court’s CVSGs, the Solicitor General explained that the question presented was certworthy for many reasons—all directly relevant here. The *Alice/Mayo* framework, she explained, has “given rise to substantial uncertainty.” U.S.-*Axle*-Br.10. The Federal Circuit “has repeatedly divided in recent years over the content of the abstract-idea exception and the proper application of the two-step methodology under Section 101.” U.S.-*IW*-Br.11; *accord id.* at 19 (“Recent Federal Circuit precedent reflects significant confusion over the application of this Court’s Section 101 decisions.”). In fact, “[o]ngoing uncertainty has induced every judge on the Federal Circuit to request Supreme Court clarification.” U.S.-*Axle*-Br.20 (cleaned up). And the Patent Office “has struggled to apply this Court’s Section 101 precedents in a consistent manner” when performing its vital role of issuing and reviewing patents. U.S.-*IW*-Br.21.

The Solicitor General is spot on. All three branches are confused, divided, and asking for this Court’s guidance on §101.

Judicial: While this Court typically grants certiorari to resolve circuit splits, the Federal Circuit’s internal divisions on §101 are “worse than a circuit split.” *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 977 F.3d 1379, 1382 (Fed. Cir. 2020) (Moore, J., concurring). That court specializes in patents, but is “bitterly divided” and deadlocked, having failed to go en banc on a §101 issue since *Alice*. *Id.* At this point, “every judge on [the Federal Circuit has] request[ed] Supreme Court clarification.” *Id.* “If a circuit split warrants certiorari, such an irreconcilable split in the nation’s only patent court does likewise.” *Id.*

The Federal Circuit’s cry for help is warranted. Its precedent is no longer the “progeny” of *Alice* or *Mayo*, but rather a “dramatic expansion.” *Id.* Its mutation of *Alice* and *Mayo* has caused circuit judges to call the law surrounding §101 “the most baffling concept in all of patent law.” *Realtime Data LLC v. Reduxio Sys.*, 831 F. App’x 492, 492-93 (Fed. Cir. 2020) (cleaned up). The caselaw is a “morass of seemingly conflicting judicial decisions.” *Realtime Data LLC v. Array Networks Inc.*, 2023 WL 4924814, at *13 (Fed. Cir. Aug. 2) (Newman, J., dissenting). And it “renders it near impossible to know with any certainty whether the invention is or is not patent eligible.” *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1348 (Fed. Cir. 2018) (Plager, J., concurring in part and dissenting in part). This “inconsistency and unpredictability of adjudication” has affected “all fields” of innovation. *Yu v. Apple*

Inc., 1 F.4th 1040, 1049 (Fed. Cir. 2021) (Newman, J., dissenting).

District judges have similarly thrown up their hands. As one judge explained: “The only thing clear about the appropriate test for patent-eligible subject matter is that it is unclear. Appellate courts and district courts alike have called for intervention and clarification from the Supreme Court or the Congress.” *PPS Data v. Jack Henry & Assocs.*, 404 F. Supp. 3d 1021, 1039 n.8 (E.D. Tex. 2019). As another district court put it, “the state of §101 law is, to use the words of various Federal Circuit judges, fraught, incoherent, unclear, inconsistent, and confusing, and indeterminate and often leading to arbitrary results.” *CareDx, Inc. v. Natera, Inc.*, 563 F. Supp. 3d 329, 337 (D. Del. 2021) (cleaned up). Other examples abound. *See, e.g., Mirror Imaging, LLC v. PNC Bank, N.A.*, 2022 WL 229363, at *3 (W.D. Tex. Jan. 26) (“‘almost impossible to apply consistently and coherently’ in the context of abstract ideas”); *Health Discovery Corp. v. Intel Corp.*, 577 F. Supp. 3d 570, 576 (W.D. Tex. 2021) (“difficult to reconcile and apply”).

Executive: The Patent Office is also lost. It has “struggled to apply [the] Section 101 precedents in a consistent manner.” U.S.-*IW*-Br.21. And those struggles are directly tied to “the lack of clarity in judicial precedent.” U.S.-Br.16 in *Hikma Pharms. USA Inc. v. Vanda Pharms. Inc.*, No. 18-817, 2019 WL 6699397 (Dec. 6). Five years after *Alice* and *Mayo*, the Patent Office tried to clarify the standard for patent examiners and judges through guidance. But in the end, the

agency had to admit that “[p]roperly applying the *Alice/Mayo* test in a consistent manner has proven to be difficult,” that Federal Circuit precedent “has caused uncertainty in this area of the law,” and that it’s “difficult ... for inventors, businesses, and other patent stakeholders to reliably and predictably determine what subject matter is patent-eligible.” *2019 Revised Patent Subject Matter Eligibility Guidance*, 84 Fed. Reg. 50, 50 (Jan. 7, 2019). The Patent Office reiterated its struggles with §101 and the doctrine’s harm three years later in a report to Congress. *See Patent Eligible Subject Matter: Public Views on the Current Jurisprudence in the United States*, 18-41 (June 2022), perma.cc/5558-F4CV.

Former directors of the agency echo the need for clarity. One lamented that “patent eligibility law truly is a mess” and has resulted in “decisions that are irreconcilable, incoherent, and against our national interest.” Kappos, *Testimony Before the S. Subcomm. on Intell. Prop.*, at 1 (June 4, 2019). Another called §101 “the most important substantive patent law issue in the United States today,” making particularly troubling the “continuing confusions over which inventions are eligible for patents.” Davis, *Court Can Resolve Patent Eligibility Problems, Iancu Says*, Law360 (Apr. 11, 2019), perma.cc/Q8UM-8DJS.

Legislative: Members of Congress have likewise highlighted the need for this Court’s guidance. Senator Coons, chair of the Senate Subcommittee on Intellectual Property, tied the uncertainty in the law to America’s ability to compete on the global stage: “More than a decade after the Supreme Court waded

into patent eligibility law, uncertainty remains about what areas of innovation are eligible for patent protection. Critical technologies ... can be protected with patents in Europe and China, but not in the United States.” *Tillis, Coons Introduce Landmark Legislation to Restore American Innovation*, Press Release (June 22, 2023), perma.cc/JLK2-VX4A. Senator Tillis, ranking member of the same subcommittee, agreed that “current ... patent eligibility jurisprudence” is unpredictable and harming innovation. *Id.* Yet no congressional solution is on the horizon either.

B. Section 101 doctrine needs a course correction.

Federal Circuit precedent has strayed far from this Court’s decisions in *Alice* and *Mayo*. It blurs §101 with other patentability requirements like novelty, obviousness, and enablement. It converts quintessential fact questions into legal questions. And it focuses on a common-law method of adjudication that has created a web of irreconcilable precedent, creating the perception that patent eligibility turns on the luck of the panel draw.

Blurring §101 with other requirements: Contrary to *Alice* and *Mayo*, the Federal Circuit’s caselaw on §101 blends the threshold condition of patentable subject matter (§101) with additional patentability requirements like novelty (§102), nonobviousness (§103), and enablement (§112). In fact, the Federal Circuit has embraced this fusion of discrete statutory requirements, insisting that §101’s “threshold level of eligibility is often usefully explored by way of the substantive statutory criteria of patentability” in other

provisions. *Trading Techs. Int'l, Inc. v. CQG, INC.*, 675 F. App'x 1001, 1005 (Fed. Cir. 2017). The Federal Circuit justifies importing “novelty, unobviousness, and enablement” into §101 as serving “the public interest in innovative advance.” *Id.* at 1005-06. No part of §101 has been spared from this atextual fusion, including the abstract-idea exception. *E.g.*, *Internet Pats. Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1347 (Fed. Cir. 2015).

The Solicitor General agrees that the Federal Circuit has improperly mixed patentability requirements. As she has explained, courts routinely “plac[e] undue emphasis on considerations of novelty, obviousness, and enablement” when applying §101. U.S.-*IW*-Br.11. That blending is problematic not only because it contradicts *Alice* and the statutory text, but because the Federal Circuit imports these other patentability principles without also importing their complementary protections against error, like guarding against hindsight bias and maintaining the line between law and fact. “[A]pplying modified versions of other doctrines in the guise of a Section 101 analysis,” the Solicitor General explains, “unmoors those doctrines from the statutory text and diminishes their analytical rigor.” U.S.-*IW*-Br.18. These separate requirements “should not be conflated.” U.S.-*IW*-Br.17.

