No. 24-____

IN THE SUPREME COURT OF THE UNITED STATES

AUDIO EVOLUTION DIAGNOSTICS, INC.,

Petitioner

v.

UNITED STATES OF AMERICA &
GLOBALMEDIA GROUP, LLC,

Respondents

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

PETITION FOR WRIT OF CERTIORARI OF AUDIO EVOLUTION DIAGNOSTICS, INC.

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QUESTIONS PRESENTED

Applying this Court's rulings in *Alice* and *Mayo*, the U.S. Court of Federal Claims invalidated plaintiff's patents—not for a business method or computer program—but for a new and useful machine applicable in the telemedicine industry.

The Court of Federal Claims invalidated all of Audio Evolution Diagnostics, Inc. ("AED")'s patent claims as abstract ideas by conflating novelty and obviousness under 35 U.S.C. §§ 102 and 103 with patent eligibility under § 101. The government—plaintiff's opponent here—has urged this Court at least twice to revisit *Alice* and *Mayo* to prevent such overreach.

On appeal, the Federal Circuit affirmed the same way that it has resolved over one-third of all patent appeals that came before it in the last two decades—with one word: "affirmed" and a cite to Federal Circuit Rule 36.

The questions presented are:

1. Whether this Court should clarify its *Alice* and *Mayo* rulings at steps one and two by focusing on the language of 35 U.S.C. § 101 itself and differentiate patent-eligibility determinations under § 101 from fact-based well-understood, routine, and conventional questions of novelty, obviousness, and enablement under §§ 102, 103, and 112.

2. Whether this Court should find that the Federal Circuit is abandoning its role of articulating patent law precedent and bringing uniformity to patent law with its overuse of Federal Circuit Rule 36 to summarily affirm decisions of lower tribunals involving unsettled and complex issues of patent law.

RULE 29.6 STATEMENT

Audio Evolution Diagnostics, Inc., has no parent company or publicly held company with a 10% or greater ownership interest in it.

RELATED PROCEEDINGS

The related proceedings, opinions, and orders below are:

1. *Audio Evolution Diagnostics, Inc. v. United States & GlobalMedia Group, LLC*, No. 2023-1096 (Fed. Cir. May 14, 2024) (judgment summarily affirming CFC under Federal Circuit Rule 36) (*see* Appendix A);

2. *Audio Evolution Diagnostics, Inc. v. United States & GlobalMedia Group, LLC*, No. 1:20-cv-01384-PEC (Ct. Cl. Sept. 21, 2022) (order denying motion to vacate judgment and alter or amend judgment) (*see* Appendix B);

3. *Audio Evolution Diagnostics, Inc. v. United States & GlobalMedia Group, LLC*, No. 1:20-cv-01384-PEC (Ct. Cl. July 1, 2022) (order granting motion to dismiss) (*see* Appendix C); and

4. *Audio Evolution Diagnostics, Inc. v. United States & GlobalMedia Group, LLC*, No. 2023-1096 (Fed. Cir. Aug. 28, 2024) (order denying petition for panel rehearing and rehearing en banc) (*see* Appendix D).

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The Federal Circuit's Rule 36 judgment is reported at 2024 WL 2143376 and is reproduced at Appendix ("App.") 1a–2a. The Court of Federal Claims' orders are reported at 162 Fed. Cl. 73 and 160 Fed. Cl. 513, respectively, and are reproduced at App.3a–48a.

JURISDICTION

The Federal Circuit's judgment was entered on May 14, 2024, and its order denying panel rehearing and rehearing en banc was entered on August 28, 2024. The Chief Justice on November 19, 2024, in Application No. 24A497 granted AED a sixty-day extension to file its petition by Saturday, January 25, 2025. This Court has jurisdiction under 28 U.S.C. § 1254(1).

STATUTE INVOLVED

35 U.S.C. § 101 provides: "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

I. The asserted patents

U.S. Patent Nos. 8,920,343 ("the '343 patent") and 8,870,791 ("the '791 patent"), assigned to AED and issued to Michael E. Sabatino, M.D., A.B.P.N., describe a new and useful machine with a claimed specific ordered combination of physical electronic components that capture, transform, analyze, display with a customizable display, and transmit physiologic sounds for diagnosing medical issues with the human body. The inventions was never before claimed in such combination in the prior art anywhere in the world at the time of filing. The machine has transducers that are placed on the body to detect organ sounds as analog signals. C.A. App. 83–84 ('343 patent 3:33–42, 3:56–4:4, 6:19–32, FIG. 1); C.A. App. 143–144 ('791 patent 4:19–27, 4:40–55, 6:15–28, FIG. 1). An analog-to-digital converter digitizes the signals for processing and analysis. C.A. App. 85 ('343 patent 8:21–33); C.A. App. 145 ('791 patent 8:18–29). A display features icons that show customizable operations tied to specific system functions. C.A. App. 83, C.A. App. 86 ('343 patent 3:19–32, 4:51–5:3, 9:1–17); C.A. App. 143–145 ('791 patent 4:6–18, 5:34–53, 8:64–9:13). The digital organ sounds can then be shared over a network for further analysis and display by other medical professionals at remote locations.

The Asserted Patents have a priority date of March 23, 2006, from a provisional application. C.A. App. 35, C.A. App. 96. The non-provisional application for the ’343 patent was filed on November 20, 2006, and the patent issued on December 30, 2014. C.A. App. 35. The non-provisional application for the '791 patent, a continuation of the ’343 application, was filed on March 26, 2012, and issued on October 28, 2014. C.A. App. 96.

The USPTO took eight and a half years to examine the Asserted Patents. They were issued despite hundreds of prior art references. Throughout this period, the USPTO never rejected any claims based on *Alice/Mayo* or 35 U.S.C. § 101 patent eligibility requirements. The Asserted Patents were previously litigated in the District of Delaware (Case No. 1:16-cv-1280-LPS), where their patent eligibility was never questioned.

II. Overview of the CFC Case

AED filed a patent infringement complaint against the government under 28 U.S.C. § 1498(a) on October 13, 2020, claiming unauthorized use of telemedicine products sold to it by GlobalMedia Group, LLC (“GlobalMed”). C.A. App. 28 (Case No. 1:20-cv-01384-PEC). On December 14, 2020, the government moved to dismiss the complaint. *Id*. GlobalMed joined as a third-party defendant on February 16, 2021. C.A. App. 30.

On February 24, 2021, AED filed its first amended complaint. C.A. App. 30. The government renewed its motion to dismiss on March 24, 2021, which GlobalMed joined. C.A. App. 30. On October 5, 2021, the court denied the government's motion to dismiss as moot and ordered AED to file a second amended complaint ("SAC") and include certain jurisdictional facts that the court requested in its order. C.A. App. 31.

AED filed its SAC on November 5, 2021. C.A. App. 31. The government again renewed its motion to dismiss on December 3, 2021, which GlobalMed again joined. C.A. App. 32.

On July 1, 2022, the court granted the government's motion to dismiss under Rule 12(b)(6), but not 12(b)(1), and entered judgment. App.48a. The court ruled that it had subject matter jurisdiction over the allegations in the SAC under Rule 12(b)(1). App.48a. It found the SAC failed to state a claim for relief under Rule 12(b)(6) because the Asserted Patents were not entitled to patent protection under 35 U.S.C. § 101. App.38a–48a. Instead of limiting its invalidity determination to certain asserted claims, the Claims Court applied its invalidity ruling to the entirety of the patents without limitation to any specific claims.

On August 3, 2022, AED moved to vacate and amend the judgment, and to file a third amended complaint ("TAC"). C.A. App. 33. The motion to vacate

requested reconsideration based on previously unavailable evidence—the USPTO's recent issuance of AED's U.S. Patent No. 11,357,471 ("the '471 patent") on June 22, 2022. The '471 patent was highly relevant since it recited claims the USPTO had just determined were patent eligible after dropping a § 101 rejection, and those claims were strikingly similar to unasserted customizable display claims of the Asserted Patents. C.A. App. 152; C.A. App. 204.

The motion to file a TAC sought to substitute the previously unasserted customizable display claims. C.A. App. 634–635. The motion to amend judgment sought to cabin the Claims Court's ruling invalidating the entirety of the Asserted Patents to asserted independent claim 39 of the '343 patent and claim 17 of the '791 patent.

The Claims Court denied AED's motions on September 21, 2022. App.13a. A timely appeal to the Federal Circuit followed under 28 U.S.C. § 1295(a)(3), which summarily affirmed the Claims Court's rulings without opinion or analysis under its arbitrarily overused Federal Circuit Rule 36.

III. The Patent Claims in the CFC

The Claims Court listed independent claim 39 of the '343 patent and independent claim 17 of the '791 patent in its July 1, 2022, order. Claim 39 of the '343 patent recites:

39. An apparatus for acquiring and processing physiological sounds comprising:

a plurality of sensors each respectively comprising a corresponding diaphragm, wherein at least one sensor is configured to be positioned on a body surface, and at least two sensors of said plurality of sensors are configured to convert said physiological sounds, in response to vibration of said corresponding diaphragms by said physiological sounds, into a corresponding plurality of electrical signals; and

processing unit operatively coupled to said plurality of sensors[,] said processing unit configured to process a plurality of streams of digital data representative of said corresponding plurality of electrical signals, wherein at least a portion of said plurality of streams of digital data are input into a parallel to serial converter to generate a serial output.

App.18a.

Claim 17 of the '791 patent reads:

17. An apparatus for acquiring, processing, and transmitting physiological sounds comprising:

a plurality of sensors each respectively comprising a corresponding diaphragm, wherein at least one corresponding diaphragm is configured to be positioned on a body surface, and at least two sensors of said plurality of sensors are configured to convert said physiological sounds, in response to vibration of said corresponding diaphragms by said physiological sounds, into a corresponding plurality of electrical signals;

a corresponding plurality of analogue to digital converters each operatively coupled to a corresponding one sensor of said plurality of sensors, said analogue to digital converters configured to convert at least a portion of said plurality of electrical signals into a plurality of streams of digital data;

a processing unit operatively coupled to the plurality of analogue to digital converters, said processing unit configured to process said plurality of streams of digital data, wherein at least a portion of said plurality of streams of digital data are input in parallel into a parallel to serial converter to generate a serial output; and

a wireless network device configured for wireless transmission of at least a portion of said serial output in a first direction away from

> said processing unit, and said wireless network device is further configured for reception of an input that is wirelessly transmitted in a second direction towards said processing unit.

App.18a–20a.

The Claims Court ruled at *Alice/Mayo* step one that the patent is "directed at the abstract idea of 'collecting, analyzing, manipulating, and displaying data,' . . . and 'filtering patient [physical] signals to increase accuracy," App.42a; App.13a, despite its clear finding that the patent discloses and claims "a *physical* monitoring and data collection *device* that collects and filters human physiological data and then displays it for a clinician to review." App.41a (emphasis added).[1] According to the court, a "physical device" is an abstract idea when it contains "conventional hardware and software." App.42a. The court found that it "cannot discern[] any factual dispute that prevents [it] from making this determination," *id.*, when the question of whether the invention contains conventional hardware and software is a disputed fact question of novelty and obviousness under §§ 102 and 103, not § 101.

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[1] Claims 39 and 17 expressly do not recite "manipulating" and "displaying data" or "filtering patient [physical] signals" as explained later in this brief. *See infra* Part V.

Any of the Claims Court's reliance on the specifications for "admissions" of the claim elements as well-understood, routine, or conventional should be disregarded; the specifications are written to meet 35 U.S.C. § 112 written description requirements. Whether claim components are well-understood, routine, or conventional as described in the specifications remain factual questions.

The Claims Court next found under *Alice/Mayo* step two that the patents lack an inventive concept because the claims recite "conventional and well-understood" elements—the same rationale it used for step one. App.43a; App.47a. Whether the claims recite conventional and well-understood elements is a disputed fact question of novelty and obviousness under §§ 102 and 103, not § 101. The court went out of its way to ignore AED's well-pled facts of an unconventional arrangement of specific components as an ordered combination into a machine, apparatus, or system that transforms physiologic sound signals from parallel to serial, serial to parallel, analog to digital, and digital to analog formats consistent with this Court's "inventive concept" precedent. *See, e.g., Bilski v. Kappos*, 561 U.S. 593, 604 (2010) ("The machine-or-transformation test is a 'useful and important clue' for determining patent eligibility [].").

IV. The CFC's misapplication of *Alice/Mayo*, step two, finding that individual elements of the claims were "well-understood, routine, or conventional" under § 101 versus §§ 102 and 103.

