No. 24-47

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

REPLY BRIEF FOR PETITIONER

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TABLE OF CONTENTS

TABLE OF CITED AUTHORITIES

Cases

REPLY BRIEF

Normally an opposition tries to explain why the question presented isn't certworthy—why the lower courts aren't divided, why the issue rarely arises, why more percolation is needed. Not here. As the government admits, it has "recently and repeatedly" asked this Court to grant certiorari on this exact question. BIO.12. It understands that the Federal Circuit's flawed jurisprudence on §101 has fractured that court, has led to cries for help from all three branches, is hampering innovation and global competitiveness, and is ripe for this Court's review. Rather than minimize these compelling reasons for certiorari, the government admits that they "persist." BIO.12.

The sole point of contention is whether, given the vital need for this Court's review, Return Mail's case is a "suitable vehicle." BIO.12. The government says no. It also stressed "vehicle" problems the last time this Court heard this case. U.S.-BIO.8, 14-15 in *Return Mail, Inc. v. United States*, 2018 WL 4298029 (Sept. 7). No surprise there: This time, *the government* is the one being sued for infringing a patent.

But like last time, the government's "vehicle" argument isn't much of one. The government doesn't contest that the question presented is cleanly presented, outcome determinative, and fully developed. Though it thinks it should *win* no matter how this Court fixes the legal framework, the government's confidence is misplaced and, at most, a question for the Federal Circuit on remand. The government's argument instead boils down to a *prediction* that this

Court's opinion will not provide "elaboration or clarification of the relevant legal principles." BIO.14. Return Mail knows this Court can do just that.

More than a "suitable vehicle" for fixing the Federal Circuit's jurisprudence, BIO.12, this petition has unique advantages that the Court hasn't seen before and mightn't see again. This case presents, and thus lets the Court address, all the major flaws in the Federal Circuit's caselaw—the conflation of separate doctrines with §101, the collapsing of steps one and two of *Alice*/*Mayo*, the treatment of fact as law, and the rest. And because the government is an actual *party* here, its vital perspective will be fully briefed and argued. This Court is also familiar with Return Mail's patent, given the earlier case. And that invention (though fully patentable) is relatively easier to understand; this Court won't need to figure out, for example, what the phrase "'interactivity with remote objects on a client computer browser using distributed computing'" means. Pet.1 in *Eolas Techs. v. Amazon.com*, 2024 WL 1956643 (May 1). And unlike too many patent cases, Return Mail is no patent troll. It's a small business in Alabama that actively uses its invention.

Return Mail's plight highlights the cost of inaction. It invented something that revolutionized an industry. Its reward? The same government issued its patent, reaffirmed that patent, stole its invention, illegally canceled its patent, got reversed by this Court, and then canceled its patent again under a broken body of caselaw. With the company now on the brink, Return Mail's founders and employees respectfully ask this Court to grant certiorari.

I. The government concedes certworthiness.

No one disputes *whether* this Court should grant certiorari in this kind of case. The government agrees it's "recently and repeatedly" recommended certiorari on "the scope of the abstract-idea exception to patent-eligibility." BIO.12. It does not dispute, or even try to minimize, the points that both Return Mail and the government have made before on the need for this Court's review. That this question has fractured the Federal Circuit. Pet.11-12. That all three branches have asked for guidance. Pet.9-14. That results are arbitrary and unpredictable. Pet.20-21. Or that the Federal Circuit's jurisprudence is hampering innovation and preventing the United States from competing with China and other countries. Pet.21-24. To its credit, the government concedes that these problems "persist." BIO.12.

These problems do persist—and seem to be *worsening*. Since Return Mail filed its petition, the Federal Circuit has confirmed that its jurisprudence collapses "steps one and two" of *Alice*, often rendering the latter "superfluous." *Broadband iTV v. Amazon.com*, 113 F.4th 1359, 1369 (Fed. Cir. 2024). And while the Federal Circuit continues to inject separate patentability requirements into §101, it seems to do so only when it *undermines* the patent. It recently refused to let a patent owner refer to prior art to support its position under §101, stressing that prior art goes only to novelty and nonobviousness under §102 and §103. *See Angel Techs. Grp. v. Meta Platforms*, 2024 WL 4212196, at *6 (Fed. Cir. Sept. 17). It then consulted that same "prior art" to explain why another patent owner *lost*

under §101. *Mobile Acuity Ltd. v. Blippar Ltd.*, 110 F.4th 1280, 1294 (Fed. Cir. 2024).

This self-contradictory regime serves no purpose, other than sowing chaos and confusion. This Court's review is badly needed. The only question is whether this case presents a "suitable vehicle." BIO.12.