Take novelty (§102) and nonobviousness (§103). These considerations are “not the realm of Section 101 eligibility,” *Yu*, 1 F.4th at 1047 (Newman, J., dissent-

ing), yet the Federal Circuit has repeatedly “conflated” them with §101, U.S.-*IW*-Br.17.² Importing these §102 concepts into §101 has led the Federal Circuit to deny that *Alice*’s two-step framework even has two steps. That court has “reject[ed]” the notion that it should “draw a bright line between the two steps.” *CareDx, Inc. v. Natera, Inc.*, 40 F.4th 1371, 1379 (Fed. Cir. 2022) (cleaned up).³ Sometimes it “assume[s]” step one is met or “defer[s]” meaningful analysis for step two.⁴ Other times it says it can “accomplis[h]” the

² *E.g.*, *Internet Pats.*, 790 F.3d at 1346-47 (“pragmatic analysis of §101 is facilitated by considerations analogous to those of §§102 and 103 as applied to the particular case”); *Return Mail*, 868 F.3d at 1370 (same); *CQG*, 675 F. App’x at 1005 (similar).

³ *E.g.*, *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (the steps are “overlapping”); *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016) (same); *Interval Licensing*, 896 F.3d at 1342 (same); *CareDx*, 40 F.4th at 1379 (same); *Ancora Techs., Inc. v. HTC Am., Inc.*, 908 F.3d 1343, 1349 (Fed. Cir. 2018) (same); *Yu*, 1 F.4th at 1043 (patent was directed to an abstract idea because it had only “conventional” and “well-known” items used for their “basic functions”); *Thales Visionix Inc. v. United States*, 850 F.3d 1343, 1349 (Fed. Cir. 2017) (patent was not directed to an abstract idea because of an “unconventional choice”); *Cleveland Clinic Found. v. True Health Diagnostics LLC*, 859 F.3d 1352, 1361 (Fed. Cir. 2017) (patent was directed to ineligible subject matter because it had “no meaningful non-routine steps”); *Athena Diagnostics, Inc. v. Mayo Collaborative Servs., LLC*, 915 F.3d 743, 751 (Fed. Cir. 2019) (patent was directed to ineligible subject matter because the steps are “conventional”).

⁴ *E.g.*, *CosmoKey Sols. GmbH & Co. KG v. Duo Sec. LLC*, 15 F.4th 1091, 1097 (Fed. Cir. 2021); *Exergen Corp. v. Kaz USA, Inc.*, 725 F. App’x 959, 966 (Fed. Cir. 2018); *Bascom Glob. Internet Servs., Inc. v. AT&T Mobility LLC*, 827 F.3d 1341, 1349 (Fed. Cir. 2016); *Amdocs*, 841 F.3d at 1306.

whole analysis “without going beyond step one.” *Amdocs*, 841 F.3d at 1294; see *Berkheimer v. HP Inc.*, 890 F.3d 1369, 1376 (Fed. Cir. 2018) (Linn, J., concurring) (“Section 101 does not need a two-step analysis.”); *Smart Sys. Innovations, LLC v. Chicago Transit Auth.*, 873 F.3d 1364, 1382 n.2 (Fed. Cir. 2017) (Linn, J., concurring in part and dissenting in part) (similar). Indeed, the Federal Circuit often conducts only a cursory analysis at step two because of what it concluded as a matter of law at step one.⁵ As the Solicitor General puts it, “[c]larification” of the line between steps one and two “is especially important because the question a court addresses at step two ... is coextensive with the ultimate question of patent-eligibility in the many cases where a court reaches that step.” U.S.-*Axle-Br.19* (cleaned up).

One key problem with the Federal Circuit’s fusion is that it makes obviousness and novelty an obstacle under §101 without adopting those doctrines’ guardrails. For example, the Federal Circuit speaks of whether the combination of steps is “logical,” “natural,” or leads to an “expected result.” See, e.g., *CareDx*, 40 F.4th at 1380; *Universal Secure Registry LLC v. Apple Inc.*, 10 F.4th 1342, 1350 (Fed. Cir. 2021); *Ancora*, 908 F.3d at 1348; *Trinity Info Media, LLC v. Covalent, Inc.*, 72 F.4th 1355, 1366 (Fed. Cir. 2023). But

⁵ See, e.g., *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 967 F.3d 1285, 1299 (Fed. Cir. 2020) (quickly dispensing with step two because what remained after step one was “a restatement of the assertion” of ineligible subject matter found at step one); *Trading Techs. Int’l, Inc. v. IBG LLC*, 921 F.3d 1378, 1385 (Fed. Cir. 2019) (similar); *Data Engine Techs. LLC v. Google LLC*, 906 F.3d 999, 1013 (Fed. Cir. 2018) (similar).

those terms come straight from the nonobviousness precedents under §103. *See, e.g., KSR*, 550 U.S. at 417; *Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1329 (Fed. Cir. 2009). And the Federal Circuit doesn't apply the guardrails against "hindsight" bias when importing them into §101. *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 36 (1966). This Court has emphasized that courts must analyze "secondary considerations," like "commercial success" to guard against "the distortion caused by hindsight bias." *KSR*, 550 U.S. at 406, 421 (cleaned up). Though the Federal Circuit uses these considerations under §103, it refuses to use them or any other safeguard under §101. *See, e.g., Ficep Corp. v. Peddinghaus Corp.*, 2023 WL 5346043, at *7 (Fed. Cir. Aug. 21) ("Questions of nonobviousness such as secondary considerations ... are irrelevant when considering eligibility."); *WhitServe LLC v. Dropbox, Inc.*, 854 F. App'x 367, 373 (Fed. Cir. 2021) ("Objective indicia of nonobviousness are relevant in a §103 inquiry, but not in a §101 inquiry."). The Federal Circuit's approach, as the Solicitor General explains, makes patentability under §101 turn on "when the patent is filed," instead of whether the patent targets an "abstract idea." U.S.-*IW-Br.17* (cleaned up).

Consider also enablement (§112). The Federal Circuit has "imbued §101 with a new superpower—enablement on steroids." *Am. Axle*, 967 F.3d at 1305 (Moore, J., dissenting). Under the existing caselaw, "Section 101 can do everything 112 does and then some." *Id.* at 1316 (cleaned up). By considering enablement issues under §101, the Federal Circuit has manufactured a requirement that a patent's "claims"

must “teach a skilled artisan *how* to [perform the invention] without trial and error.” *Id.*; *see, e.g., Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 966 F.3d 1347, 1359 (Fed. Cir. 2020) (Newman, J., dissental). Per the Solicitor General, the Federal Circuit “blurs” §101 and §112 by “demanding that the claims provide a degree of detail more appropriate to the enablement inquiry.” U.S.-*Axle*-Br.16. But enablement is supposed to turn on the patent’s “specification,” not its claims, and be assessed “under 35 U.S.C. §112, not ... under §101.” *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1261 (Fed. Cir. 2017); *see Amgen*, 598 U.S. at 610-11. The Federal Circuit’s “inject[ion]” of “a heightened enablement requirement into the §101 analysis” is particularly troubling in cases like this one, where the infringer doesn’t even argue there’s a §112 problem. *Am. Axle*, 967 F.3d at 1317 (Moore, J., dissenting). The Federal Circuit’s doctrinal confusion, yet again, “introduces further uncertainty.” *Am. Axle*, 966 F.3d at 1363 (Stoll, J., dissental); *accord Realtime*, 2023 WL 4924814, at *12 (Newman, J., dissenting).

Converting factual questions into legal ones:

The Federal Circuit’s blended §101 analysis also improperly “converts factual issues into legal ones.” *Am. Axle*, 967 F.3d at 1305 (Moore, J., dissenting). The prevailing view appears to be that step one is a pure question of law but that step two can raise issues of fact. *E.g., In re Rudy*, 956 F.3d 1379, 1383 (Fed. Cir. 2020); *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018). But that view is untenable. As explained, the Federal Circuit regularly considers concepts like conventionality in step one, but conventionality presents

questions of fact when it's used in the other patentability requirements. The Federal Circuit has also smuggled in enablement from §112, but enablement depends on “underlying factual findings.” *Alcon Rsch. Ltd. v. Barr Lab's, Inc.*, 745 F.3d 1180, 1188 (Fed. Cir. 2014). By shoving these concepts into step one, the Federal Circuit's precedent converts fact questions into legal ones. Here, for example, the Claims Court acknowledged the “debates” about the role of fact and law under §101. App.21a. But it treated *Alice* step one as a purely legal question, citing older Federal Circuit precedent. App.21a (citing *In re Comiskey*, 554 F.3d 967, 975 (Fed. Cir. 2009)).