Against *Diehr*'s explicit distinction between §§ 101 and 102 (and thus §§ 103 and 112), the Claims Court held that AED's new and useful diagnostic machine patents do not contain an inventive concept because the claimed components were "well-understood" and "conventional" and perform only their basic functions. App.43a; App.47a. This Court in *Diehr* instructed:

> It has been urged that novelty is an appropriate consideration under § 101. Presumably, this argument results from the language in § 101 referring to any "new and useful" process, machine, etc. Section 101, however, is a general statement of the type of subject matter that is eligible for patent protection "subject to the conditions and requirements of this title." Specific conditions for patentability follow and § 102 covers in detail the conditions relating to novelty. The question therefore of whether a particular invention is novel is "wholly apart from whether the invention falls into a category of statutory subject matter."

Diamond v. Diehr, 450 U.S. 175, 189–90 (1981) (citations omitted).

"A valid patent must meet the 'conditions and requirements' of the patent statute; eligibility under Section 101 is not the same as patentability under the substantive statutory provisions of novelty (§ 102), non-obviousness (§ 103), and description and enablement (§ 112)." *Am. Axle & Mfg. v. Neapco Holdings LLC*, 966 F.3d 1347, 1357 (Fed. Cir. 2020) (Newman, J. dissenting) (Moore, O'Malley, Reyna, Stoll, JJ., joining).

A new and useful diagnostic machine, constructed from real-world electronic components, is not abstract simply because it includes conventional parts. For example, a radio comprises conventional components, but it is not an abstract idea; it isolates, amplifies, processes, and outputs signals as processed audio. The radio's components are organized to achieve these functions. Similarly, the components of AED's diagnostic machine are arranged to serve its intended purpose. The assessment of whether the claims involve conventional or well-understood components and meet the substantive patentability requirements under §§ 102, 103, and 112 is a separate inquiry from the § 101 evaluation.

V. The CFC's abstract idea statement does not focus on the claims as a whole.

The Claims Court's finding that the patents are "directed at the abstract idea of 'collecting, analyzing, manipulating, and displaying data,' . . . and 'filtering

patient [physical] signals to increase accuracy" did not consider the claims as a whole as this Court requires. *Diehr*, 450 U.S. at 177; *Parker v. Flook*, 437 U.S. 584, 594 (1978). Claims 39 and 17 do not recite "manipulating" and "displaying data" or "filtering patient [physical] signals." The Claims Court erred by invalidating these claims under an alleged abstract idea that is not actually recited anywhere in claims.

Claims 1 and 29 of the '343 patent and claims 1 and 8 of the '791 patent are directed to much more than simply "displaying data." The claim language states that "each icon" corresponds to at least one "operation that the processing unit is configured to perform," which has absolutely nothing to do with performing the mere function of "displaying data." C.A. App. 87 (11:12–28); C.A. App. 88 (14:49–64); C.A. App. 147 (11:29–46); C.A. App. 147 (12:39–54).

The Asserted Patents specify that "at least one operation" can be "modified" by a "user through interaction with at least one icon displayed." The "display device" provides a specific interface that enables a user to improve the functioning of the machine by modifying its operations. It is not a "generic display device" that does nothing more than "display data" as the government argues. Determinations like the Claims Court's here, which was at the highest level of abstraction untethered from the language of the

claims in this case, will cause the abstract idea exception to "swallow all of patent law." *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 217 (2014) (citing *Mayo Collaborative Servs. v. Prometheus Lab'ys*, 566 U.S. 66, 71 (2012)).

REASONS FOR GRANTING THE PETITION

The scope of Section 101 patent eligibility is critically important and warrants this Court's review. *Alice* was decided more than a decade ago. Since then division among decisionmakers on how to correctly apply the two-step framework has dominated the jurisprudence. In the absence of intervention from this Court, the core objective of patent law—fostering innovation—has been undermined.

This case is an ideal vehicle for addressing the issue for several reasons.

First, the U.S.—AED's adversary here—previously urged this Court to accept the question and revisit *Alice* at least twice. AED agrees.

Second, the application of the "abstract idea" question to the noncomplex technology at issue is straightforward. The factual record is well-developed but not too lengthy because the Claims Court's invalidity decision came on a motion to dismiss.

Third, the Federal Circuit's Rule 36 summary affirmance here calls into question whether the Federal

Circuit can properly fulfill its § 101 interpretation role using just one word: "affirmed."

For these reasons, this Court should grant certiorari.

I. The correct application of this Court's rulings in *Alice* and *Mayo* is a significant issue that deserves the Court's attention.

Despite deep divisions among stakeholders on § 101, there is unanimous agreement that this Court's further guidance is urgently needed. Key decision-makers are unable to reach a consensus on applying this Court's two-step outline. The Federal Circuit remains at an impasse over the proper scope of § 101. Since this Court's *Alice* decision, the Federal Circuit has been unable to convene en banc on a § 101 issue, including this case, prompting every judge on that court to seek this Court's guidance. This deadlock has led the Solicitor General to request that this Court grant certiorari on the application of § 101 at least twice in the past two years. The ongoing confusion over § 101 has also stifled innovation. In short, the doctrine of § 101 is in chaos and requires this Court's review.

A. The Solicitor General, courts, USPTO, and Congress have each requested that this Court provide further guidance.

The calls to reexamine § 101 have increased in volume and frequency. The United States, as the

respondent in this case, requested that this Court grant certiorari to clarify its application of § 101. *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."). At least Justice Kavanaugh has agreed that the issue deserves 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).

1. The Solicitor General

The Solicitor General ("SG") has emphasized, in response to this Court's CVSGs, that the question presented is cert-worthy for several reasons.

The SG noted that the *Alice/Mayo* framework 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).

2. The courts

While this Court typically grants certiorari to resolve circuit splits, the Federal Circuit's internal conflicts with § 101 are "worse than a circuit split." *Am. Axle & Mfg., Inc. v. Neapco Holdings LLC*, 977 F.3d 1379, 1382 (Fed. Cir. 2020) (Moore, C.J., concurring). That court specializes in patents, but it 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 district courts are equally perplexed. As one court declared, "[t]he 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 court decried, "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); *see*

also, e.g., *Mirror Imaging, LLC v. PNC Bank, N.A.*, 2022 WL 229363, at *3 (W.D. Tex. Jan. 26) (Section 101 law is "'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").

3. The USPTO

The USPTO is baffled. It has "struggled to apply [the] Section 101 precedents in a consistent manner." U.S.-*IW*-Br.21. Its struggles are the result of "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). The PTO attempted to clarify the standard for patent examiners and judges through guidance five years after *Alice* and *Mayo*. It ultimately admitted 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 is "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). In 2022 in its report to Congress, the PTO repeated its challenges with § 101 and the harm that this Court's lack of guidance has caused. *See Patent Eligible Subject Matter: Public*

Views on the Current Jurisprudence in the United States, 18–41 (June 2022), perma.cc/5558-F4CV.

4. Congress

This Court's review has bipartisan support in Congress. Senator Christopher Coons (D-DE), former chair of the Senate Subcommittee on Intellectual Property, has warned that the Supreme Court's uncertainty surrounding § 101 law is harming America's technical competitiveness in the world: "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 Thom Tillis (R-NC), current chair of the same subcommittee, concurs: "current . . . patent eligibility jurisprudence" is erratic and stunting innovation. *Id.* Nevertheless, Congress has no plans to act.

B. Application of *Alice* and *Mayo* has deviated from the intended purpose of eliminating bad patents and needs reevaluation.

The Federal Circuit's precedent has diverged significantly from the Supreme Court's rulings in *Alice* and *Mayo*. It conflates § 101 with other patentability

criteria such as novelty, obviousness, and enablement under §§ 102, 103, and 112. This approach transforms essential factual inquiries into legal questions. The Federal Circuit's common-law adjudication method has resulted in a tangled web of conflicting precedents, giving the impression that patent eligibility depends on the random assignment of three-judge panels.

1. Eligibility versus patentability

The Federal Circuit's caselaw on § 101 merges the threshold condition of eligible subject matter (§ 101) with other patentability requirements such as novelty (§ 102), nonobviousness (§ 103), and enablement (§ 112). The Federal Circuit has adopted this blending of distinct statutory requirements, asserting that § 101's "threshold level of eligibility is often usefully explored by way of the substantive statutory criteria of patentability" found 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, nonobviousness, and enablement" into § 101 as serving "the public interest in innovative advance." *Id.* at 1005–06. No part of § 101 has been spared from the Federal Circuit's judicial activism. *E.g.*, *Internet Pats. Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1347 (Fed. Cir. 2015).

The SG's Office concurs that the Federal Circuit has inappropriately conflated patentability requirements. They note that the court often places undue emphasis on considerations of novelty, obviousness, and enablement when applying § 101. (U.S.-*IW*-Br.11). This combination is problematic not only because it contradicts *Alice* and the statutory text, but also because the Federal Circuit incorporates these other patentability principles without their complementary protections against error, such as guarding against hindsight bias and maintaining the distinction between law and fact. "[A]pplying modified versions of other doctrines in the guise of a Section 101 analysis 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.

Novelty (§ 102) and nonobviousness (§ 103) are "not the realm of Section 101 eligibility." *Yu v. Apple Inc.*, 1 F.4th 1040, 1047 (Fed. Cir. 2021) (Newman, J., dissenting). But 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

[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, Inc. v. United States Postal Serv.*, 868 F.3d 1350, 1370 (Fed. Cir. 2017) (same); *Trading Techs.*, 675 F. App'x at 1005 (similar).

Circuit to deny that *Alice*'s two-step framework even has two steps; the 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 whole analysis "without going beyond

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[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 LLC v. AOL, Inc.*, 896 F.3d 1335, 1342 (Fed. Cir. 2018) (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" elements 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 nonroutine 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 were "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.,*

step one." *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1294 (Fed. Cir. 2016); *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). The Federal Circuit often conducts only a cursory analysis at step two because of what it concludes as a matter of law at step one.[5] According to the Solicitor General, "[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 issue with the Federal Circuit's combination of eligibility and patentability requirements is that it introduces obstacles related to obviousness and

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Inc. v. AT&T Mobility LLC, 827 F.3d 1341, 1349 (Fed. Cir. 2016); *Amdocs*, 841 F.3d at 1306.

[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).

novelty under § 101 without incorporating the safeguards of those doctrines. For instance, in an obviousness determination the Federal Circuit considers whether a 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 Techs., Inc. v. HTC Am., Inc.*, 908 F.3d 1343, 1348 (Fed. Cir. 2018); *Trinity Info Media, LLC v. Co- valent, Inc.*, 72 F.4th 1355, 1366 (Fed. Cir. 2023). However, those terms are directly derived from the nonobviousness precedents under § 103. *See, e.g.*, *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 417 (2007); *Perfect Web Techs., Inc. v. InfoUSA, Inc.*, 587 F.3d 1324, 1329 (Fed. Cir. 2009). Moreover, the Federal Circuit fails to apply the safeguards against "hindsight" bias when incorporating the obviousness terms into § 101. *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 36 (1966). This omission further complicates the patent eligibility analysis and undermines the integrity of the evaluation process.

This Court emphasized that "secondary considerations" like "commercial success" should be analyzed to guard against "the distortion caused by hindsight bias." *KSR*, 550 U.S. at 406, 421 (cleaned up). Although the Federal Circuit employs these considerations under § 103, it does not apply them, or any other safeguards, 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."). This selective application further complicates the patent eligibility analysis and undermines the consistency and fairness of the evaluation process. As the Solicitor General describes, the Federal Circuit's approach makes eligibility under § 101 depend on "when the patent is filed," versus whether the patent recites an "abstract idea." U.S.-*IW*-Br.17 (cleaned up).

Regarding § 112, the Federal Circuit has "imbued § 101 with a new superpower—enablement on steroids." *Am. Axle & Mfg. v. Neapco Holdings LLC*, 967 F.3d 1285, 1305 (Fed. Cir. 2020) (Moore, J., dissenting). Under current 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*, 966 F.3d at 1359 (Newman, J., dissenting). According to the SG, 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.

Enablement is supposed to be assessed "under 35 U.S.C. § 112, not . . . under § 101" based on a patent's "specification," not its claims as in the § 101 determination. *Visual Memory LLC v. NVIDIA Corp.*, 867 F.3d 1253, 1261 (Fed. Cir. 2017); *see Amgen Inc. v. Sanofi*, 598 U.S. 594, 610–11 (2023). The Federal Circuit's "inject[ion]" of "a heightened enablement requirement into the § 101 analysis" is especially concerning in cases like this one, where the infringer does not argue that there is a § 112 problem. *Am. Axle*, 967 F.3d at 1317 (Moore, J., dissenting). The Federal Circuit's mixing of patentability factors with eligibility "introduces further uncertainty." *Am. Axle*, 966 F.3d at 1363 (Stoll, J., dissenting); *accord Realtime Data LLC v. Array Networks Inc.*, 2023 WL 4924814, at *12 (Fed. Cir. Aug. 2) (Newman, J., dissenting).