II. This case is an unusually good vehicle.

The government doesn't deny many of the reasons why this petition is a particularly strong vehicle. It doesn't minimize the fact that the United States—whose agencies are responsible for issuing and reviewing patents—is a party here. The government's vital perspective will thus be fully aired, not constrained to an amicus brief or divided argument. (If the shoe were on the other foot and the government had lost below, then it would probably be here pointing out these same advantages.) And though a fully developed record is not a *sufficient* reason to grant certiorari, BIO.15, the government doesn't deny that the advanced posture of this case is a major advantage. Nor does it attach any relevance to the fact that the final opinion below is unreasoned. As it has stressed before, Pet.25-*2*6, summary opinions from the Federal Circuit should not deter certiorari when the trial court's opinion is thorough; and the Federal Circuit's penchant for summary orders is *itself* a negative byproduct of that court's intractable divisions on §101. Plus, as the government stresses, this Court has not one but *three* reasoned opinions assessing Return Mail's patent under §101. *See* BIO.14.

Though the government now says Return Mail's "'comparatively less complex'" invention makes this petition a "worse" vehicle, BIO.15, it told this Court the opposite before. It was right then. That Return Mail's patent doesn't involve some ultracomplex, idiosyncratic invention lets this Court focus on the Federal Circuit's legal errors, "readily draw on historical practice," and create precedent that "can then be translated to other contexts." U.S.-Br.22 in *Interactive Wearables v. Polar Electro Oy*, 2023 WL 2817859 (Apr. 5). This Court's familiarity with Return Mail's patent and the background of Return Mail's dispute with the government—based on this case's last trip to the Court—is yet another advantage. *See generally Return Mail, Inc. v. United States*, 587 U.S. 618, 625-26 (2019).

The government's insistence that this Court's opinion won't provide valuable guidance, *see* BIO.13-14, is confusing. It's up to *this Court* whether and to what extent it "elaborat[es] or clarifi[es]" the "relevant legal principles." BIO.14. It is perfectly capable of doing so, even in cases where it only clarifies the relevant legal principles and leaves their application to the lower courts on remand. *E.g.*, *Groff v. DeJoy*, 600 U.S. 447, 473 (2023); *Gonzalez v. Trevino*, 602 U.S. 653, 659 (2024); *Lindke v. Freed*, 601 U.S. 187, 204 (2024); *O'Connor-Ratcliff v. Garnier*, 601 U.S. 205, 208 (2024); *Moody v. NetChoice, LLC*, 144 S.Ct. 2383, 2409 (2024). In terms of those legal principles, this case is ideal because it presents all the major flaws in the Federal Circuit's jurisprudence. Pet.24-28. The lower courts did not simply declare that the application of §101 to Return Mail was "controlled" by a

"straightforward application of *Alice* and *Bilski*." BIO.13-14. They had to rely on the very defects in the Federal Circuit's caselaw that need this Court's correction. They conflated steps one and two of the *Alice*/*Mayo* framework. Pet.24. They blurred §101 with §102, §103, and §112—and in a one-sided, anti-patent fashion. Pet.14-19, 26-28. And they converted factual questions into purely legal ones. Pet.20. Though Return Mail highlighted these specific errors in its petition, the government offers no meaningful response.

Also confusing is the government's assertion that this Court should wait to tackle the "procedural" question of the proper line between law and fact until it first decides the "substantive" question of the proper §101 standard. BIO.14-15. Both questions, the government concedes, are certworthy. BIO.14-15; Pet.19-20. So if substance needs to come before procedure, then this Court can follow that sequence in this case. Or it can take the government's advice and decide substance now, and remand procedure. But the government's sequencing preference is not a reason to deny review altogether, leaving *both* substance and procedure "'a mess'" in our nation's "'only patent court.'" Pet.11-13.

Though this Court has denied a half-dozen petitions in the last few years that touch on §101, *see* BIO.15-16, it has also expressed unusual interest in the question presented here—calling for the views of the Solicitor General, registering dissents from denials of certiorari, calling for responses to recent petitions. Pet.i, 10-11, 8 n.1. And this petition has what those petitions lacked:

- The petitioner in *Eolas* was an infamous patent troll with an inscrutable patent that seemed to cover the whole internet. *E.g.*, BIO.8-10 & 11 n.2 in *Eolas*, 2024 WL 3654697; Mullin, *Famous Patent "Troll's" Lawsuit Against Google Booted out of East Texas*, ArsTechnica (Feb. 27, 2017), perma.cc/H2K9-QNYA. And §101 was not cleanly presented there because the Federal Circuit had made alternative rulings, including "waiver." *Eolas Techs. v. Amazon.com*, 2024 WL 371959, at *6 (Fed. Cir. Feb. 1). There are no alternative rulings or waiver issues here, and Return Mail actively practices its patent.

- *Tropp v. Travel Sentry* likewise had a preservation problem. *See* 2022 WL 443202, at *1-2 (Fed. Cir. Feb. 14) ("We decline to upset the district court's judgment based on an argument like this made for the first time on appeal."). As did *Chamberlain Group v. Techtronic Industries*. *See* BIO.18-20, 2020 WL 4698642 (Aug. 7) (petitioner's "patent eligibility arguments" had "changed materially from its arguments below").