Creating arbitrary and irreconcilable results: The Federal Circuit's confused doctrine leads to arbitrary results. Some of its applications of §101 are implausible on their face. The Federal Circuit has invalidated patents for digital cameras, garage-door openers, electric-vehicle charging stations, and driveshafts—to name a few. *See, e.g., Yu v. Apple Inc.*, 1 F.4th 1040 (Fed. Cir. 2021); *Chamberlain Grp. v. Techtronic Indus. Co.*, 935 F.3d 1341 (Fed. Cir. 2019); *ChargePoint, Inc. v. SemaConnect, Inc.*, 920 F.3d 759 (Fed. Cir. 2019); *Am. Axle & Mfg. v. Neapco Holdings LLC*, 967 F.3d 1285 (Fed. Cir. 2020). And given the judges' divergent views on §101 and their decade-long refusal to take the issue en banc, results will continue to vary from panel to panel. Though the Federal Circuit has described this approach as “the classic common law methodology for creating law,” *In re Killian*, 45 F.4th 1373, 1383 (Fed. Cir. 2022), no common-law regime worth its salt would produce such instability.

District courts struggle mightily to apply the Federal Circuit’s doctrine. In one recent case, the Federal Circuit admonished a district judge for conducting an analysis under §101 that was too “cursory” to “facilitate meaningful appellate review,” requiring the judge to do the analysis again. *Realtime*, 831 F. App’x at 496-98. This forced do-over led to an over 50-page opinion reaching the same result as before, which the Federal Circuit then affirmed in an *unpublished* opinion from a *divided* panel where the judges of that court again disagreed on §101. *Compare Realtime Data LLC v. Array Networks Inc.*, 537 F. Supp. 3d 591 (D. Del. 2021); 556 F. Supp. 3d 424 (D. Del. 2021), *with* 2023 WL 4924814 (Fed. Cir. Aug. 2).

The Federal Circuit has also abandoned §101’s underpinning: preemption. Though preemption is §101’s key concern, *Alice*, 573 U.S. at 216, 223, the Federal Circuit rarely (if ever) asks whether the patent raises preemption concerns before declaring it ineligible. Preemption has received only one mention in the last few years and only in a conclusory manner. *Killian*, 45 F.4th at 1382. The Federal Circuit “has strayed too far from the preemption concerns that motivate the judicial exception to patent eligibility.” *Am. Axle*, 966 F.3d at 1363 (Stoll, J., dissental). What was once “part and parcel with the §101 inquiry” is now an afterthought. *Return Mail*, 868 F.3d at 1370.

C. The Federal Circuit’s jurisprudence is hampering innovation.

The Constitution gives Congress power over patents to “promote the Progress of Science and useful Arts.” U.S. Const. art. I, §8, cl. 8. This Patent Clause

“reflects a balance” between the “need to encourage innovation” and the “avoidance of monopolies.” *Bonito Boats*, 489 U.S. at 146. “[T]he very point of patents” is “to promote creation.” *Ass’n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013). Section 101, in particular, is expansive for that reason. Congress took a “permissive approach to patent eligibility to ensure that ingenuity should receive a liberal encouragement.” *Bilski*, 561 U.S. at 601 (cleaned up).

But the Federal Circuit’s contortion of §101 “pose[s] a substantial threat to the patent system’s ability to accomplish its mission.” *Bonito Boats*, 489 U.S. at 161. “[P]recision has been elusive in defining an all-purpose boundary between the abstract and the concrete, leaving innovators and competitors uncertain as to their legal rights.” *Internet Pats.*, 790 F.3d at 1345. The Federal Circuit’s “rulings on patent eligibility have become so diverse and unpredictable as to have a serious effect on the innovation incentive in all fields of technology.” *Am. Axle*, 966 F.3d at 1357 (Newman, J., dissenting); *accord Yu*, 1 F.4th at 1049 (Newman, J., dissenting) (“In the current state of Section 101 jurisprudence, inconsistency and unpredictability of adjudication have destabilized technologic development in important fields of commerce.”).

“Numerous scholars, practitioners, and Congress-people have observed that the current law of §101 creates uncertainty and stifles innovation.” *Realtime*, 2023 WL 4924814, at *12 (Newman, J., dissenting). To give a few examples:

- A former Patent and Trademark Office director testified that uncertainty on patent eligibility has “stymied research and development, investment, and innovation, and has hurt competition and the U.S. economy.” Iancu, *The Patent Eligibility Restoration Act: Hearings on S. 2140 Before the Subcomm. on Intell. Property*, 118th Cong. 4, 13 (Jan. 23, 2024).
- A former president of the American Intellectual Property Law Association stated that §101 caselaw has “reduced investment in new technologies.” Fiacco, *Testimony Before the S. Subcomm. on Intell. Prop.*, at 2 (June 5, 2019).
- A professor opined that §101’s uncertainty leads investors to shift their “investments away from companies” developing technology inflicted by §101 unpredictability, “harming the innovation economy in the U.S.” Falati, *To Promote Innovation, Congress Should Abolish the Supreme Court Created Exceptions to 35 U.S. Code §101*, 28 Tex. Intell. Prop. L.J. 1, 36 (2019).
- And a current U.S. Senator recently explained that “clear, strong, and predictable patent rights are imperative to enable investments in the broad array of innovative technologies that are critical to the economic and global competitiveness of the United States, and to its national se-

curity Unfortunately, our current Supreme Court’s patent eligibility jurisprudence is undermining American innovation and allowing foreign adversaries like China to overtake us in key technology innovations.” *Tillis*, Press Release, *supra*.

Without this Court’s intervention on §101, inventors, consumers, and the country will continue to suffer incalculable harm.

II. This case is the right vehicle for reaching the question presented.

Though this Court has passed on a few opportunities to revisit §101, this case is a superior vehicle to the ones that came before. The §101 question is squarely presented here, the technology is comparatively less complex, and the factual record is developed and straightforward.

The certworthy questions surrounding §101 are directly presented here. Whether Return Mail’s claims are patent eligible under §101 was the sole issue decided by the lower courts. And the lower courts’ decisions embody the disarray at the heart of §101. The Claims Court conflated steps one and two of the *Alice/Mayo* framework. That conflation caused it to perform a nearly identical analysis at both steps. *Compare* App.16a-24a, *with* App.25a-30a. It also blurred §101 with other patentability requirements, like obviousness. *See* App.27a-28a. And in its earlier opinion, the Federal Circuit openly endorsed the blurring of §101 with other patentability requirements, emphasizing that “[a] ‘pragmatic analysis of §101 is facilitated by considerations analogous to those of

§§102 and 103.” *Return Mail*, 868 F.3d at 1370. The courts also imported §112’s enablement inquiry into §101 by focusing on whether the claims, rather than the specification, teach how to perform the claimed invention. *See* App.16a.

The technology here, though patentable, is comparatively less complex than software, pharmaceuticals, or other areas that this Court has been asked to review under §101. As the Solicitor General has explained before, simplicity is a feature, not a bug. It lets the Court “more readily draw on historical practice and precedent to clarify the governing principles, which can then be translated to other contexts.” U.S.-*IW-Br.22*.

This case was also decided at summary judgment on a developed record. As the Solicitor General has explained, that “developed factual record is a virtue, not a vice.” U.S.-*Axle-Br.21* (cleaned up). The record here also lets this Court clarify not only the proper legal standard but also the proper division between law and fact.

Though the Federal Circuit’s most recent decision summarily affirms the Claims Court, that summariness is no reason to deny certiorari. The Federal Circuit had already issued a reasoned opinion on the patentability of *Return Mail*’s claims in an earlier opinion. *See* 868 F.3d at 1367-71. And the Solicitor General has recommended certiorari on §101 when the Federal Circuit used a summary order, explaining that “the district court provided thorough reasoning, and its errors followed directly from governing Federal Circuit

precedent.” U.S.-*IW*-Br.21-22. So too here, where the Claims Court issued a thorough opinion that makes the same errors that pervade the Federal Circuit’s precedent. This Court “grants certiorari to review unpublished and summary decisions with some frequency.” Shapiro et al., *Supreme Court Practice* 4-34 (11th ed. 2019). The problem here, after all, is not with any one decision of the Federal Circuit, but with that court’s body of misguided, inconsistent caselaw.

III. The lower courts got it wrong.

Though this Court could simply clarify the law and then remand its application, it could also provide further guidance to lower courts by applying the correct standard to Return Mail’s patent. If it did, Return Mail would prevail under §101. In concluding otherwise, the lower courts erred—ceding Return Mail’s lawfully acquired property rights to the federal government and gravely jeopardizing its future as a business.