2. Factual issues versus legal issues

The Federal Circuit's mixed § 101 analysis also wrongly "converts factual issues into legal ones." *Am. Axle*, 967 F.3d at 1305 (Moore, J., dissenting). The prevailing view is that step one is purely a legal question, while step two can involve factual issues. *E.g.*, *In re Rudy*, 956 F.3d 1379, 1383 (Fed. Cir. 2020); *Berkheimer*, 881 F.3d at 1368. That view is unsound. The Federal Circuit frequently considers concepts like conventionality in step one as explained. However, when

conventionality is applied to other patentability requirements (§§ 102 and 103), it raises factual questions. The Federal Circuit has also shoehorned enablement (§ 112) into eligibility (§ 101), but enablement also relies upon "underlying factual findings." *Alcon Rsch. Ltd. v. Barr Lab'ys, Inc.*, 745 F.3d 1180, 1188 (Fed. Cir. 2014). By incorporating these patentability factors into step one, the Federal Circuit's precedent transforms fact questions into legal ones.

3. Arbitrary outcomes

The Federal Circuit's muddled doctrine results in arbitrary outcomes. Some of its applications of § 101 are clearly implausible. For instance, the Federal Circuit has invalidated patents for digital cameras, garage-door openers, electric-vehicle charging stations, and driveshafts, among others. *See, e.g.*, *Yu*, 1 F.4th 1040; *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*, 967 F.3d 1285. Given the judges' differing opinions on § 101 and their decade-long reluctance to address the issue en banc, outcomes will continue to vary by three-judge panels. Although the Federal Circuit has characterized this approach as "the classic common law methodology for creating law," *In re Killian*, 45 F.4th 1373, 1383 (Fed. Cir. 2022), no reputable common-law system would generate such instability.

District courts face significant challenges in applying the Federal Circuit's doctrine. In a recent case, the Federal Circuit criticized a district judge for performing a § 101 analysis that was too "cursory" to "facilitate meaningful appellate review," and required the judge to redo the analysis. *Realtime Data LLC v. Reduxio Sys.*, 831 F. App'x 492, 496–98 (Fed. Cir. 2020). The mandated reanalysis resulted in an opinion exceeding fifty pages, reaching the same conclusion as before. The Federal Circuit then affirmed this outcome in an unpublished opinion with a divided panel, where the judges once again disagreed on how to apply § 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 neglected the fundamental principle of § 101: preemption. Although preemption is the central concern of § 101, as highlighted in *Alice*, 573 U.S. at 216, 223, the Federal Circuit seldom, if ever, considers whether a patent raises preemption issues before deeming it ineligible. In recent years, preemption has been mentioned only once, and even then, only in a cursory 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., dissenting). What was

once "part and parcel with the § 101 inquiry" is now an afterthought. *Return Mail, Inc. v. United States Postal Serv.*, 868 F.3d 1350, 1370 (Fed. Cir. 2017).

C. The Federal Circuit's rulings are hindering innovation.

The Constitution in the Patent Clause grants Congress the authority over patents to "promote the Progress of Science and useful Arts." U.S. Const. art. I, § 8, cl. 8. The Patent Clause aims to balance the need for encouraging innovation with avoiding monopolies. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989). The purpose of patents is "to promote creation." *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589 (2013). Section 101 is broad for this reason. Congress adopted a "permissive approach to patent eligibility to ensure that ingenuity should receive a liberal encouragement." *Bilski*, 561 U.S. at 601.

The Federal Circuit's twisting 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 Congresspeople have observed that the current law of § 101 creates uncertainty and stifles innovation." *Realtime*, 2023 WL 4924814, at *12 (Newman, J., dissenting). A few are:

- Former USPTO director Andrei Iancu (2018–2021) testified that patent eligibility uncertainty 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).
- Former president of the American Intellectual Property Law Association Barbara Fiacco (2019–2020) explained that § 101 caselaw has "reduced investment in new technologies." Fiacco, *Testimony Before the S. Subcomm. on Intell. Prop.*, at 2 (June 5, 2019).

- Professor Shahrokh Falati of New York University Law School 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).
- U.S. Senator Thom Tillis of North Carolina, Chairman of the Senate Judiciary Committee's Subcommittee on Intellectual Property, recently pronounced 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 security. . . . 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* Part I.A.4.

Without this Court's intervention regarding § 101, inventors, consumers, investors, and the nation will continue to experience significant harm.

II. This case effectively addresses the question presented and is ripe for review.

This Court has previously declined to revisit § 101, but this case presents an exceptional opportunity because the § 101 question is clear, the technology is simple, and the factual record is straightforward. The primary issue determined by the lower courts was whether AED's patents are patent-eligible under § 101. The decisions of the lower courts highlight the confusion surrounding § 101. The Claims Court conflated steps one and two of the *Alice*/*Mayo* framework by concluding at both stages that the patents are invalid because the claims describe well-understood and conventional techniques and components. *Compare* App.39a and App.42a, *with* App.43a, App.45a, and App.47a. This approach blurred the distinctions between § 101 and the patentability requirements of novelty and obviousness under §§ 102 and 103. The Federal Circuit confirmed this approach with its Rule 36 summary affirmance.

III. The Federal Circuit's application of Rule 36 to cases like this runs afoul of normative rules of decision and deserves this Court's attention.

"[A] decision without principled justification [is] no judicial act at all." *Planned Parenthood of Se. Pa. v. Casey*, 505 U.S. 833, 865 (1992). The law is learned "by studying the judicial opinions that invented it." Antonin Scalia, *A Matter of Interpretation: Federal*

Courts and the Law 4, 30 (1997). There is a long appellate tradition of explaining decisions–of not just "declaring justice between man and man, but of settling the law." Benjamin N. Cardozo, *Jurisdiction of the Court of Appeals* (2d ed. 1909) § 6; *see also Carter v. Stanton*, 405 U.S. 669, 672 (1972) (vacated and remanded because the district court's order was "opaque and unilluminating as to either the relevant facts or the law."); *Bush v. Palm Beach County Canvassing Bd.*, 531 U.S. 70, 78 (2000) (remanding because there was "considerable uncertainty as to the precise grounds for the decision[]" (citation omitted)); *Dennison Mfg. Co. v. Panduit Corp.*, 475 U.S. 809, 811 (1986) (remanding for clarification due to "lack [of] an adequate explanation of the basis for the Court of Appeals' judgment").

The Federal Circuit's established practice of issuing one-word decisions on the merits under its Local Rule 36 runs afoul of the rules and standards other Courts of Appeal require their district courts to follow.

> [W]e have many times emphasized the importance of a detailed discussion by the trial judge. . . . [If] we have no notion of the basis for a district court's decision, because its reasoning is vague or simply left unsaid, there is little opportunity for effective review. In such cases, we

> have not hesitated to remand the case for an illumination of the court's analysis through some formal or informal statement of reasons.

McIncrow v. Harris Cty., 878 F.2d 835, 853 (5th Cir. 1989) (reversing summary adjudication); s*ee also Campbell v. Hewitt, Coleman & Assocs., Inc.*, 21 F.3d 52, 55–56 (4th Cir. 1994) (vacating district court decision granting summary judgment because "[t]he district court stated no facts on which it relied."); *Gillis v. Hoechst Celanese Corp.*, 4 F.3d 1137, 1149 (3d Cir. 1993) (district court's order vacated and remanded "so that the basis for the decision [could] be explicated by the district court and an appropriate order [could] be entered."); *Van Bourg, Allen, Weinberg & Roger v. NLRB*, 656 F.2d 1356, 1358 (9th Cir. 1981) (summary judgment vacated and remanded "so the district court [could] state in reasonable detail the reasons for its decision as to each document in dispute.").

The failure of courts to provide well-reasoned orders "runs contrary to the interest of judicial efficiency by compelling the appellate court to scour the record in order to find evidence in support of the decision." *Couveau v. Am. Airlines, Inc.*, 218 F.3d 1078, 1080 (9th Cir. 2000) (internal quotation marks and citation omitted). Failing to provide well-reasoned, written decisions causes appellate courts to be "handicapped in [their] review." *Peck v. Bridgeport Machines, Inc.*, 237 F.3d 614, 617 (6th Cir. 2001). By contrast, issuing

"written opinion[s] explaining [a] ruling and the reasoning, factual and legal, in support" serves the "reviewing court and . . . the parties . . . much better." *Id.* "Some form of a written opinion memorializing the district court's ruling eliminates [the] problem" of appellate courts having to "second guess." *Bellamy v. Bradley*, 729 F.2d 416, 418 (6th Cir. 1984).

The Federal Circuit has issued hundreds of one-word decisions on the merits. The problem is extensive: one decision without any supporting opinion issues for every three decisions with reasoning. Rantanen, J., *Missing Decisions and the United States Court of Appeals for the Federal Circuit*, 170 U. Penn. L. Rev. Online 73, 80 (2022) (reporting in Table 1 that, from 2007 through 2020, the Federal Circuit issued one Rule 36 decision for every 2.7 opinions); Charles R. Macedo et al., *Justice is Not Silent: The Case Against One-Word Affirmances in the Federal Circuit* (Sept. 22, 2024), https://patentlyo.com/patent/2024/09/appellate-decision-reasoning.html. One-word affirmances account for over 35% of all appeals, 45% of appeals from the USPTO, and approximately 35% of judgments stemming from district court or USPTO decisions over the past ten years. *Id.*

The Federal Circuit's regular practice is enshrined in an extraordinarily broad rule:

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

Fed. Cir. R. 36.

Rules 36(a) through (e) cover all bases for affirmance, so any court decision can fit into them. The Federal Circuit issues Rule 36 judgments without explanation, leaving litigants to guess the reasoning behind the decisions.

> The greater the clarity with which a court states the propositions that led it to its decision, the greater the certainty with which those who wish to structure their affairs in compliance with the law will be able to do so. The same applies to judges who must act in accordance with the law articulated in those opinions and to

> lawyers who must make arguments and advise clients on the basis of them.

Oldfather, C., *Writing, Cognition, and the Nature of the Judicial Function*, 96 Geo. L.J. 1283, 1330–31 (2008). Requiring litigants to employ guesswork undermines the doctrine of stare decisis. A Rule 36 affirmance violates the principles upon which the Judicial branch was established. *See The Federalist No.* 78 (Alexander Hamilton) ("To avoid an arbitrary discretion in the courts, it is indispensable that they should be bound down by strict rules and precedents, which serve to define and point out their duty in every particular case that comes before them."). Simply put, a Rule 36 affirmance is a decision without judgment.

Rule 36 denies meaningful appellate review to litigants. Rule 36 decisions provide no rationale, undermining the development of consistent legal principles. Congress created the Federal Circuit after a long history of conflicting and inconsistent patent law decisions. *See* The Federal Courts Improvement Act of 1982, Publ. L. No. 97-164, 96 Stat. 25. Yet Rule 36 undermines consistency in patent law. Rule 36 impedes the clarification of patent law in areas where guidance is needed. By providing no reasons for its decisions, the Federal Circuit leaves this Court with the work of identifying the basis for the decision as a prerequisite for determining whether or not to grant certiorari—

which means, as a practical matter, that Rule 36 judgments insulate the Federal Circuit's decisions from this Court's review. In other cases where the record failed to provide this Court with the benefit of "the insight of the Court of Appeals," this Court has granted petitions for writ of certiorari, vacated the judgments below, and remanded the cases to the courts of appeals for proceedings in conformity with this Court's opinions. *Taylor v. McKeithen,* 407 U.S. 191, 194 (1972).

Rule 36 places the imprimatur of the Federal Circuit's summary affirmances on decisions of lower courts that may be the worst examples for lower courts to follow. The Rule 36 affirmance tells lower courts that a decision is good law, despite the possible presence of multiple errors as in this case. This encourages lower courts to emulate the errors contained in those dispositions without clarification or correction.

The Federal Circuit's Rule 36 judgments often come in cases involving irregularities raising due process concerns like in this case. For example, the Claims Court invalidated AED's Asserted Patents in their entirety instead of identifying specific claims that failed to satisfy § 101. The Claims Court's expansive invalidation was contrary to law and deserved some commentary by the Federal Circuit.

This Court previously confronted a different "regular and offensive practice" of the Federal Circuit in *Cardinal Chemical Co. v. Morton International*. At issue there was the Federal Circuit's practice of vacating declaratory judgments of patent validity (or invalidity) based on mootness in appeals where the Federal Circuit was convinced that the lower court's finding of noninfringement resolved the controversy between the litigants. This Court granted the petition for certiorari because the Federal Circuit "has exclusive jurisdiction over appeals from all United States District Courts in patent litigation, [and] the rule that it applied in this case, and has been applying regularly since its 1987 decision in *Vieau v. Japax, Inc.*, 823 F.2d 1510, is a matter of special importance to the entire Nation." *Cardinal Chem. Co. v. Morton Int'l,* 508 U.S. 83, 89 (1993).