- *Yu v. Apple* involved another petitioner that never practiced its purported invention. *See* Pet.15 in *Yu v. Apple Inc.*, 2021 WL 5756623 (Nov. 29). It was also decided on a motion to dismiss, not at summary judgment on a factual record, and raised a different issue unrelated to the Federal Circuit's main errors on §101. *See* 1 F.4th 1040, 1042 (Fed. Cir. 2021); Pet.25-

33 in *Yu v. Apple Inc.*, 2021 WL 5756623 (stressing the doctrine that claims must be assessed "'as a whole'").

- *American Axle* and *Hikma Pharmaceuticals* involved the law-of-nature exception to §101, not the abstract-idea exception. 967 F.3d 1285 (Fed. Cir. 2020); 887 F.3d 1117 (Fed. Cir. 2018). But as the government concedes, the "abstract-idea exception" is the area in most need of this Court's review. BIO.7, 12.

- *Interactive Wearables* presented only one of the problems with the Federal Circuit's jurisprudence: its fusion of §101 and §112 (enablement). This case, however, presents all the problems—that one plus the blending of §101 with §102 (novelty) and §103 (nonobviousness), the blurring of steps one and two of *Alice*/*Mayo*, and the conversion of factual question into legal ones.

It's also been years since many of these petitions came before the Court. In that time, the Federal Circuit's divisions have become clearer and deeper, and opportunities for that court to correct its own errors have come and gone. It's now clearer than ever that the problems with §101 are not going away. This Court's review is needed, and this case presents the best opportunity to date.

III. Return Mail would prevail under the correct legal framework.

Though the government renounces "factbound arguments," BIO.10, it spends most of its opposition arguing that Return Mail's patent did, in fact, violate §101. Return Mail has already explained—and will explain further in merits briefing—why the government is wrong. *See* Pet.26-28. But the merits of that dispute have little to do with the question whether this Court should grant certiorari. After all, sometimes this Court grants certiorari, provides helpful guidance to the lower courts, and nevertheless affirms. *E.g.*, *Amgen Inc. v. Sanofi*, 598 U.S. 594, 610 (2023).

But in case it matters, the government's suggestion that Return Mail's patent is invalid under a proper understanding of §101 is not facially credible. The same government *issued* Return Mail's patent. The Postal Service acknowledged Return Mail's innovation in the early 2000s, first by trying to "licens[e]" the invention and then by implementing the invention itself—revolutionizing how this country's undeliverable mail was processed. *See Return Mail*, 587 U.S. at 625; Pet.5-6. When the Postal Service later tried to invalidate Return Mail's patent, the Patent Office denied its request—thus "*confirming the validity* of the '548 patent." *Return Mail*, 587 U.S. at 625 (emphasis added). Then when the United States illegally used the Patent Board to invalidate the patent, this Court agreed to review the case; it did not deny review because the outcome was preordained. Despite its reversal, the lower courts largely rubberstamped the decisions that arose from that unlawful process, Pet.8,

hardly a marker of reliable decisionmaking. One reason why that process was unlawful, this Court said, is the unfairness of "forcing a civilian patent owner (such as Return Mail) to defend the patentability of her invention in an adversarial, adjudicatory proceeding initiated by one federal agency (such as the Postal Service) and overseen by a different federal agency (the Patent Office)." *Return Mail*, 587 U.S. at 634.

Return Mail should have won below on the merits—specifically, that the validity of its patent under §101 could not be resolved as a matter of law at summary judgment, but rather should have proceeded to trial. The government says the patent's inventive concept was already used "historically." BIO.11. But that argument conflates steps one and two, ignores that Return Mail heavily disputed that factual question through its expert, and impermissibly construes the record against the nonmovant. Pet.26-28. (And the trial court didn't find that the patent's specification concedes otherwise, as the government now suggests. BIO.11.) Though the government also says the patent doesn't mention any hardware or software, BIO.10, it does. The claims "are limited to *electronic* encoding and decoding" and "*customized* computers and programming." App.30a; *see* J.A.1948. And the specification describes how 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. This specific process and structure are hardly an abstract idea. They contain an inventive concept under step two.

Though the government doesn't deny that no court or litigant ever "suggested that [Return Mail's] invention raises preemption concerns," Pet.27, it tries to make that argument now, BIO.12. Its new argument fails. Return Mail's patent does not try to lock up the "building blocks of human ingenuity," like risk hedging or intermediated settlement; it "integrate[s] the building blocks into something more." *Alice Corp. Pty. v. CLS Bank Int'l*, 573 U.S. 208, 217 (2014). Return Mail claims a specific and concrete improvement over the prior art. Other methods of processing returned mail exist. *See, e.g.*, Pet.26-28. But since Return Mail got its patent in 2004, it has sued only one entity: the Postal Service. The federal government preempted Return Mail, not the other way around.

Aside from its wrongness, the newness of the government's preemption argument highlights the problem with the Federal Circuit's jurisprudence. Though preemption is the core of *this Court's* precedent on §101, it has been ejected from *the Federal Circuit's* precedent. Pet.21. When a body of law gets this off track, in the court that hears nearly all the cases, with such momentous consequences, this Court's intervention is needed.

CONCLUSION

This Court should grant certiorari.

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