Under *Alice* step one, the lower courts were wrong to say that the patent is directed to the “abstract idea” of “processing returned mail and relaying mailing address data.” App.22a. They reached that result only by overgeneralizing the claims and smuggling in principles of enablement and conventionality. The claims are not directed to an abstract idea but are focused on a physical and technological process with a specific combination of hardware and software (including decoding data with decision-logic coded to each client’s wishes) that have been adapted and configured in a certain way (an “upstream process” rather than the prior art’s “downstream process”) to technologically

improve the process of handling returned mail. As this Court cautioned in *Alice*, “all inventions embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” 573 U.S. at 217 (cleaned up). An invention is not ineligible “simply because it involves an abstract concept.” *Id.* By overgeneralizing Return Mail’s claims, the lower courts violated those warnings, risking §101’s “exclusionary principle ... swallow[ing] all of patent law.” *Id.*

Independently, Return Mail’s patent passes *Alice* step two. Its ordered combination of steps confers eligibility. As Return Mail’s expert testified, the claimed invention requires decoding the encoded decision logic at a later strategic point in the mailing process, a critical improvement over the prior art because it eliminates mail pieces that aren’t candidates for address correction. *E.g.*, J.A.256-57. As the expert further opined, the claimed invention was not well-understood, routine, or conventional at the time of the invention—23 years ago—and represented a specific and concrete improvement over the prior art. J.A.270-72; J.A.339-45; J.A.355-57. That the ordered combination of the claim’s steps contains an inventive concept is confirmed by the fact that the Postal Service soon copied it, the “long felt and unsolved need” for this solution, and the “[i]ndustry support” and “praise” of the invention’s benefits. J.A.609-18. The lower courts ruled otherwise by ignoring the experts’ factual disputes and treating conventionality as a pure question of law. Plus, no one—including the United States—has suggested that the claimed invention raises preemption concerns. The absence of those concerns further confirms that §101 is no bar.

Without the Federal Circuit's precedent and its many flaws, the lower courts would have ruled that Return Mail's invention passes §101—or, at a minimum, that there is a triable issue of fact that defeats summary judgment. When taking all reasonable inferences in Return Mail's favor, the United States failed to show that there is no genuine dispute about whether the claimed invention is directed to an abstract idea or lacks an inventive concept.

CONCLUSION

This Court should grant certiorari.

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APPENDIX

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**APPENDIX A — JUDGMENT OF THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT,
FILED FEBRUARY 13, 2024**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2022-1898

RETURN MAIL, INC.,

Plaintiff-Appellant,

v.

UNITED STATES,

Defendant-Appellee,

Appeal from the United States Court of Federal
Claims in No. 1:11-cv-00130-CFL, Senior Judge Charles
F. Lettow.

JUDGMENT

THIS CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

PER CURIAM (PROST, TARANTO, and CHEN, *Circuit
Judges*).

AFFIRMED. See Fed. Cir. R. 36.

2a

Appendix A

ENTERED BY ORDER OF THE COURT

February 13, 2024

Date

/s/ Jarrett B. Perlow
Jarrett B. Perlow
Clerk of Court

3a

**APPENDIX B — OPINION AND ORDER OF THE
UNITED STATES COURT OF FEDERAL CLAIMS,
FILED APRIL 6, 2022**

IN THE UNITED STATES COURT
OF FEDERAL CLAIMS

No. 11-130C

(Filed April 6, 2022)

RETURN MAIL, INC.,

Plaintiff,

v.

UNITED STATES,

Defendant.

Patent infringement case; persuasive, but not precedential, effect of prior decision of the Federal Circuit that was reversed by the Supreme Court on jurisdictional grounds; patent-eligibility under 35 U.S.C. § 101

OPINION AND ORDER

LETTOW, Senior Judge.

Pending before the court in this patent infringement case are the United States' ("the government" or "defendant") motions for summary judgment under 35 U.S.C. §§ 101, 102, and 305 and Return Mail, Inc.'s ("plaintiff" or "Return Mail") cross-motions for partial

Appendix B

summary judgment under 35 U.S.C. §§ 101 and 305. *See* ECF Nos. 169, 171-73. At issue are claims 42 and 44 of U.S. Patent No. 6,826,548 (the “’548 patent”), titled “System and Method for Processing Returned Mail,” and the reexamination certificate for the ’548 patent. The ’548 patent claims a “technological invention improving the manner in which undeliverable mail is identified and processed.” Pl.’s § 101 Summ. J. Mot. at 1 (“Pl.’s § 101 Mot.”), ECF No. 172. Defendant argues that claims 42 and 44 are not valid claims because (1) they address patent-ineligible subject matter under 35 U.S.C. § 101, *see* Def.’s § 101 Summ. J. Mot. at 1 (“Def.’s § 101 Mot.”), ECF No. 169, (2) the claims are anticipated by prior art under 35 U.S.C. § 102, and (3) the reexamined claims are broader than the original claims of the ’548 patent in contravention of 35 U.S.C. § 305, *see* Def.’s §§ 102, 305 Summ. J. Mot. at 1 (“Def.’s §§ 102, 305 Mot.”), ECF No. 171.

In turn, plaintiff opposes summary judgment under Sections 101, 102, and 305. *See* Pl.’s Opp’n to Def.’s § 101 Mot. (“Pl.’s § 101 Opp’n”), ECF No. 175; Pl.’s Opp’n to Def.’s § 102 Mot. (“Pl.’s § 102 Opp’n”), ECF No. 179; Pl.’s Opp’n to Def.’s § 305 Mot. (“Pl.’s § 305 Opp’n”), ECF No. 178. Return Mail also cross-moves for summary judgment as to two of the government’s affirmative defenses, arguing that the claims are valid under Section 101 and have not been impermissibly expanded under Section 305. *See* Pl.’s § 101 Mot.; Pl.’s § 305 Summ. J. Mot. (“Pl.’s § 305 Mot.”), ECF No. 173. The parties have completed briefing. *See* Def.’s § 101 Opp’n, ECF No. 177; Def.’s § 305 Opp’n, ECF No. 180; Pl.’s § 101 Reply, ECF No. 184; Pl.’s § 305 Reply, ECF No. 183. Def.’s § 101 Reply, ECF No. 182; Def.’s §§ 102,

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305, Reply, ECF No. 186. The court held a hearing on January 24, 2022, and supplemental briefs by the parties were filed on February 4 and 16, 2022. *See* Pl.’s Supp. Br. § 101, ECF No. 207; Def.’s Supp. Br. § 101, ECF No. 206. The motions are ready for disposition.

For the reasons stated, the court grants defendant’s motion for summary judgment on the ground that it has established that claims 42 and 44 of the ’548 patent are invalid under 35 U.S.C. § 101 and denies plaintiff’s cross-motions for partial summary judgment.

BACKGROUND¹*A. The ’548 Patent*

The application for the ’548 patent was filed on January 24, 2002, and the patent issued November 30, 2004. *See* ’548 patent. The patent describes a “method, system and program product for processing returned mail.” *Id.*² Return Mail is the assignee of the ’548 patent. *Id.* The patent underwent ex parte reexamination, which resulted in the original thirty-eight claims being cancelled and claims 39-63 being added. *See* Ex Parte Reexamination

1. The following recitations do not constitute findings of fact by the court. Instead, the recited factual elements are taken from the relevant complaint and the parties’ briefs and attached appendices.

2. ”Returned mail” is sometimes referred to as “undeliverable mail,” which means “mail that is not delivered due to an inaccurate or expired address for the intended recipient.” Pl.’s § 101 Mot. at 8.

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Certificate 6,826,548 (Jan. 4, 2011).³ Claims 39-63, which will be presented in greater detail as relevant below, do not mirror the original claims of the patent word for word. *Compare* '548 patent, *with* Ex Parte Reexamination Certificate 6,826,548; *see also* Def.'s §§ 102, 305 Mot. at 5-14.

The claimed invention aims to provide an “improved method of processing returned mail that overcomes the historical problems with prior art manual handling.” '548 patent, col. 1, lines 55-57. Essentially, the patent addressed an automated process that had previously required manual entry by humans. *See* Pl.'s § 101 Mot. at 9. The invention encodes information from the sender, such as the name and address of the recipient, into a two-dimensional barcode. *See* '548 patent, col. 2, lines 4-5; col. 2, line 66 to col. 3, line 15. If undeliverable, the mail is sent to a processing location where the barcode is scanned, and the encoded information is decoded. *Id.*, col. 2, lines 14-20; col. 3, lines 15-51. The computer system which stores the encoded information interacts with a database of stored corrected addresses via “any conventional telecommunications data line.” *Id.*, col. 3, lines 53-54. Afterwards, depending on what the sender elected, either a corrected address is provided if available or a notification is sent to the sender if they did not request a corrected address. *See* '548 Reexamination Certificate, col. 2, lines 1-24.