So too is the issue here one of special importance. Rule 36 judgments provide no rationale, factual findings, conclusions of law, analysis, or explanation. The problem is an acute lack of transparency. Add to this the potential for violating constitutional principles such as Due Process and Equal Protection by denying meaningful appellate review. U.S. Const. amend. XIV, § 1; *see Townes v. Alabama*, 586 U.S. 977, 980 (2018) ("A reliable, credible record is essential to ensure that a reviewing court—not to mention the defendant and the public at large—can say with confidence whether

those fundamental rights have been respected."); *Parker v. Dugger*, 498 U. S. 308, 321 (1991) ("It cannot be gainsaid that meaningful appellate review requires that the appellate court consider the defendant's actual record"). The practice also conflicts with the requirement that the Federal Circuit issue "its mandate and opinion" from a decision of the Patent Trial and Appeal Board. 35 U.S.C. § 144.

But most critically, the practice of one word affirmances impedes the development and clarification of patent law, especially for patent eligibility under *Alice/Mayo*—the issue directly presented in this case. "Since there is no opinion, a Rule 36 judgment simply confirms that the trial court entered the correct judgment. It does not endorse or reject any specific part of the trial court's reasoning." *Rates Tech., Inc. v. Mediatrix Telecom, Inc.*, 688 F.3d 742, 750 (Fed. Cir. 2012). Nonetheless, involved parties may need to understand which, if any, issues a Rule 36 decision foreclosed from reconsideration. A case addressing such foreclosure has revealed that, even among Federal Circuit judges, there may be a reasonable dispute as to whether the underlying disposition was decided on alternative grounds. *TecSec, Inc. v. IBM Corp.*, 731 F.3d 1336, 1350–51 (Fed. Cir. 2013) (Reyna, J., dissenting as to whether the disposition affirmed by a Rule 36 judgment was based on alternative grounds). That case recognized that, where a Rule 36 decision affirms a

disposition decided on alternative grounds, as is common, the parties and the public have no way to determine what justification the Federal Circuit may have relied on for its decision. *Id.* at 1342–43. Accordingly, each Rule 36 decision requires the public to simply trust that the Federal Circuit has some undisclosed, but principled, justification.

Any justification for a Rule 36 decision is not just undisclosed, but also potentially unknowable. The legitimacy of a one-word decision thus relies on the public confidence that the Federal Circuit must have a principled justification. But by frequently offering no justification for its decisions, the Federal Circuit erodes public confidence that each of its decisions has a principled justification. The Federal Circuit's one-word decision in the instant case is worthy of review because such decisions undermine the legitimacy of the federal appellate judiciary and the country's ability to see itself as a country bound by well-reasoned rules of law—not by the whim of those who happen to have authority at the time.

CONCLUSION

This Court should grant certiorari.

Respectfully submitted.

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January 27, 2025

APPENDIX

TABLE OF APPENDICES

APPENDIX A — JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED MAY 14, 2024

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2023-1096

NOTE: This disposition is nonprecedential.

AUDIO EVOLUTION DIAGNOSTICS, INC.,

Plaintiff-Appellant,

v.

UNITED STATES, GLOBALMEDIA GROUP, LLC,

Defendants-Appellees.

Appeal from the United States Court of Federal Claims in No. 1:20-cv-01384-PEC, Judge Patricia E. Campbell-Smith.

Filed May 14, 2024

JUDGMENT

PETER JOSEPH CORCORAN, III, Corcoran IP Law PLLC, Texarkana, TX, argued for plaintiff-appellant. Also represented by JOEL BENJAMIN ROTHMAN, SRIPLAW, PA, Boca Raton, FL.

Appendix A

GRANT DREWS JOHNSON, Commercial Litigation Branch, Civil Division, United States Department of Justice, Washington, DC, argued for defendant-appellee United States. Also represented by BRIAN M. BOYNTON, SCOTT DAVID BOLDEN, GARY LEE HAUSKEN.

MARY HALLERMAN, Snell & Wilmer, LLP, Washington, DC, for defendant-appellee GlobalMedia Group, LLC. Also represented by DEREK CONOR FLINT, BRETT WILLIAM JOHNSON, Phoenix, AZ.

THIS CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

PER CURIAM (REYNA, TARANTO, and HUGHES, *Circuit Judges*).

AFFIRMED. *See* Fed. Cir. R. 36.

ENTERED BY ORDER OF THE COURT

May 14, 2024
Date

APPENDIX B — OPINION OF THE UNITED STATES COURT OF FEDERAL CLAIMS, FILED SEPTEMBER 21, 2022

UNITED STATES COURT OF FEDERAL CLAIMS

No. 20-1384C

Reconsideration; RCFC 59(e);
Amendment; RCFC 15; Futility;
Failure to Cure Deficiencies.

AUDIO EVOLUTION DIAGNOSTICS, INC.,

Plaintiff,

v.

UNITED STATES,

Defendant,

and

GLOBALMEDIA GROUP, LLC,

Third-party Defendant.

Filed September 21, 2022

OPINION

CAMPBELL-SMITH, Judge.

Before the court are plaintiff's motion to vacate judgment and plaintiff's motion to alter or amend

judgment pursuant to Rule 59(e) of the Rules of the United States Court of Federal Claims (RCFC), and plaintiff's motion for leave to amend its complaint pursuant to RCFC 15(a)(2). *See* ECF No. 60 (motion to vacate judgment); ECF No. 62 (motion to amend judgment); ECF No. 61 (motion for leave to file amended complaint, attaching proposed third amended complaint). Plaintiff filed its motions on August 3, 2022, *see* ECF Nos. 60-62, and defendant filed its responses to each motion on August 31, 2022, *see* ECF No. 63 (response to plaintiff's motion to vacate); ECF No. 64 (response to plaintiff's motion for leave to amend); ECF No. 65 (response to plaintiff's motion to amend judgment).

Briefing is now complete, and the motions are ripe for decision. The court has considered all of the parties' arguments and addresses the issues that are pertinent to the court's rulings in this opinion. For the reasons set forth below, plaintiff's motions are each **DENIED**.

I. Background

Plaintiff filed its original complaint on October 13, 2020, alleging patent infringement by the United States. *See* ECF No. 1 (complaint). Defendant moved to dismiss plaintiff's complaint on December 14, 2020, arguing in relevant part that plaintiff's claims should be dismissed for failure to state a claim because plaintiff's asserted patents are "ineligible for protection under 35 U.S.C. § 101" as abstract ideas. ECF No. 9 at 6 (motion to dismiss). In response, plaintiff moved to amend its complaint, which the court permitted, *see* ECF No. 25 (order), and plaintiff filed its first amended complaint on February 24, 2021, *see* ECF No. 26 (first amended complaint). Defendant

then moved to dismiss plaintiff's amended complaint on the same basis as its first motion to dismiss. *See* ECF No. 27 (motion to dismiss amended complaint). After briefing on defendant's motion was complete, the court ordered plaintiff to file a more definite statement of its claim pursuant to RCFC 12(e) in the form of a second amended complaint, and, consequently, denied defendant's second motion to dismiss as moot. *See* ECF No. 41 at 2-3 (order).

On November 5, 2021, plaintiff filed its second amended complaint. *See* ECF No. 42 (second amended complaint). In response, defendant filed a third motion to dismiss, again making the same arguments. *See* ECF No. 47 (motion to dismiss second amended complaint). The court dismissed plaintiff's complaint on July 1, 2022, and judgment was entered that same day. *See* ECF No. 54 (opinion, reported at *Audio Evolution Diagnostics, Inc. v. United States*, 160 Fed. Cl. 513 (2022)); ECF No. 55 (judgment). In so doing, the court held that "plaintiff's asserted patents are directed at the abstract idea of 'collecting, analyzing, manipulating, and displaying data,' and 'filtering patient [physical] signals to increase accuracy.'" *Id.* at 16 (citations omitted). And the court further held that, "plaintiff's complaint does not recite specific, plausible factual allegations 'sufficient to ensure that the patent in practice amounts to significantly more' than the abstract idea itself," or "'point[ ] to evidence suggesting [its] techniques had not been implemented in a similar way,' or 'in a specific combination' that would rise to the level of inventiveness." *Id.* at 18 (citations omitted). The court thus determined that plaintiff's asserted patents are directed at ineligible subject matter and that plaintiff failed to state a claim upon which relief can be granted. *See id.* at 19.

II. Legal Standards

A. Motion to Vacate Judgment & Motion to Alter or Amend Judgment

Plaintiff made both its motion to vacate judgment and its motion to alter or amend judgment pursuant to RCFC 59(e). *See* ECF No. 60 at 5; ECF No. 62 at 2. Rule 59(e) allows a party to file "[a] motion to alter or amend a judgment . . . no later than 28 days after the entry of the judgment." A motion seeking "'a substantive change in the judgment'"—that is "'a revision which disturbs or revises legal rights and obligations that were settled by the previous judgment'"—will be considered an RCFC 59(e) motion. *Johnson v. United States*, 127 Fed. Cl. 661, 663 (2016) (quoting *Maxus Energy Corp. & Subsidiaries v. United States*, 31 F.3d 1135, 1139 (Fed. Cir. 1994); *N. States Power Co. v. United States*, 79 Fed. Cl. 748, 749 (2007)). The court will grant a motion pursuant to RCFC 59(e) under "extraordinary circumstances," including: "(1) an intervening change in the controlling law; (2) the availability of new evidence; or (3) the need to correct clear error or prevent manifest injustice." *IAP Worldwide Servs., Inc. v. United States*, 141 Fed. Cl. 788, 801 (2019) (internal citations omitted); *see also Ajinomoto Co., Inc. v. Archer-Daniels-Midland Co.*, 228 F.3d 1338, 1350 (Fed. Cir. 2000) (discussing the correlative Federal Rule of Civil Procedure and applicable standard).

B. Motion to Amend a Complaint

Rule 15(a)(2) governs a motion for leave to amend a complaint, which requires that leave to amend be "freely

given when justice so requires." Where an amendment after judgment has issued would do "no more than state an alternative theory for recovery," and where "the underlying facts or circumstances relied upon by a plaintiff may be a proper subject of relief . . . . the leave sought should, as the rules require, be 'freely given.'" *Foman v. Davis*, 371 U.S. 178, 182, 83 S. Ct. 227, 9 L. Ed. 2d 222 (1962). Such leave, however, may be given only in the absence of an "apparent or declared reason" to refuse it, such as futility of amendment or "repeated failure to cure deficiencies by amendments previously allowed." *Id.*

III. Analysis

A. Plaintiff Has Not Demonstrated that Vacating or Amending the Judgment Is Appropriate Here

In its first motion, plaintiff argues that the court should "vacate the findings in the judgment" because the court "erred in failing to view the well-pled facts in the [complaint] in the light most favorable to [p]laintiff," relied on case law that is "factually distinguishable and should have no bearing over" plaintiff's claims, and "ignored the well-pled [facts] of the [complaint] . . . contravening controlling law."[1] ECF No. 60 at 5-6. Plaintiff asserts in

1. Plaintiff also asserted that the recent issuance of another of its patents constitutes newly discovered evidence of eligibility. *See* ECF No. 60 at 6-7. According to plaintiff, this newly discovered evidence renders meritless defendant's argument in its motion to dismiss that the United States Patent Office rejected the similar claims of that patent on ineligibility grounds. *See id.* The court's

its motion to amend judgment that, if the court denies its motion to vacate the judgment, the court should amend its judgment, which contains "a correctable error." ECF No. 62 at 2. According to plaintiff, it "only asserted patent infringement" of two independent claims of its patents, but the court's judgment "does not delineate which specific claims in the asserted patents are directed to ineligible subject matter." *Id.* Plaintiff therefore requests that the court "limit its invalidity finding to apply only" to those independent claims. *Id.* at 6.

Defendant responds that plaintiff's arguments "merely reassert[] near-identical arguments" from its opposition to the motion to dismiss and plaintiff "offers no argument or evidence that could justify the extraordinary relief of vacating the [c]ourt's carefully considered opinion." ECF No. 63 at 4-5. According to defendant, the court "has already thoroughly considered and rejected" each of plaintiff's arguments. *Id.* at 8; *see also id.* at 9, 10. Defendant further argues in its response to plaintiff's motion to amend the judgment that plaintiff "points to no legal or factual error in the [c]ourt's carefully considered opinion," that would justify amending the judgment. ECF No. 65 at 4. Defendant contends that plaintiff's second

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decision was not premised on this argument, nor did the court find it pertinent to address as part of its eligibility analysis. *See generally* ECF No. 54; *see also id.* at 2 (noting that the court "has considered all of the parties' arguments and addresses only the issues that are pertinent to the court's ruling" in its opinion). The court, therefore, cannot credit plaintiff's argument that any newly discovered evidence on this point is relevant to its decision and declines to address the argument further in this opinion.

amended complaint asserted claims about the patents in their entirety, the court "analyzed the asserted patents and their claims in their entirety," and plaintiff cannot retroactively cabin the court's judgment to only two claims. *Id.* at 12; *see also id.* at 10-13.