3. References to the '548 patent throughout this opinion include the Ex Parte Reexamination Certificate.

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For purposes of the present litigation, Return Mail only asserts claims 42 and 44, which cover:

42. A method for processing a plurality of undeliverable mail items, comprising:

receiving from a sender a plurality of mail items, each including i) a written addressee, and ii) encoded data indicating whether the sender wants a corrected address to be provided for the addressee;

identifying, as undeliverable mail items, mail items of the plurality of mail items that are returned subsequent to mailing as undeliverable;

decoding the encoded data incorporated in at least one of the undeliverable mail items;

creating output data that includes a customer number of the sender and at least a portion of the decoded data;

determining if the sender wants a corrected address provided for intended recipients based on the decoded data;

if the sender wants a corrected address provided, electronically

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transferring to the sender information for the identified intended recipients that enable the sender to update the sender's mailing address files; and

if the sender does not want a corrected address provided, posting return mail data records on a network that is accessible to the sender to enable the sender to access the records.

44. The method of claim 42, wherein the encoded data further indicates a name and address of the intended recipient.

'548 Reexamination Certificate, col. 2, lines 1-24, 30-32.

B. Procedural History

In 2003, the parties began discussing whether the Postal Service would obtain a license for the '548 patent. Am. Compl. ¶¶ 10-15, ECF No. 128. In 2006, the Postal Service introduced the OneCode ACS system, which creates a "[t]racking [b]arcode" for mail and allows a barcode reader to "determine data usually obtained from the mailpiece as keyed data entry or [o]ptical [c]haracter [r]eader . . . produced data." Pl.'s § 101 Mot., Ex. 6 at 34. When the parties could not reach an agreement as to the licensing of the '548 patent, Return Mail filed suit against the government in February 2011, alleging that the OneCode ACS system infringes the patent. *See* Compl., ECF No. 1.

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The court issued its opinion on claim construction on October 4, 2013. *See* ECF No. 54. In April of 2014, the Postal Service petitioned the Patent Trial and Appeal Board (“the PTAB”) for a covered business method (“CBM”) review of the ’548 patent. This case was stayed during that process. *See* Order of October 21, 2014, ECF No. 83. The PTAB invalidated all the challenged claims of the ’548 patent and reexamination certificate, determining that the claims were patent-ineligible under 35 U.S.C. § 101. Specifically, the PTAB held that the claims “more likely than not” covered patent-ineligible subject matter. *United States Postal Serv. v. Return Mail, Inc.*, No. CBM2014-00116, 2015 Pat. App. LEXIS 12853, 2014 WL 5339212 at *13-15 (P.T.A.B October 15, 2014).

On appeal, the Court of Appeals for the Federal Circuit affirmed the PTAB’s invalidity decision after initially determining that the Postal Service had standing to petition for review by the PTAB. *Return Mail, Inc. v. United States Postal Serv.*, 868 F.3d 1350, 1366-69 (Fed. Cir. 2017), *rev’d*, U.S. , 139 S. Ct. 1853, 204 L. Ed. 2d 179 (2019). The Federal Circuit reasoned that claims 42 and 44 were abstract as they “simply recite existing business practice with the benefit of generic computing technology.” *Id.* at 1368. In that respect, the Federal Circuit determined that the “claims only recite routine, conventional activities such as identifying undeliverable mail items, decoding data on those mail items, and creating output data” and therefore did not find an inventive concept that transformed the abstract idea into a patent-eligible application. *Id.* at 1368-69.

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The United States Supreme Court granted certiorari but only as to the issue of “whether a federal agency is a ‘person’ able to seek [CBM] review under the [Leahy-Smith America Invents Act of 2011].” *Return Mail*, 139 S. Ct. at 1859. The case was reversed and remanded because a federal agency was held to not be a “person” for the purposes of the Act and could not seek CBM review. *Id.* at 1867-68. Of note is that the Supreme Court did not reach the substantive issue of whether the ’548 patent was invalid under Section 101. The Federal Circuit then remanded the case to the PTAB “with instructions to dismiss in light of the Supreme Court’s disposition.” *Return Mail, Inc. v. United States Postal Serv.*, 774 Fed. Appx. 684 (Fed. Cir. 2019).

With the PTAB related proceedings thus concluded, the stay in this case was lifted in September 2019. *See* Order of September 5, 2019, ECF No. 108. Now in this court, defendant renews its argument that the ’548 patent is invalid under Section 101, as well as under Sections 102 and 305. *See* Def.’s § 101 Mot. at 26-27; Def.’s §§ 102, 305 Mot. at 5, 14. Contrastingly, plaintiffs seek partial summary judgment rejecting these affirmative defenses on the grounds that the patent is valid as an inventive concept, that the government failed to adequately support its contentions of invalidity, and that the patent was not impermissibly broadened during the reexamination process. *See* Pl.’s § 101 Mot. at 1, 27-28; Pl.’s § 305 Mot. at 2.

*Appendix B***STANDARDS FOR DECISION***A. 28 U.S.C. § 1498*

Pursuant to 28 U.S.C. § 1498, the United States has waived sovereign immunity and granted this court exclusive jurisdiction to adjudicate patent infringement claims against the federal government “[w]henver an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same.” *See FastShip, LLC v. United States*, 892 F.3d 1298, 1307 n.1 (Fed. Cir. 2018), *aff’g*, 122 Fed. Cl. 71, 78 (2015) (recognizing that Section 1498 grants this court jurisdiction over patent infringement claims against the United States); *Hitkansut LLC v. United States*, 130 Fed. Cl. 353, 367 (2017), *aff’d*, 721 Fed. Appx. 992 (Fed. Cir. 2018). Moreover, the statute provides that “the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the [g]overnment and with the authorization or consent of the [g]overnment, shall be construed as use or manufacture for the United States.” 28 U.S.C. § 1498(a). Such an unauthorized “use or manufacture of an invention” under Section 1498(a) is analogous to a taking of property under the Fifth Amendment of the United States Constitution. *See Motorola, Inc. v. United States*, 729 F.2d 765, 768 (Fed. Cir. 1984). The government’s “taking” of a nonexclusive and compulsory license to any United States patent occurs “as of the instant the invention is first used or manufactured by [or for] the [g]overnment.” *Decca Ltd.*

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v. United States, 640 F.2d 1156, 1166, 225 Ct. Cl. 326 (Ct. Cl. 1980).

The government has waived sovereign immunity only for the compulsory taking of a non-exclusive patent license, and the government's liability under 28 U.S.C. § 1498 diverges from private liability under 35 U.S.C. § 271:

Government liability under Section 1498 arises from the “use or manufacture by or for the United States.” There is no mention of liability for a “sale” to the United States of a device covered by a patent. In contrast, with respect to private liability for patent infringement, the “sale” of a patented device is specifically defined in 35 U.S.C. § 271 as an act of infringement.

de Graffenried v. United States, 25 Cl. Ct. 209, 215 (1992) (brackets omitted); *compare* 28 U.S.C. § 1498, *with* 35 U.S.C. § 271.⁴

4. Section 271(a) of Title 35 of the United States Code provides in relevant part:

whoever without authority *makes, uses, offers to sell, or sells* any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

35 U.S.C. § 271(a) (emphasis added).

*Appendix B**B. Available Defenses*

Under Section 1498(a), “[i]n the absence of a statutory restriction, *any defense* available to a private party is equally available to the United States.” *Motorola*, 729 F.2d at 769 (quoting 28 U.S.C. § 1498, Revisor’s Notes) (emphasis added). Thus, the invalidity defenses available to private parties involved in patent disputes under 35 U.S.C. § 282(b) are also available to the government. *See, e.g., Messerschmidt v. United States*, 29 Fed. Cl. 1, 17-40 (1993) (granting the government’s cross-motion for summary judgment in plaintiff’s patent infringement suit, having found plaintiff’s patent invalid on the basis of anticipation, indefiniteness, and obviousness), *aff’d*, 14 F.3d 613 (Fed. Cir. 1993). Nonetheless, an issued patent is presumed valid, 35 U.S.C. § 282(a), and the government must prove invalidity by clear and convincing evidence, *Microsoft Corp. v. i4i Ltd. P’ship*, 564 U.S. 91, 95, 131 S. Ct. 2238, 180 L. Ed. 2d 131 (2011). This burden of persuasion remains on the government throughout a pending action, *see Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1534 (Fed. Cir. 1983), including for summary judgment, *see Anderson v. Liberty Lobby*, 477 U.S. 242, 254, 106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986) (holding that when deciding a motion for summary judgment, a court must bear in mind the applicable evidentiary burden under the substantive law).

C. Summary Judgment

A grant of summary judgment is appropriate when the pleadings, affidavits, and evidentiary materials filed in a

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case demonstrate that “there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.” Rule 56(a) of the Rules of the Court of Federal Claims (“RCFC”). A fact is material if it “might affect the outcome of the suit under the governing law.” *Anderson*, 477 U.S. at 248. A dispute is genuine if it might “return a verdict for the nonmoving party.” *Id.* If “the record taken as a whole [cannot] lead a rational trier of fact to find for the non-moving party, there is no ‘genuine issue for trial,’” and summary judgment is appropriate. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587, 106 S. Ct. 1348, 89 L. Ed. 2d 538 (1986) (quoting *First Nat. Bank of Ariz. v. Cities Serv. Co.*, 391 U.S. 253, 288, 88 S. Ct. 1575, 20 L. Ed. 2d 569 (1968)).

The burden of demonstrating the absence of any genuine dispute is on the moving party. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S. Ct. 2548, 91 L. Ed. 2d 265 (1986). Accordingly, “the inferences to be drawn from the underlying facts must be viewed in the light most favorable to the party opposing the motion.” *Matsushita*, 475 U.S. at 587-88 (alteration omitted) (quoting *United States v. Diebold, Inc.*, 369 U.S. 654, 655, 82 S. Ct. 993, 8 L. Ed. 2d 176 (1962)). The nonmoving party may defeat summary judgment by presenting material facts of its own, more than “[m]ere denials or conclusory statements,” that indicate “an evidentiary conflict created on the record.” *Barmag Barmer Maschinenfabrik AG v. Murata Mach., Ltd.*, 731 F.2d 831, 836 (Fed. Cir. 1984). To establish “that a fact cannot be or is genuinely disputed,” a party must “cit[e] to particular parts of materials in the record, including depositions, documents, electronically

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stored information, affidavits or declarations, stipulations (including those made for purposes of the motion only), admissions, interrogatory answers, or other materials.” RCFC 56(e)(1)(A).

When both parties have moved for summary judgment, “the court must evaluate each party’s motion on its own merits, taking care in each instance to draw all reasonable inferences against the party whose motion is under consideration.” *Mingus Constructors, Inc. v. United States*, 812 F.2d 1387, 1391 (Fed. Cir. 1987). “The fact that both parties have moved for summary judgment does not mean that the court must grant judgment as a matter of law for one side or the other.” *Id.* “To the extent there is a genuine issue of material fact, both motions must be denied.” *Marriott Int’l Resorts, L.P. v. United States*, 586 F.3d 962, 969 (Fed. Cir. 2009).

ANALYSIS

The parties’ cross-motions for summary judgment address whether the ’548 patent is ineligible under 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.” 35 U.S.C. § 101. Pursuant to Supreme Court precedent construing 35 U.S.C. § 101, “[l]aws of nature, natural phenomena, and abstract ideas” are ineligible subject matters for patent protection. *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 573 U.S. 208, 216, 134 S. Ct. 2347, 189 L. Ed. 2d 296 (2014) (quoting *Assoc. for*

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Molecular Pathology v. Myriad Genetics, Inc., 569 U.S. 576, 589-90, 133 S. Ct. 2107, 186 L. Ed. 2d 124 (2013)).⁵ Under the Supreme Court’s two-part test to determine patent eligibility, a court must (1) “determine whether the claims at issue are directed to one of those patent-ineligible concepts,” and (2) if so, “consider the elements of each claim both individually and ‘as an ordered combination’ to determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” *Alice*, 573 U.S. at 217 (quoting *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 78-79, 132 S. Ct. 1289, 182 L. Ed. 2d 321 (2012)). The second step has been characterized as “a search for an ‘inventive concept’” that “amounts to significantly more than a patent on” the abstract idea. *Id.* (quoting *Mayo*, 566 U.S. at 72-73); see also *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1146 (Fed. Cir. 2016).

A. Alice Step One

“The ‘abstract ideas’ category [of patent-ineligible concepts] embodies ‘the longstanding rule that an idea of itself is not patentable.’” *Alice*, 573 U.S. at 218 (quoting *Gottschalk v. Benson*, 409 U.S. 63, 67, 93 S. Ct. 253, 34 L. Ed. 2d 273 (1972)) (internal quotation marks and brackets omitted). At step one of the *Alice* analysis, the court inquires “whether the claims ‘focus on a specific means or method or are instead directed to a result or effect that itself is the abstract idea and merely invokes

5. These three categories of ineligible subject matter are judicially created. See *Hitkansut LLC v. United States*, 115 Fed. Cl. 719, 723 (2014), *aff’d*, 721 Fed. Appx. 992 (Fed. Cir. 2018).

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generic processes and machinery.” *Secured Mail Sols. LLC v. Universal Wilde, Inc.*, 873 F.3d 905, 909 (Fed. Cir. 2017) (internal alterations omitted) (quoting *McRO Inc. v. Bandai Namco Games America, Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016)).

While there is no “definitive rule to determine what constitutes an abstract idea,” the Federal Circuit has “held claims ineligible as directed to an abstract idea when they merely collect electronic information, display information, or embody mental processes that could be performed by humans.” *Thales Visionix Inc. v. United States*, 850 F.3d 1343, 1346-47 (Fed. Cir. 2017) (quotation marks omitted). Various abstract or conceptual subject matters have proven to be patent-ineligible abstract ideas under 35 U.S.C. § 101. *See, e.g., Alice*, 573 U.S. at 219 (holding patent ineligible “a method of exchanging financial obligations between two parties using a third-party intermediary to mitigate settlement risk,” which embodied the abstract idea of intermediated settlement); *Benson*, 409 U.S. at 71-72 (holding patent-ineligible an algorithm for converting binary-coded decimal numerals into pure binary form, as it was “in practical effect . . . a patent on the algorithm itself”); *Parker v. Flook*, 437 U.S. 584, 594-95, 98 S. Ct. 2522, 57 L. Ed. 2d 451 (1978) (holding patent-ineligible a mathematical formula for computing “alarm limits” in a catalytic conversion process). On the other hand, “specific improvements in technology, method, or material that make more useful concepts, ideas, or materials are patent eligible.” *3rd Eye Surveillance, LLC v. United States*, 140 Fed. Cl. 39, 52 (2018) (citing *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042,

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1048-49 (Fed. Cir. 2016) (holding that a “new and useful laboratory technique for preserving [a type of liver cell]” was patent-eligible subject matter); *see also Hitkansut*, 130 Fed. Cl. at 380 (holding patent-eligible a “new and more efficient method for treating metal parts to change their physical properties”).

Invoking computers or other technologies to make an abstract idea more efficient is neither a “new and useful process, machine, manufacture, or composition of matter,” nor a “new and useful improvement thereof” under 35 U.S.C. § 101. For example, *Secured Mail Solutions* concerned claims involving “methods whereby a sender affixe[d] an identifier on the outer surface of a mail object . . . before the mail object [was] sent . . . [, and c]omputers and networks [were] used to communicate the information about the mail object’s contents and its sender after the mail object [was] delivered.” 873 F.3d at 907. Specifically, the *Secured Mail Solutions* patents involved affixing a barcode, a QR code, or a personalized URL to the outside of mail items. *Id.* The Court of Appeals held that the claims in that case were directed to an abstract idea because the claims were “not directed to a new barcode format, an improved method of generating or scanning barcodes, or similar improvements in computer functionality.” *Id.* at 910. The claims lacked any description of how the identifiers were generated or were different from conventional means of communicating mail item information, such as affixing a return address. *Id.* Moreover, the claims were “not limited by rules or steps that establish[ed] how the focus of the methods [was] achieved.” *Id.* at 911. Instead, they concerned the abstract idea of “using a marking

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affixed to the outside of a mail object to communicate information about the mail object.” *Id.*; see also *Credit Acceptance Corp. v. Westlake Servs.*, 859 F.3d 1044, 1054-1056 (Fed. Cir. 2017) (holding patent claims abstract where they involved electronic “communication between previously unconnected systems—the dealer’s inventory database, a user credit information input terminal, and creditor underwriting servers”—because doing so merely automated the “previously manual processing of loan applications” and invoked computers “merely as a tool” instead of offering an improvement).