The court agrees with defendant that plaintiff has not demonstrated that vacating or amending the judgment is appropriate in this case. Plaintiff articulates no intervening change in the controlling law, relevant newly discovered evidence, or need to correct clear factual or legal error or to prevent manifest injustice in its motion. *See IAP Worldwide Servs.*, 141 Fed. Cl. at 801. Although plaintiff asserts in its motion to vacate that the court failed to follow the controlling law, it did so by arguing that its "allegations were sufficient to contradict the court's conclusion." ECF No. 60 at 9 (citing *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1126 (Fed. Cir. 2018)). The court, however, stated in its opinion that it had reviewed plaintiff's allegations and its patents and determined that "plaintiff has not articulated a clear description of its patents" that would allow the court to find in its favor. ECF No. 54 at 16 (citing *Aatrix*, 882 F.3d at 1125). Likewise, plaintiff's claims of error fail to articulate more than plaintiff's disagreement with the court's conclusions. *See* ECF No. 60 at 10-14. Plaintiff's motion to vacate, therefore, fails to demonstrate the "extraordinary circumstances" necessary for the court to grant leave for reconsideration. *IAP Worldwide Servs.*, 141 Fed. Cl. at 801.

In the court's view, plaintiff's arguments in its motion to vacate amount to an attempt to relitigate its prior

arguments. *See Froudi v. United States*, 22 Cl. Ct. 290, 300 (1991) ("[A] motion for reconsideration is not a vehicle for giving an unhappy litigant an additional chance to sway the judge, nor is it intended to allow a party to make arguments already presented to, and rejected by, the court."). Plaintiff's claims of error are therefore more appropriate for resolution on appeal.

Likewise, in its motion to alter or amend the judgment, plaintiff fails to articulate any extraordinary circumstance that would support its argument that the court's judgment should be amended to apply to only two of plaintiff's independent claims. *See* ECF No. 62 at 3-6. Although plaintiff is correct that the court noted the independent claims specified by plaintiff in its opinion, plaintiff's argument that it "only asserted patent infringement over [two] independent claim[s]" is disingenuous. *Id.* at 2; *see also id.* at 5 (noting that the court referred to the two specific claims in its opinion). Plaintiff emphasized in its second amended complaint that defendant had infringed "at least" the two independent claims, ECF No. 42 at 33-34, and stated in its response to defendant's motion to dismiss that its second amended complaint "identifies many more claims from the patents," and that it "reserve[d] the rights to assert all the claims of the Asserted Patents that are infringed," ECF No. 51 at 15 n.8. The court thus analyzed the patents in their entirety in its opinion. *See generally* ECF No. 54. In the court's view, the judgment as to the whole of both patents is appropriate, and plaintiff fails to articulate a proper basis for altering or amending the judgment in this case.

The court declines to disturb its judgment in this case, and both plaintiff's motion to vacate judgment and plaintiff's motion to alter or amend judgment are denied.

B. Plaintiff's Amendment Would Be Futile

In *Foman*, the Supreme Court of the United States held that where an amendment after judgment has issued would do "no more than state an alternative theory for recovery," and where "the underlying facts or circumstances relied upon by a plaintiff may be a proper subject of relief . . . . the leave sought should, as the rules require, be 'freely given.'" *Foman*, 371 U.S. at 182. The Court went on to clarify that such leave must be given in the absence of an "apparent or declared reason" to refuse it, such as futility of amendment or "repeated failure to cure deficiencies by amendments previously allowed." *Id.* The United States Court of Appeals for the Federal Circuit has not addressed *Foman* and the applicable standard for post-judgment motions to amend pleadings. Therefore, despite the fact that a judgment has been entered in this case and reconsideration under RCFC 59(e) is not warranted, the court must consider plaintiff's motion to amend its complaint and will proceed with the analysis set forth in *Foman* to determine whether amendment is appropriate here.

In its opinion dismissing plaintiff's second amended complaint, the court set forth in detail the reasons that plaintiff could not state the infringement claims alleged in its complaint. *See* ECF No. 54 at 12-19. Plaintiff now seeks leave to amend its complaint a third time to "recite[]

sufficient allegations that overcome *Alice* [*Corp. Pty, Ltd. V. CLS Bank Int'l*, 573 U.S. 208, 134 S. Ct. 2347, 189 L. Ed. 2d 296 (2014)] and the deficiencies noted in the court's order dismissing the second amended complaint." ECF No. 61 at 4 (capitalization removed). Plaintiff argues that in addition to "satisfy[ying] the concerns and deficiencies identified by this [c]ourt's decision," its proposed third amended complaint "asserts additional factual allegations that the claims are patent eligible, based on new evidence of the issuance" of a related patent. *Id.* at 5 (capitalization removed). Defendant responds that the amendment "cannot change the fact that the underlying asserted patents are directed to patent-ineligible subject matter." ECF No. 64 at 6. Defendant also argues that the proposed third amended complaint "merely reasserts arguments previously raised by [p]laintiff." *Id.*; *see also id.* at 7-11 (comparing allegations in the third amended complaint with arguments previously raised by plaintiff).

In the court's view, leave to amend should be denied because plaintiff's amendment would be futile, and plaintiff has "repeated[ly] fail[ed] to cure deficiencies by amendments previously allowed." *Foman*, 371 U.S. at 182; *see also Chapman v. United States*, 130 Fed. Cl. 216, 219 (2017) (collecting cases regarding futility of amendments). Prior to the court's decision, plaintiff amended its complaint twice, first in response to defendant's motion to dismiss on eligibility grounds and once in response to the court's request for a more definite statement. *See* ECF No. 25 (order granting first motion to amend); ECF No. 41 (order directing plaintiff to file a more definite statement). In its opinion dismissing plaintiff's second amended

complaint, the court reviewed the patents and determined that "[t]he facts regarding the 'character as a whole' of the asserted patents are clear and undisputed," that they are "directed at the abstract idea of 'collecting, analyzing, manipulating, and displaying data,' and 'filtering patient [physical] signals to increase accuracy.'" ECF No. 54 at 16 (citations removed). The court also found that plaintiff failed to sufficiently allege inventiveness, and therefore, its patents "are directed to ineligible subject matter." *Id.* at 19. Given the history of this case and the court's thorough consideration of the patents as a whole, a third amendment would be futile. Plaintiff's motion to amend is therefore denied.

IV. Conclusion

Accordingly, for the foregoing reasons:

(1) Plaintiff's motion to vacate judgment, ECF No. 60, is **DENIED**;

(2) Plaintiff's motion for leave to file an amended complaint, ECF No. 61, is **DENIED**; and

(3) Plaintiff's motion to amend judgment, ECF No. 62, is **DENIED**.

IT IS SO ORDERED.

/s/ Patricia E. Campbell-Smith
PATRICIA E. CAMPBELL-SMITH
Judge

APPENDIX C — OPINION OF THE UNITED STATES COURT OF FEDERAL CLAIMS, FILED JULY 1, 2022

IN THE UNITED STATES COURT OF FEDERAL CLAIMS

No. 20-1384C

(E-Filed: July 1, 2022)

AUDIO EVOLUTION DIAGNOSTICS, INC.,

Plaintiff,

v.

UNITED STATES,

Defendant,

and

GLOBALMEDIA GROUP, LLC,

Third-party Defendant.

Motion to Dismiss; RCFC 12(b)(1); RCFC 12(b)(6); 35 U.S.C. § 101; Patent-Eligible Subject Matter; Abstract Idea; Inventive Concept

Appendix C

OPINION

CAMPBELL-SMITH, Judge.

Before the court is defendant's motion to dismiss pursuant to Rules 12(b)(1) and 12(b)(6) of the Rules of the United States Court of Federal Claims (RCFC). *See* ECF No. 47. Defendant filed its motion on December 3, 2021, in which third-party defendant joined, *see* ECF No. 48, and plaintiff filed its response on January 24, 2022, *see* ECF No. 51. Defendant filed a reply on February 7, 2022, *see* ECF No. 52, in which third-party defendant also joined, *see* ECF No. 53. The motion is now fully briefed and ripe for decision.

The court has considered all of the parties' arguments and addresses the issues that are pertinent to the court's ruling in this opinion. For the following reasons, defendant's motion to dismiss is **GRANTED**.

I. Background[1]

A. The Patents

At issue in this case are United States Patent Number 8,920,343, entitled "Apparatus for Acquiring and Processing of Physiological Auditory Signals" (the "'343 Patent"), and United States Patent Number 8,870,791,

1. The facts are taken from plaintiff's second amended complaint and are undisputed by defendant in its motion to dismiss. The court makes no findings of fact here.

entitled "Apparatus for Acquiring, Processing and Transmitting Physiological Sounds" (the "'791 Patent"). *See* ECF No. 42 at 1, 3 (second amended complaint).

Both the '343 Patent and the '791 Patent describe and claim "an apparatus and system . . . for collecting, processing, and recording sounds associated with the physiologic activities of various human organs." ECF No. 42 at 2; *see also* ECF No. 42-5 at 50 ('343 Patent describing the invention as the "digital recording, processing and analysis of . . . physiologic sounds"). To do so, the system utilizes one or more transducers, which are placed on the body and detect the organ sounds as analog data signals. *See* ECF No. 42 at 2. The analog data signals are then converted to digital signals by a converter, and the digital signals are transmitted to an electronic apparatus (*e.g.*, a computer workstation) that processes, views, and analyzes the data through an analysis program. *See id.* The data is displayed on a "compact, customizable device" that uses "a simple interface" to allow medical professionals with limited knowledge of technology to analyze and manipulate the data. ECF No. 42-5 at 50; *see also* ECF No. 42-7 at 48 ('791 Patent). The object of the apparatus described in the patents is "facilitating the diagnosis of certain diseases" using the analyzed data, ECF No. 42-5 at 50, thereby "dramatically improv[ing] efficiency in the healthcare system and clinical outcomes for patients," *id.* at 51.

The inventions described in the '343 Patent and the '791 Patent purport to improve on other, similar devices in a number of ways. *See* ECF No. 42 at 4 ("The technology

field for acquiring, processing, and transmitting physiological organ sounds experienced disadvantages by March 23, 2006, that the invention disclosed and claimed in the Asserted Patents overcame."). The patents purport to describe a device that is more useful to physicians of "ordinary ability" working in a clinical setting. *Id.* at 4-5 (describing the disadvantages of other systems available prior to the system at issue here to physicians of "ordinary ability"). According to plaintiff, the device does so by "providing a simple interface which allows medical professionals with limited technical background to easily manipulate vital parameters . . . , and applying data windows without the need for computer programming knowledge." ECF No. 42-5 at 50.

Additionally, the '343 Patent and the '791 Patent claim to "boost the accuracy" of the recorded physiological sounds by taking additional measures to prevent extraneous sounds from influencing the analysis of the physiological sounds collected. ECF No. 42 at 10; *see also* ECF No. 42-5 at 50 ("Another object of this invention is to boost the accuracy of recording physiological sounds by providing the physician with an efficient method of eliminating background noise . . . from the desired signal in real time."). Plaintiff claims that this is done, at least in part, through the use of a "parallel to serial converter," which converts the physiological sounds collected "from and to" the analog data signals. ECF No. 42 at 10 (referring to portions of the patent describing the "parallel to serial converter" and "serial to parallel converter" as support for the patents' goal of boosting the accuracy of physiological sounds by eliminating background noise).

B. Plaintiff's Claims of Infringement

The specific claims at issue in this case are independent claim 39 of the '343 Patent and independent claim 17 of the '791 Patent. *See* ECF No. 42 at 33-34. Claim 39 reads as follows:

An apparatus for acquiring and processing physiological sounds comprising:

> a plurality of sensors each respectively comprising a corresponding diaphragm, wherein at least one sensor is configured to be positioned on a body surface, and at least two sensors of said plurality of sensors are configured to convert said physiological sounds, in response to vibration of said corresponding diaphragms by said physiological sounds, into a corresponding plurality of electrical signals; and
>
> processing unit operatively coupled to said plurality of sensors[,] said processing unit configured to process a plurality of streams of digital data representative of said corresponding plurality of electrical signals, wherein at least a portion of said plurality of streams of digital data are input into a parallel to serial converter to generate a serial output.