The government argues that Return Mail’s patent claims are abstract because “they simply take known steps involving the abstract concept of processing returned mail, and then automate those known steps.” Def.’s § 101 Mot. at 15. Defendant argues that—unlike the patent claims in *McRO*, which proved patent-eligible because they created a novel set of rules for performing lip synchronization in video games, *id.* at 14 (citing generally 837 F.3d 1299)—the ’548 patent claims recite “an ‘existing business practice with the benefit of generic computing technology,’” *id.* at 15 (quoting *Return Mail*, 868 F.3d at 1368), which “a human can mentally perform,” *id.* at 15-16 (citing *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1372 (Fed. Cir. 2011)).

Return Mail responds—quoting the opinion of its expert, Dr. Scott Nettles—that the ’548 claims “are directed to specific means or methods that improve the relevant technology and are a specific and concrete invention centered on the automated processing of

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undeliverable mail.” Pl.’s § 101 Opp’n at 8. Plaintiff further argues that its patent claims are not directed to an abstract concept because they concern “a physical and technological process including mail pieces, sorters, scanners, encoded information and computers,” *id.*, because the ordered steps included in the claims “were not previously used as an ordered combination,” *id.* at 9, and because those steps were directed to “achiev[ing] a technological improvement in the processing of returned mail,” *id.* at 10.

As a threshold matter, the court addresses Return Mail’s assertion that the Federal Circuit’s opinion in *Return Mail*, 868 F.3d at 1368-69—and the PTAB’s underlying CBM decision—are “null and void, as if they never occurred” because the Supreme Court reversed the Court of Appeals. Pl.’s § 101 Opp’n at 3. The court agrees that the Federal Circuit’s opinion no longer has preclusive effect on the parties, *see O’Connor v. Donaldson*, 422 U.S. 563, 577 n.12, 95 S. Ct. 2486, 45 L. Ed. 2d 396 (1975) (“Of necessity our decision vacating the judgment of the Court of Appeals deprives that court’s opinion of precedential effect, leaving [the Supreme] Court’s opinion and judgment as the sole law of the case.”); however, the court disagrees with the contention that it may not consider the Federal Circuit’s opinion for its persuasive value, especially where the pertinent decision was reversed on a procedural question separate and distinct from the merits of the Court of Appeal’s eligibility analysis, *see Los Angeles Cnty. v. Davis*, 440 U.S. 625, 646 n.10, 99 S. Ct. 1379, 59 L. Ed. 2d 642 (1979) (Powell, J., dissenting) (“Although a decision vacating a judgment necessarily prevents the opinion of the lower court from being the law of the case,

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the expressions of the court below on the merits, if not reversed, will continue to have precedential weight and, until contrary authority is decided, are likely to be viewed as persuasive authority.” (internal citations omitted)).

Return Mail further argues that the court is prevented from considering the Federal Circuit’s opinion because of the different evidentiary standards of proof at the PTAB and this court. *See* Pl.’s § 101 Opp’n at 4. Regardless of debates over the extent to which extrinsic evidence may be appropriate in the Section 101 eligibility analysis, *see CardioNet, LLC v. InfoBionic, Inc.*, 955 F.3d 1358, 1374-79 (Fed. Cir. 2020) (Dyk, J., concurring in part and dissenting in part), it is undisputed that “*Alice* step one presents a legal question that can be answered based on the intrinsic evidence,” *id.* at 1372 (Stoll, J.); *see also In re Comiskey*, 554 F.3d 967, 975 (Fed. Cir. 2009) (“It is well-established that” invalidity under Section 101 “is a question of law.” (quoting *AT&T Corp. v. Excel Communs., Inc.*, 172 F.3d 1352, 1355 (Fed. Cir. 1999))). The legal question of invalidity, at *Alice* step one, is therefore not affected by the different standards of proof applicable to factual issues. *See Microsoft*, 564 U.S. at 114 (Breyer, J., concurring) (explaining that “the evidentiary standard of proof [in a Section 101 invalidity analysis] applies to questions of fact and not to questions of law”). Moreover, to hold that PTAB decisions may not apply in trial courts due to differing standards of proof would render PTAB invalidity decisions meaningless because a disappointed patent holder would automatically have a second chance to litigate the validity question before the trial court. This cannot be, nor has it been, the case.

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The court reiterates that it agrees with Return Mail to the extent that the Supreme Court’s reversal deprived the Federal Circuit’s and the PTAB’s decisions of preclusive effect. It is not true, however, that the court is therefore barred from considering those decisions. The court therefore concludes that the Federal Circuit’s reasoning in *Return Mail*, 868 F.3d at 1368-69 is worthy of consideration here.⁶

The text of the ’548 patent claims reveals a series of steps that describe an abstract idea, namely, processing returned mail and relaying mailing address data. “Claim 42 recites ‘receiving from a sender a plurality of mail items,’ ‘identifying undeliverable mail items,’ ‘decoding encoded data,’ ‘creating output data,’ and ‘determining if the sender wants a corrected address.’” *Return Mail*, 868 F.3d at 1368 (quotation marks and ellipses omitted).

6. Return Mail also argues that the PTAB’s and the Federal Circuit’s opinions are inapplicable to the present motions because the PTAB used a different claim construction standard than would be used at the trial court. Pl.’s § 101 Opp’n at 4. Prior to November 2018, the PTAB applied the “broadest reasonable interpretation” standard to claim construction in various proceedings, including CBM reviews; however, in a final agency rulemaking, the Board adopted the same claim construction standard used in trial courts as set out in *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005). See Changes to the Claim Construction Standard for Interpreting Claims in Trial Proceedings Before the Patent Trial and Appeal Board, 83 Fed. Reg. 51,340 (Oct. 11, 2018) (to be codified at 37 C.F.R. pt. 42). This rulemaking was made to apply only to covered PTAB proceedings filed on or after November 13, 2018. *Id.* The CBM review at issue in this case was filed before the effective date of the final PTAB rulemaking. See *Return Mail, Inc.*, No. CBM2014-00116.

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In considering the same '548 patent claims at issue here, the Federal Circuit held that “[t]hese steps are analogous to the steps of ‘collecting data,’ ‘recognizing certain data within the collected data set,’ and ‘storing that recognized data in memory,’ which [it] found to be abstract” in another case. *Id.* (quoting *Content Extraction & Transmission LLC v. Wells Fargo Bank, Nat’l Ass’n*, 776 F.3d 1343, 1347 (Fed. Cir. 2014), *cert. denied*, 577 U.S. 914, 136 S. Ct. 119, 193 L. Ed. 2d 208 (2015)). This abstractness is evident whether the court considers the claim limitations individually or as an ordered combination.

Additionally, the '548 patent claims are not directed to an improvement on the abstract idea of processing returned mail and relaying address data. They do not offer a practitioner of the art something that had been hitherto unavailable, like the claims for a new way of performing lip synchronization in video games in *McRO*. Instead, like the claims in *Secured Mail Solutions* and *Credit Acceptance Corp.*, the '548 claims restate a process that was historically performed manually by people and invokes computers merely as a tool to automate that previously manual process. *See* '548 Patent, col. 1, lines 39-47. Contrary to Return Mail’s contention that claims 42 and 44 are directed to a specific improvement of processing returned mail and relaying address data, the texts of those claims do not describe any such improvement individually or as an ordered combination. Instead, they recite the conventional, historically manual processing of returned mail and updating addresses while invoking computers “merely as a tool.” *Credit Acceptance Corp.*, 859 F.3d at 1055.

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While plaintiff argues that tangible items, such as computers and scanners, remove claims 42 and 44 from the realm of abstract ideas, *see* Pl.’s § 101 Opp’n at 8, such tangible instruments do not appear in claims 42 and 44, *see Return Mail*, 868 F.3d at 1369 (“In addition, Return Mail points to hardware, such [as] ‘a mail sorter, optical scanner, databases, application servers, and the mail itself’ to argue that claims 42-44 result in an ‘improvement to an existing technological process.’ However, those limitations do not appear in the subject claims; instead, the claims focus only on encoding and decoding certain information and placing that information over a network.” (internal citations omitted)). Whatever may be said for other claims in the ’548 patent that Return Mail no longer asserts,⁷ claims 42 and 44 are lacking in any references beyond the abstract idea of processing undeliverable mail items. Moreover, even if claims 42 and 44 described a “physical and technological process including mail pieces, sorters, scanners, encoded information and computers,” Pl.’s § 101 Opp’n at 8, this would amount to an abstract idea “for which computers [and these other pieces of technology] are invoked merely as a tool.” *Credit Acceptance Corp.*, 859 F.3d at 1055. As with *Secured Mail Solutions*, these implements would render the abstract idea of relaying address information on returned mail items more efficient but would not render that idea “less abstract.” 873 F.3d at 910. The court therefore holds that the asserted ’548 patent claims are directed to an abstract idea.