ECF No. 42-5 at 56 (alteration pursuant to the Certificate of Correction, *id.* at 60). And Claim 17 of the '791 Patent reads:

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An apparatus for acquiring, processing and transmitting physiological sounds comprising:

a plurality of sensors each respectively comprising a corresponding diaphragm, wherein at least one corresponding diaphragm is configured to be positioned on a body surface, and at least two sensors of said plurality of sensors are configured to convert said physiological sounds, in response to vibration of said corresponding diaphragms by said physiological sounds, into a corresponding plurality of electrical signals;

a corresponding plurality of analogue to digital converters each operatively coupled to a corresponding one sensor of said plurality of sensors, said analogue to digital converters configured to convert at least a portion of said plurality of electrical signals into a plurality of streams of digital data;

a processing unit operatively coupled to the plurality of analogue to digital converters, said processing unit configured to process said plurality of streams of digital data, wherein at least a portion of said plurality of streams of digital data are input in parallel into a parallel to serial converter to generate a serial output; and

> a wireless network device configured for wireless transmission of at least a portion of said serial output in a first direction away from said processing unit, and said wireless network device is further configured for reception of an input that is wirelessly transmitted in a second direction towards said processing unit.

ECF No. 42-7 at 54.

According to plaintiff, defendant has used certain accused products "manufactured by or for [d]efendant" by GlobalMed and Iron Bow. *See* ECF No. 42 at 27-28. Plaintiff includes an extensive list of telemedicine stations, stethoscopes, cameras, probes, and system software manufactured by the two companies. *See id.* Plaintiff further provides a table of specific "illustrative" examples of the infringement, which the court has condensed and reproduced below[2]:

2. For purposes of evaluating defendant's motion the court has partially reproduced the above table, contained in plaintiff's complaint. The table has been altered to omit internal citations and to omit two columns of information that were not pertinent to the issues raised in defendant's motion. *See* ECF No. 42 at 28.

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Accused Product(s)	**Infringing Agency(ies)/ Government Actor(s)**	**Infringement Location(s)**	**Date(s) of Infringement**
GlobalMed Clinical Access Station ("CAS"), ClearSteth electronic stethoscope ("USB Chest Piece"), and eNCounter software with ClearSteth Module	Naval Medical Logistics Command, Fort Detrick, MD	U.S. Naval Medical Center Portsmouth, VA U.S. Naval Hospital Guantanamo Bay, Cuba; Naval Branch Health Clinic Bahrain; Naval Hospital Jacksonville, FL; Navy Branch Medical Clinic, Albany, GA Navy Branch Medical Clinic, China Lake, CA	12/8/2017 to 12/8/2018 for Naval Medical Center Portsmouth, VA 12/8/2017 to 12/8/2018 for Naval Hospital Jacksonville, FL

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GlobalMed Transportable Exam Station ("TES"), ClearSteth electronic Stethoscope ("USB Chest Piece"), and eNCounter software with ClearSteth Module	Naval Medical Logistics Command, Fort Detrick, MD	Naval Health Clinic Annapolis, MD Naval Medical Center Portsmouth, VA U.S. Naval Hospital Sigonella, Sicily, Italy	12/31/2019 to 12/31/2020
GlobalMed i8500, electronic stethoscope (CareTone Ultra or StethOne streaming); and Capsure Vista software	Department of Veteran's Affairs	VA Rocky Mountain Network, 4100 E. Mississippi Ave., Suite 1100 Glendale, CO 80246	October 2009 to Present

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GlobalMed i8500, electronic stethoscope (CareTone); and eNcounter software	Department of Veteran's Affairs	Ernest Childers VA Outpatient Clinic, 9322 E 41st St. Tulsa, OK 74145	04/14/2018
GlobalMed Clinical Access Station	Department of Veteran's Affairs	Oklahoma City VA Medical Center, 921 NE 13th St, Oklahoma City, OK 73104	09/10/2020
GlobalMed Clinical Access Station ("CAS") and Transportable Exam Station, ClearSteth electronic stethoscope ("USB Chest Piece"); and eNCounter software.	White House Medical Unit and Department of Veteran's Affairs	The White House, Roosevelt Room, 1600 Pennsylvania Avenue NW, Washington, DC 20500	08/03/2017

GlobalMed i8500, CareTone Ultra Telephonic Stethoscope, and eNCounter software	Department of Veteran's Affairs	New Albany VA Clinic, 4347 Security Pkwy, New Albany, IN 47150	08/09/2017

Id. at 28-33 (condensed and internal citations omitted).

C. The Prosecution History of the Patents

Dr. Michael Edward Sabatino, M.D., the named inventor of the patents and the president, CEO, and ninety-percent owner of plaintiff, filed the provisional application for the patents with the United States Patent and Trademark Office (PTO) on March 23, 2006. *See id.* at 2-3 (citing ECF No. 42-1, Provisional Application for Patent). On November 20, 2006, Dr. Sabatino filed the non-provisional application for the '343 patent. *See id.* at 3 (citing ECF No. 42-2, patent application). Before the PTO acted on the non-provisional application for the '343 Patent, on March 26, 2012, Dr. Sabatino filed the non-provisional application for the '791 Patent. *See id.* (citing ECF No. 42-4, patent application). The non-provisional application for the '791 Patent noted that it was a continuation of the non-provisional application for the '343 Patent. *See id.*

The PTO examined the patent applications for more than eight years and ultimately issued the '791 Patent on October 28, 2014, and the '343 Patent on December 30, 2014. *See id.* Both patents were issued to Dr. Sabatino. *See id.* On April 19, 2016, Dr. Sabatino assigned the '343 Patent and the '791 Patent to plaintiff pursuant to an assignment agreement. *See id.* at 4; *see also* ECF No. 47-1 at 418-20 (agreement). On August 27, 2020, plaintiff and Dr. Sabatino executed a new assignment agreement that expressly revoked the 2016 agreement and granted plaintiff "all right, title and interest in the Patents, including the right to sue for all past, present, and future infringement since the date of issue of the Patents." ECF No. 47-1 at 422.

D. Procedural History

Plaintiff filed its original complaint on October 13, 2020, alleging patent infringement by the United States Department of Veterans Affairs (VA),[3] the Department of Defense (DOD), and the Department of the Navy. *See* ECF No. 1. Defendant moved to dismiss plaintiff's complaint on December 14, 2020, arguing that plaintiff's claims should be dismissed for failure to state a claim because plaintiff's asserted patents are "ineligible for protection under 35

3. Plaintiff refers to the "Veterans Administration" in its complaint, *see* ECF No. 1 at 2, and the operative second amended complaint, *see* ECF No. 42 at 2. The court understands plaintiff to be referring to the Department of Veterans Affairs, as evidenced by plaintiff's referral to that agency elsewhere in its second amended complaint. *See* ECF No. 42 at 30-32 (listing the "infringing agency" as "Department of Veteran's Affairs").

U.S.C. § 101" as abstract ideas. ECF No. 9 at 6. Defendant also argued that "several other categories" of plaintiff's claims should be dismissed for lack of jurisdiction. *Id.* at 6-7. In response, plaintiff moved to amend its complaint to "address[] the issues raised in the defendant's motion to dismiss." ECF No. 18 at 1. The court granted plaintiff's motion, *see* ECF No. 25 (order), and plaintiff filed its first amended complaint on February 24, 2021, *see* ECF No. 26 (first amended complaint).

Defendant moved to dismiss plaintiff's amended complaint, arguing as it had in its first motion to dismiss, that plaintiff's claims are not eligible for patent protection and should therefore be dismissed. *See* ECF No. 27 at 6. Defendant also again raised jurisdictional arguments to several components of plaintiff's claims. *See id.* at 7. In its motion, defendant noted that plaintiff's amended complaint failed to include "any specific examples of [defendant's] use of the accused products." *Id.* at 43. After briefing on defendant's motion was complete, the court ordered plaintiff to file a more definite statement of its claim pursuant to RCFC 12(e) in the form of a second amended complaint. *See* ECF No. 41 at 2-3 (order). Specifically, the court ordered plaintiff to provide additional detail regarding the "specific dates and locations of the alleged infringement," and "a comprehensive list of the specific agencies or government actors who committed the alleged acts of infringement," so that it can assess the jurisdictional issues raised by defendant, which must be considered before the court can reach the merits of the case. *Id.* The court consequently denied defendant's second motion to dismiss as moot. *See id.* at 3.

On November 5, 2021, plaintiff filed its second amended complaint (complaint). *See* ECF No. 42. In response, defendant filed the motion to dismiss currently before the court, again arguing that plaintiff's claims should be dismissed because they are "ineligible for patent protection under 35 U.S.C. § 101," and that the court lacks jurisdiction over "many of [p]laintiff's infringement allegations." ECF No. 47 at 7-8.

II. Legal Standards

A. Motions to Dismiss Pursuant to RCFC 12(b)(1)

When a challenge is mounted pursuant to RCFC 12(b)(1), plaintiff bears the burden of establishing this court's subject-matter jurisdiction by a preponderance of the evidence. *See Reynolds v. Army & Air Force Exch. Serv.*, 846 F.2d 746, 748 (Fed. Cir. 1988); *Cedars-Sinai Med. Ctr. v. Watkins*, 11 F.3d 1573, 1583 (Fed. Cir. 1993). In reviewing plaintiff's allegations in support of jurisdiction, the court must presume all undisputed facts are true and construe all reasonable inferences in plaintiff's favor. *Scheuer v. Rhodes*, 416 U.S. 232, 236, 94 S. Ct. 1683, 40 L. Ed. 2d 90 (1974), *abrogated on other grounds by Harlow v. Fitzgerald*, 457 U.S. 800, 814-15, 102 S. Ct. 2727, 73 L. Ed. 2d 396 (1982); *Reynolds*, 846 F.2d at 747 (citations omitted). If, however, a motion to dismiss "challenges the truth of the jurisdictional facts alleged in the complaint, the . . . court may consider relevant evidence in order to resolve the factual dispute." *Reynolds*, 846 F.2d at 747. If the court determines that it lacks subject-matter jurisdiction, it must dismiss the complaint. *See* RCFC 12(h)(3).

B. Motions to Dismiss Pursuant to RCFC 12(b)(6)

When considering a motion to dismiss brought under RCFC 12(b)(6), the court "must presume that the facts are as alleged in the complaint, and make all reasonable inferences in favor of the plaintiff." *Cary v. United States*, 552 F.3d 1373, 1376 (Fed. Cir. 2009) (citing *Gould, Inc. v. United States*, 935 F.2d 1271, 1274 (Fed. Cir. 1991)). It is well-settled that a complaint should be dismissed under RCFC 12(b)(6) "when the facts asserted by the claimant do not entitle him to a legal remedy." *Lindsay v. United States*, 295 F.3d 1252, 1257 (Fed. Cir. 2002). "To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to 'state a claim to relief that is plausible on its face.'" *Ashcroft v. Iqbal*, 556 U.S. 662, 678, 129 S. Ct. 1937, 173 L. Ed. 2d 868 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007)). This requires "more than a sheer possibility that a defendant has acted unlawfully," and "[t]hreadbare recitals of the elements of a cause of action, supported by mere conclusory statements do not suffice." *Id.*; *see also Am. Bankers Ass'n v. United States*, 932 F.3d 1375, 1380 (Fed. Cir. 2019) (the court is "not required to accept the asserted legal conclusions" in a plaintiff's complaint when assessing a motion to dismiss).

In evaluating a motion to dismiss for failure to state a claim, the court "primarily consider[s] the allegations in the complaint," but is "not limited to the four corners of the complaint," and may also look to the "matters incorporated by reference or integral to the claim." *See Dimare Fresh, Inc. v. United States*, 808 F.3d 1301,

1306 (Fed. Cir. 2015) (citations omitted); *see also Terry v. United States*, 103 Fed. Cl. 645, 652 (2012) (finding that the court may consider the allegations contained in the complaint, exhibits attached to the complaint, public records of which the court may take judicial notice, and documents appended to the motion to dismiss that are central to plaintiff's complaint).

III. Analysis

A. This Court Has Jurisdiction Over All of Plaintiff's Claims

Jurisdiction is a threshold issue that the court must consider before reaching the merits of a case. *See OTI Am., Inc. v. United States*, 68 Fed. Cl. 108, 113 (2005) ("Jurisdiction must be established as a threshold matter before the court may proceed with the merits of this or any other action.") (citing *Steel Co. v. Citizens for a Better Env't*, 523 U.S. 83, 88-89, 118 S. Ct. 1003, 140 L. Ed. 2d 210 (1998)). Accordingly, the court first addresses defendant's argument that it lacks jurisdiction over certain of plaintiff's claims. *See id.*; *see also* ECF No. 47 at 5. Defendant contends that: (1) the Assignment of Claims Act (ACA), 31 U.S.C. § 3727, "divests this [c]ourt of jurisdiction" over those claims that arose prior to the patents being assigned to plaintiff in April 2016; (2) the court does not have jurisdiction over those claims that arose outside of the United States; and (3) any of the claims involving accused products that were manufactured or sold by AMD Global Telemedicine are precluded as a matter of law because plaintiff has already raised and

settled infringement claims against that entity. *Id.*; *see also id.* at 41-44.

Plaintiff responds that the court has jurisdiction over all claims asserted in the complaint, including those that pre-date the assignment of the patents and that involve products manufactured in the United States and later shipped out of the United States. *See* ECF No. 51 at 42-43. Plaintiff further contends that its claims do not involve products manufactured by AMD Global Telemedicine and, accordingly, defendant's preclusion argument is misplaced. *See id.* at 44.

i. The Assignment of Claims Act

The ACA, prohibits the assignment of a claim against the United States unless the claim "is allowed," the amount is decided, and "a warrant for payment of the claim has been issued." 31 U.S.C. § 3727(b). The statute applies to the assignment of patent claims "with respect to the right to recover for past infringements of the patent." *MDS Assoc., Ltd. v. United States*, 31 Fed. Cl. 389, 393 (1994). "Congress intended that the government would only be subject to claims from the 'original claimant,' such that unliquidated claims could not be assigned after they had accrued." *3rd Eye Surveillance, LLC v. United States*, 133 Fed. Cl. 273, 277-78 (2017) (citing *United States v. Shannon*, 342 U.S. 288, 291, 72 S. Ct. 281, 96 L. Ed. 321 (1952)). Thus, "voluntary assignments of patent claims are ineffective against the government unless they qualify for one of the[] judicially-recognized exceptions or otherwise do not run afoul of the purposes of the Act." *Id.* at 277. The

court has previously held that where assignments are to an "alter-ego partnership" and "the same individual or partners possessed the equitable ownership of the claims for purposes of infringement," *MDS Assocs*, 31 Fed. Cl. at 394, the ACA is not applicable because "none of the Act's purposes were implicated" in the assignment, *Ideal Innovations, Inc. v. United States*, 138 Fed. Cl. 244, 251 (2018) (holding that the ACA was not implicated where the inventor was also the president and CEO of the plaintiff company).

Defendant argues that Dr. Sabatino did not assign plaintiff the right to sue for past infringement until the August 27, 2020 agreement, "and there is nothing to suggest that any of the judicially recognized exceptions" to the ACA applies. ECF No. 47 at 43. Defendant therefore contends that the court lacks jurisdiction over any of plaintiff's infringement claims that occurred prior the 2016 assignment agreement. *See id.* at 42-43. Plaintiff responds that Dr. Sabatino is "a 90% owner of [plaintiff] and is its president and CEO," making him the alter-ego of plaintiff. ECF No. 51 at 42. According to plaintiff, as the alter-ego, Dr. Sabatino "maintains the same or similar equity interest in the claims . . . as he did before the assignment," meaning the assignment does not implicate the ACA. *Id.* (citing *Kingan & Co. v. United States*, 44 F.2d 447, 451, 71 Ct. Cl. 19 (Ct. Cl. 1930).

In evaluating defendant's motion, the court presumes all undisputed facts are true and construes all reasonable inferences in plaintiff's favor if jurisdictional facts are not challenged. *See Scheuer*, 416 U.S. at 236. The facts related

to the ownership interests of plaintiff are of importance to the court's determination regarding the application of the ACA. Defendant, however, has neither specifically challenged—nor presented any evidence to contradict—plaintiff's assertion in its complaint that Dr. Sabatino owns a ninety-percent interest in plaintiff. *See* ECF No. 47 at 41-43; ECF No. 52 (jurisdictional arguments not addressed in defendant's reply); *see also* ECF No. 42 at 2; ECF No. 51 at 42. The court therefore must take plaintiff's assertion as true.

Plaintiff has presented sufficient, unchallenged allegations that Dr. Sabatino, as the ninety-percent owner, president, and CEO of plaintiff, is "essentially the same claimant[]" as plaintiff. *Ideal Innovations*, 138 Fed. Cl. at 251 (holding that an inventor who was also the president and CEO of the plaintiff was "effectively . . . the same" as plaintiff and "essentially the same claimant"). As such, and taking as true plaintiff's allegation that the equitable ownership of the claims has remained with Dr. Sabatino as ninety-percent owner of plaintiff, the purposes of the ACA are not implicated in the assignment of the patents. *See MDS Assocs.*, 31 Fed. Cl. at 394. Because the ACA is not implicated in this case, defendant's motion to dismiss plaintiff's claims arising prior to April 19, 2016, is denied.

ii. Claims Arising Outside the United States

Defendant next argues that plaintiff's claims arising outside the United States must be dismissed for lack of jurisdiction pursuant to the plain language of 28 U.S.C. § 1498(c), which provides that patent claims against the

United States do not extend to "'any claim arising in a foreign country.'" ECF No. 47 at 43 (quoting 28 U.S.C. § 1498(c)). Plaintiff responds that its allegations relate to the use or manufacture of the infringing products in the United States prior to their use outside of the United States. *See* ECF No. 51 at 43. According to plaintiff, while an invention "may be shipped outside the U.S. for the government's use . . . liability remains for the unauthorized manufacture of the patented invention in the U.S. before the export." *Id.* (citing *Zoltek Corp. v. United States*, 672 F.3d 1309, 1325 (Fed. Cir. 2012)).

The United States Court of Appeals for the Federal Circuit held that "§ 1498(c) has no application" where "a United States patent was allegedly infringed by activities that took place within the United States." *Zoltek*, 672 F.3d at 1327. Because defendant does not challenge the jurisdictional facts, the court presumes all undisputed facts are true and construes all reasonable inferences in plaintiff's favor. *See Scheuer*, 416 U.S. at 236. Plaintiff does not specifically allege that the accused products were manufactured in the United States, but does allege that the products were manufactured "by or for [d]efendant." ECF No. 42 at 27. Drawing all inferences in favor of plaintiff, the court credits plaintiff's assertion in its response that the infringing products were manufactured in the United States although they were ultimately used in foreign countries. *See* ECF No. 51 at 43; ECF No. 42 at 27-28, 33-34; *see also id.* at 28-33 (listing "infringing locations"). In the court's view, plaintiff's allegations related to the manufacture of infringing products in the United States are sufficient to establish this court's jurisdiction despite

the final location of the use of the products. *See Zoltek*, 672 F.3d at 1327; *see also* ECF No. 51 at 43; ECF No. 42 at 27-28, 33-34. Defendant's motion to dismiss plaintiff's claims involving products used outside the United States is therefore denied.

iii. Claims Involving AMD Global Telemedicine

Finally, defendant contends that "any claims that involve accused products that were manufactured and/or sold by AMD Global Telemedicine [(AMD)] are precluded as a matter of law." ECF No. 47 at 44. This is so, according to defendant, because plaintiff had previously filed a suit against AMD and that case was dismissed with prejudice. *See id.* Plaintiff responds that while this may be true, its complaint "does not accuse [defendant] of using AMD telemedicine systems." ECF No. 51 at 44. According to plaintiff, the accused systems "include some products" that AMD also sells, but AMD neither manufactures those products nor sells them to defendant or to the two companies from which defendant bought the products at issue. *Id.*

Defendant offers no more than bare assertions that the accused products in this case are manufactured by AMD and that AMD sold the products at issue to defendant. *See* ECF No. 47 at 44. On its face, plaintiff's complaint involves only products manufactured or sold by GlobalMed and Iron Bow Products. Without more, and presuming all undisputed facts are true and construing all reasonable inferences in plaintiff's favor, *see Scheuer*, 416 U.S. at 236, the court agrees with plaintiff that "the

products are properly accused in this action," ECF No. 51 at 44. Defendant's motion as to claims involving AMD products must be denied.

Accordingly, the court has jurisdiction over all of plaintiff's claims.

B. Plaintiff's Claims Must Be Dismissed for Failure to State a Claim Upon Which Relief Can Be Granted

Defendant argues that plaintiff's complaint should be dismissed in its entirety pursuant to RCFC 12(b)(6) because plaintiff cannot state any claim since the patents at issue are not entitled to patent protection under 35 U.S.C. § 101. *See* ECF No. 47 at 23-41. Plaintiff responds that the asserted patents "are not directed to any patent ineligible concepts, but rather are directed to non-abstract telemedicine systems," ECF No. 51 at 28 (capitalization removed), and its claims require claim construction prior to a decision on eligibility, *see id.* at 33.

i. Determining Patent Eligibility on a Motion to Dismiss

"Patent eligibility under § 101 is a question of law that may involve underlying questions of fact." *Simio, LLC v. FlexSim Software Prods., Inc.*, 983 F.3d 1353, 1358-59 (Fed. Cir. 2020) (citing *Interval Licensing LLC v. AOL, Inc.*, 896 F.3d 1335, 1342 (Fed. Cir. 2018); *see also Univ. of Fla. Research Found., Inc. v. GE Co.*, 916 F.3d 1363, 1367 (Fed. Cir. 2019) (stating that "[e]ligibility is a question of law based on underlying facts"). "[W]hether the claim

'supplies an inventive concept that renders [it] 'significantly more' than an abstract idea to which it is directed is a question of law.'" *Simio*, 983 F.3d at 1363 (quoting *BSG Tech. LLC v. BuySeasons, Inc.*, 899 F.3d 1281, 1290 (Fed. Cir. 2018)). And, "not every § 101 determination contains genuine disputes over the underlying facts material to the § 101 inquiry."[4] *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018). The court may, therefore, determine patent eligibility on a motion to dismiss pursuant to RCFC 12(b)(6) only "when there are no factual allegations that, taken as true, prevent resolving the eligibility question as a matter of law." *Aatrix Software, Inc. v. Green Shades Software, Inc.*, 882 F.3d 1121, 1125 (Fed. Cir. 2018); *see also Univ. of Fla.*, 916 F.3d at 1369 (affirming dismissal of infringement claims where patents were found to be ineligible under § 101).

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4. Plaintiff argues that defendant "failed to present clear and convincing evidence sufficient to show the Asserted Paten[t]s are ineligible for patent protection." ECF No. 51 at 31. Plaintiff also contends that the motion should be denied because "[f]actual determinations will be needed to decide the eligibility issue." *Id.* The court notes that while plaintiff is correct that factual issues related to a patent's validity must be proven by clear and convincing evidence, *see Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018), the court does not resolve any factual disputes on a motion to dismiss pursuant to Rule 12(b)(6) of the Rules of the United States Court of Federal Claims. Instead, if a factual allegation arises that, taken as true, would prevent the court from resolving the eligibility determination, the court cannot, as a matter of law, grant a motion to dismiss. Defendant, therefore, need not present any clear and convincing evidence to the court at this stage of the case. The court will, however, consider whether any factual issues exist that may prevent the court from granting a motion to dismiss, as required by the rules and the case law.

ii. Determining Patent-Eligible Subject Matter

Section 101 of the Patent Act defines patent-eligible subject matter as "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." 35 U.S.C. § 101. "'Laws of nature, natural phenomena, and abstract ideas,'" however, are not eligible 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 *Ass'n for Molecular Pathology v. Myriad Genetics, Inc.*, 569 U.S. 576, 589, 133 S. Ct. 2107, 186 L. Ed. 2d 124 (2013)). This is so because these areas comprise "the basic tools of scientific and technological work" and protecting them under the patent system "might tend to impede innovation more than it would tend to promote it, thereby thwarting the primary object of the patent laws." *Id.* (internal citations and quotation marks omitted).

The Supreme Court of the United States has therefore established a two-part test for evaluating claims for patent-eligible subject matter. *See id.* at 217. First, the court must "determine whether the claims at issue are directed to one of those patent-ineligible concepts." *Id.* at 218 (citing *Mayo Collaborative Servs. V. Prometheus Lab'ys, Inc.*, 566 U.S. 66, 75-78, 132 S. Ct. 1289, 182 L. Ed. 2d 321 (2012)). The inquiry in this step "look[s] at the 'focus' of the claims." *Elec. Power Grp., LLC v. Alstom S.A.*, 830 F.3d 1350, 1353 (Fed. Cir. 2016) (quoting *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335-36 (Fed. Cir. 2016)). If the court concludes that the patents at issue

are directed toward ineligible subject matter, then the court must determine whether the application contains an inventive concept. *See Alice*, 573 U.S. at 217. It does so by "consider[ing] 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*, 566 U.S. at 78, 79).

iii. Plaintiff's Claims Are Directed to an Abstract Idea

The court must first consider the asserted patent claims "'in their entirety to ascertain whether their character as a whole is directed to excluded subject matter.'" *ChargePoint, Inc. v. Semaconnect, Inc.*, 920 F.3d 759, 765 (Fed. Cir. 2019) (quoting *Internet Patents Corp. v. Active Network, Inc.*, 790 F.3d 1343, 1346 (Fed. Cir. 2015)). The court "ask[s] what the patent asserts to be the focus of the claimed advance over the prior art to determine whether the claim's character as a whole is directed to ineligible subject matter." *Simio*, 983 F.3d at 1359 (citations and quotation marks omitted).