7. ”The Court: Plaintiff’s claims . . . focus specifically and solely . . . on claims 42 and 44 of the patent. Is that correct? [Counsel for Return Mail]: Yes, Your Honor.” *See* Hr’g Tr. 11:6-11 (Jan. 21, 2021).

*Appendix B**B. Alice Step Two*

That the '548 claims are directed to an abstract idea does not end the analysis, and the court considers whether those claims embody an inventive application of processing mail items and updating a return address that is “significantly more” than just that abstract idea. *See Alice*, 573 U.S. at 217-18. To prevail at step two of *Alice*, the '548 claims “must involve more than performance of ‘well-understood, routine, and conventional activities previously known to the industry.’” *Content Extraction*, 776 F.3d at 1347-48 (brackets omitted) (quoting *Alice*, 573 U.S. at 225). Whether the '548 claims embody a patent-eligible application of an abstract idea is a question of law; however, whether the claims at issue involve more than well-understood, routine, and conventional activities is a factual question. *See Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018). “When there is no genuine issue of material fact regarding whether the claim element or claimed combination is well-understood, routine, [or] conventional to a skilled artisan in the relevant field, this issue can be decided on summary judgment as a matter of law.” *Id.*

In the context of computer-based claims, the Court in *Alice* explained:

In *Benson*, . . . we considered a patent that claimed an algorithm implemented on “a general-purpose digital computer.” Because the algorithm was an abstract idea,

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the claim had to supply a “new and useful” application of the idea in order to be patent eligible. But the computer implementation did not supply the necessary inventive concept; the process could be “carried out in existing computers long in use.”

573 U.S. at 222 (internal citations omitted). The Court continued,

In *Diehr*, by contrast, we held that a computer-implemented process for curing rubber was patent eligible, but not because it involved a computer. The claim employed a “well-known” mathematical equation, but it used that equation in a process designed to solve a technological problem in “conventional industry practice.” The invention in *Diehr* used a “thermocouple” to record constant temperature measurements inside the rubber mold—something “the industry had not been able to obtain.”

Id. at 223 (brackets and internal citations omitted).

Similarly, the abstract idea of processing undeliverable mail items and providing an updated address is not patent eligible on its own. Nevertheless, Return Mail may prevail by demonstrating a genuine issue of material fact as to whether its claimed method goes beyond generically applying the idea on computers, as in *Benson*, and instead applies it in an inventive way to provide some improvement

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or novel solution as in *Diehr*. See *Hitkansut*, 115 Fed. Cl. at 732 (“In *Diehr*, the underlying mathematical equation that determined at what point in the process a rubber mold should be opened was not patent eligible, but a method for applying that equation more accurately and effectively was eligible.” (citing *Diehr*, 450 U.S. at 187)); see also, e.g., *Thales Visionix*, 850 F.3d at 1349 (“Just as claims directed to a new and useful technique for defining a database that runs on general-purpose computer equipment are patent eligible, so too are claims directed to a new and useful technique for using sensors to more efficiently track an object on a moving platform.” (internal citation omitted)).

The government contends that the ’548 patent claims fail to provide an “inventive concept” under *Alice* step two because they “tak[e] known and conventional business practices (e.g., steps for sorting returned mail) and generically apply[] those practices to computers.” Def.’s § 101 Mot. at 16-17. Defendant specifically argues that Return Mail’s claims lack limitations directed to an inventive concept: e.g., that according to plaintiff’s expert, “elements of the claims were routine, conventional, and well-understood” at the time of Return Mail’s application, *id.* at 18 (citing Return Mail’s expert, Dr. Scott Nettles), that encoding and decoding data based on whether a sender wants an updated address “amount to a basic logic determination” and do not “transform the abstract idea into patent-eligible subject-matter,” *id.* (quoting *Return Mail*, 868 F.3d at 1368-69), that Return Mail’s invocation of computers fails to provide the inventive concept because the ’548 patent says “any kind of computer system” would suffice, *id.* at 20 (brackets omitted) (citing ’548 Patent,

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col. 7, line 7), and that other tangible technologies that Return Mail identifies in its argument are not found in the disputed claims 42 and 44, *id.*

Return Mail concedes that some of the limitations of claim 42 were known at the time of the '548 patent application; however, it contends that none of them were well-known, routine, and conventional. Pl.'s § 101 Opp'n at 12-15. Plaintiff further avers that limiting the claims to mail items after an unsuccessful delivery attempt was unknown at the time, *id.* at 13, that the encoding and decoding limitation was directed to electronic means that could not have been humanly performed, *id.* at 14-15, and that the use of computers required some customization and programming to implement the '548 claims, *id.* at 17. Return Mail also argues that the government's reliance on analogies to Federal Circuit opinions "is not evidence" sufficient to support its summary judgment motion. *Id.* at 15-16.

Again, Return Mail's "claims only recite routine, conventional activities such as identifying undeliverable mail items, decoding data on those mail items, and creating output data." *Return Mail*, 868 F.3d at 1368. Similarly, "the limitations [of] reciting particular types of encoded data or particular uses of that data once decoded, such as sending the data or making it available to the sender, depending on the sender's preferences" do not represent a new or useful application. *Id.* at 1368-69. Unlike *Diehr's* novel application of a mathematical equation to solve a specific problem and obtain measurements that practitioners of the art "had not been able to obtain," *Alice*, 573 U.S. at 223 (brackets omitted) (citing *Diehr*,

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450 U.S. at 178), the language of the '548 patent claims provide for the conventional processing of undeliverable mail items but on a computer. Instead, as with *Benson*, the '548 patent claims' reliance on "any kind of computer system," '548 patent, col. 7, line 7, fails "to supply a 'new and useful' application of the [abstract] idea" of sorting undeliverable mail items and providing an updated mailing address. *Id.* at 222 (citing *Benson*, 409 U.S. at 67).

The limitations of the '548 patent claims were well-known and conventional at the time of the patent application, including the purportedly inventive concept of updating a mailing address *after* a failed delivery attempt. *See* '548 patent, col. 1, lines 20-60 (describing the "historical[]" and "not uncommon" practice of researching and updating mailing addresses of "mail that is returned to sender"). To restate known, conventional steps, but on a computer, is insufficient to transform the claims—otherwise directed to an abstract idea—into an inventive application. *See, e.g., Alice*, 573 U.S. at 225 (holding that claims failed to "do more than simply instruct the practitioner to implement the abstract idea . . . on a generic computer" where "each step of the process [was] 'purely conventional'" individually and "as an ordered combination" (brackets omitted)); *Mortgage Grader, Inc. v. First Choice Loan Servs. Inc.*, 811 F.3d 1314, 1324-25 (Fed. Cir. 2016) (holding no inventive concept where "the claims 'add' only generic computer components such as an 'interface,' 'network,' and 'database'" because "[t]hese generic computer components do not satisfy the inventive concept requirement"); *Intellectual Ventures I LLC v. Capital One Bank (USA)*, 792 F.3d 1363, 1367 (Fed. Cir. 2015) ("Nor, in addressing the second step of *Alice*,

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does claiming the improved speed or efficiency inherent with applying the abstract idea on a computer provide a sufficient inventive concept.”); *Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Can.*, 687 F.3d 1266, 1278 (Fed. Cir. 2012) (“[T]he fact that the required calculations could be performed more efficiently via a computer does not materially alter the patent eligibility of the claimed subject matter.”).

Moreover, Return Mail’s assertions that the ’548 claims are limited to *electronic* encoding and decoding or *customized* computers and programming are unavailing. It is not enough to “attempt to limit the use’ of the abstract . . . idea ‘to a particular technological environment.’” *buySafe, Inc. v. Google, Inc.*, 765 F.3d 1350, 1355 (Fed. Cir. 2014) (citing *Alice* 573 U.S. at 222-24) (brackets and additional citations omitted). Because the ’548 patent claims are directed to the abstract idea of processing undeliverable mail and providing an updated address, and because there is no genuine dispute of material fact that those claims fail to offer any kind of new application of that idea, the court holds that the disputed patent is patent-ineligible under 35 U.S.C. § 101. Defendant’s remaining grounds for summary judgment under Sections 102 and 305 are moot.

CONCLUSION

For the foregoing reasons, defendant’s Section 101 motion for summary judgment is GRANTED and the plaintiff’s cross-motions for partial summary judgment are DENIED. The remaining summary judgment motions are DENIED AS MOOT.

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The Clerk is directed to enter judgment for defendant.

No costs.

It is so **ORDERED**.

/s/ Charles F. Lettow
Charles F. Lettow
Senior Judge