Defendant contends that the asserted claims of the '343 Patent and the '791 Patent are directed to the "abstract idea of collecting, processing, and displaying sound data from the human body," and are therefore ineligible for patent. ECF No. 47 at 23. Defendant asserts that the abstract focus "is evident from the asserted patents' disclosures," *id.* at 25, and "the language of the asserted patent claims themselves," *id.* at 26; *see also id.*

at 26-28 (detailing the claims in plaintiff's complaint that defendant argues "further highlight[]" the abstract idea). According to defendant, the data is "collected, processed, and displayed using conventional hardware and software," making it "precisely the type of patent claim that the Federal Circuit has consistently held to be directed to an abstract idea." *Id.* at 24; *see also id.* at 28-33 (arguing that the specifications and prosecution histories of the patents "concede" that they are "generic computer components performing their conventional functions to carry out that abstract idea"); *id.* at 34-35 (collecting cases in which the Federal Circuit has found claims for collecting, analyzing, and manipulating data and to be directed to an abstract idea). And, defendant contends, plaintiff's allegations would result in exactly the sort of preemption that raised the Supreme Court's concern about the patenting of abstract ideas. *See id.* at 33-34.

According to plaintiff, however, its patented system is "directed to non-abstract telemedicine systems" for "use in patient treatment and diagnosis," and overcame "the inability of [prior inventions] to provide accurate, robust, flexible, easy-to-use and easy-to-modify systems." ECF No. 51 at 28 (capitalization removed). Plaintiff argues that when comparing "traditional physical examination by auscultation,"[5] with plaintiff's patented technology, "the fallacy of [defendant's] argument" that the patent is directed at an abstract idea is "laid bare." *Id.* at 29. Plaintiff

5. According to plaintiff, auscultation "is listening to the sounds of the body during a physical examination" to evaluate "frequency, intensity, duration, number [and] quality." ECF No. 51 at 8 n.1 (capitalization removed).

lists, in a table, the traditional physical examination procedures and "examples of examination by auscultation" using the system claimed in the asserted patents for each of the terms "collecting," "processing," "analyzing," and "displaying." *Id.* at 29-30 (capitalization removed). Plaintiff further contends that "preemption is not an issue," because defendant "is misreading and misunderstanding the asserted patents." *Id.* at 35 (capitalization removed). According to plaintiff, "[i]nfringement is limited to specific accused devices in *combination* that meet all the claimed limitations." *Id.* at 36 (emphasis in original).

In a recent decision, the Federal Circuit addressed patent allegations similar to those brought by plaintiff here. *See CardioNet, LLC v. InfoBionic, Inc.*, No. 2020-2123, 2020-2150, 2021 U.S. App. LEXIS 32392, 2021 WL 5024388, at *3-4 (Fed. Cir. Oct. 29, 2021). In *CardioNet*, the Circuit reviewed a patent for a heart monitoring device that filtered certain heart wave data to improve monitoring. *See id.* at *1-2. Plaintiff argued that its invention was directed to "an improvement in cardiac monitoring technology," rather than the abstract idea of filtering data. *See id.* at *3. The Circuit disagreed, holding that "the claim language and specification make clear [that] the invention is directed to the abstract idea of filtering patient heartbeat signals to increase accuracy." *Id.* at *4. In another similar case, the Circuit held that an invention automating by computer the collection of data from various health monitoring systems was "directed to the abstract idea of collecting, analyzing, manipulating, and displaying data." *Univ. of Fla.*, 916 F.3d at 1368.

In the court's view, at their core, plaintiff's asserted patents are directed to the abstract idea of collecting, analyzing, and displaying data. As in *CardioNet* and *University of Florida*, the invention at issue here is a physical monitoring and data collection device that collects and filters human physiological data and then displays it for a clinician to review. *See* ECF No. 42 at 2-3; ECF No. 42-5 at 50; ECF No. 42-7 at 48; *see also CardioNet*, 2021 U.S. App. LEXIS 32392, 2021 WL 5024388, at *3-4; *Univ. of Fla.*, 916 F.3d at 1368. Plaintiff describes the asserted patents as a "novel apparatus and system . . . for collecting, processing, and recording sounds associated with the physiologic activities of various human organs." ECF No. 42 at 2. And, the patents themselves describe the invention as the "digital recording, processing and analysis of . . . physiologic sounds." ECF No. 42-5 at 50.

Plaintiff further claims that the advance over the prior art is that the device collects data and "provid[es] a simple interface which allows medical professionals with limited technical background to easily manipulate vital parameters . . . , and apply[] data windows without the need for computer programming knowledge." ECF No. 42 at 6; ECF No. 42-5 at 50. Additionally, the '343 Patent and the '791 Patent claim to "boost the accuracy" of the recorded physiological sounds by taking additional measures to prevent extraneous sounds from influencing the analysis of the physiological sounds collected. ECF No. 42 at 10; *see also* ECF No. 42-5 at 50 ("Another object of this invention is to boost the accuracy of recording physiological sounds by providing the physician with an

efficient method of eliminating background noise . . . from the desired signal in real time.").

The court thus agrees with defendant that the patents describe a system that "collect[s], processe[s], and display[s] [data] using conventional hardware and software," making it "precisely the type of patent claim that the Federal Circuit has consistently held to be directed to an abstract idea." ECF No. 47 at 24; *see also CardioNet*, 2021 U.S. App. LEXIS 32392, 2021 WL 5024388, at *3-4; *Univ. of Fla.*, 916 F.3d at 1368. Reviewing plaintiff's allegations, along with the patents, plaintiff has not articulated a clear description of its patents that would permit the court to find otherwise. Plaintiff also does not present, and the court cannot discern, any factual dispute that prevents the court from making this determination. *Aatrix Software*, 882 F.3d at 1125. The facts regarding the "character as a whole" of the asserted patents are clear and undisputed. *ChargePoint*, 920 F.3d at 765; *see also, e.g.*, ECF No. 42 at 2-3 (plaintiff describing the asserted patents); ECF No. 47 at 16-19 (defendant describing the asserted patents by quoting and citing to the patents themselves). The court must find, therefore, as the Federal Circuit did in *CardioNet* and *University of Florida*, that plaintiff's asserted patents are directed at the abstract idea of "collecting, analyzing, manipulating, and displaying data," *Univ. of Fla.*, 916 F.3d at 1368, and "filtering patient [physical] signals to increase accuracy," *CardioNet*, 2021 U.S. App. LEXIS 32392, 2021 WL 5024388, at *4.

iv. Plaintiff's Claims Lack an Inventive Concept

If the court finds that a patent is directed at ineligible subject matter, the court next looks for an "inventive concept," defined as "an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more" than a patent on the abstract idea itself. *Alice*, 573 U.S. at 217-18; *see also id.* at 221 (noting that the "transformation into a patent-eligible application requires more than simply stating the abstract idea while adding the words 'apply it'") (internal quotation marks and citation omitted); *Mayo*, 566 U.S. at 82 ("[S]imply appending conventional steps, specified at a high level of generality, to laws of nature, natural phenomena, and abstract ideas cannot make those laws, phenomena, and ideas patentable."). Inventive concepts "must be more than 'well-understood, routine, conventional activity.'" *Affinity Labs of Texas, LLC v. DirecTV, LLC*, 838 F.3d 1253, 1262 (Fed. Cir. 2016) (quoting *Mayo*, 566 U.S. at 79); *see also Cellspin Soft, Inc. v. Fitbit, Inc.*, 927 F.3d 1306, 1316 (Fed. Cir. 2019) ("An inventive concept reflects something more than the application of an abstract idea using well-understood, routine, and conventional activities previously known to the industry.") (internal quotation marks and citations omitted). "If a claim's only 'inventive concept' is the application of an abstract idea using conventional and well-understood techniques, the claim has not been transformed into a patent-eligible

application of an abstract idea." *BSG Tech*, 899 F.3d at 1290-91.

Determining whether a claim contains an inventive concept "may turn on underlying questions of fact." *Cellspin*, 927 F.3d at 1315 (internal quotation marks and citation omitted). The court must accept plaintiff's factual allegations as true, and where plaintiff asserts "plausible and specific factual allegations that aspects of the claim are inventive," those allegations are sufficient survive a motion to dismiss. *Id.* at 1317. In *Cellspin*, the Circuit considered plaintiff's claim of inventiveness and determined that plaintiff made "specific, plausible factual allegations" that were "more than simply label[ing] . . . techniques as inventive," and "pointed to evidence suggesting these techniques had not been implemented in a similar way." *Id.* at 1318. The court noted that "implementing a well-known technique with particular devices in a specific combination . . . can be inventive," as plaintiff had specifically alleged its particular implementation to be. *Id.* The Circuit thus concluded that plaintiff had "sufficiently allege[d]" that it had patented "significantly more" than an abstract idea. *Id.* at 1319.

Defendant contends that the asserted claims lack an inventive concept sufficient to transform them into patent-eligible claims. *See* ECF No. 47 at 36-41. According to defendant, plaintiff's complaint recites "boilerplate conclusory statements" that are insufficient to state a

claim. *Id.* at 38 (quotation marks and citation omitted). Defendant contends that the complaint "fails to identify any technical improvement or inventive concept," *id.*, and instead identifies limitations that are "directed to the *abstract idea itself*," *id.* at 39 (emphasis in original), and limitations that are "merely conventional computing components performing their conventional functionality," *id.* at 40.

Plaintiff in turn asserts that it "makes specific, plausible, factual allegations . . . about why aspects of its claimed inventions recite inventive concepts." ECF No. 51 at 37. According to plaintiff, at least three features of its patent are inventive concepts: (1) the use of a parallel to serial converter; (2) the conversion of physiological sounds to electrical signals and then to digital signals; and (3) the display device that permitted "easy operation, customization and modification by the clinician." *Id.* at 38. Plaintiff asserts that defendant "ignores the facts cited in the figures, specifications, claims, and prosecution history of the Asserted Patents" and incorrectly assumes that if a "claimed invention employs a 'conventional' computer component" that fact "render[s] the entire combination of claimed elements patent ineligible." *Id.* at 39-40.

In the court's view, plaintiff's complaint does not recite specific, plausible factual allegations "'sufficient to ensure that the patent in practice amounts to significantly more'" than the abstract idea itself. *Alice*, 573 U.S. at

217-18 (citing *Mayo*, 566 U.S. at 73); *Cellspin*, 927 F.3d at 1318 (citing *Alice*, 573 U.S. at 217-18). Plaintiff's complaint repeatedly states that the asserted patents "recite technical improvements and inventive concepts that were not well-understood, routine, or conventional" at the time of the invention. ECF No. 42 at 6, 10, 16. This, however, is a conclusory statement of the kind that the court is not bound to accept as fact. *See Am. Bankers Ass'n*, 932 F.3d at 1380 (the court is "not required to accept the asserted legal conclusions" in a plaintiff's complaint when assessing a motion to dismiss). Although plaintiff's statements are followed by tables quoting claim terms and specifications, *see e.g.*, ECF No. 42 at 10-15, quoting or reciting the claims and specifications without additional explanation or "concrete allegations" does not constitute sufficiently specific allegations for the court to find inventiveness, *Aatrix Software*, 882 F.3d at 1128.

The court must and does make all inferences in plaintiff's favor, *see Cary*, 552 F.3d at 1376, however, the court cannot infer an inventive concept without specific allegations that are "more than simply label[ing] . . . techniques as inventive," *Cellspin*, 927 F.3d at 1318. Plaintiff does not "point[] to evidence suggesting [its] techniques had not been implemented in a similar way," or "in a specific combination" that would rise to the level of inventiveness. *Id.*; *see also, e.g.*, ECF No. 42 at 6-9 (quoting claim terms and specifications without making specific allegations), 10-15 (same), 16-26 (same). Plaintiff does not

provide context that would demonstrate that its invention is "significantly more" than an abstract idea, *Alice*, 573 U.S. at 218, or otherwise more than "the application of conventional and well-understood techniques," *BSG Tech*, 899 F.3d at 1290. Its complaint quotes the "disadvantages" of the "technology field" that were listed in the patent, ECF No. 42 at 4, without providing additional context or explanation as to how plaintiff's invention applied an inventive concept to overcome the disadvantages. *Id.* at 4-5; *see also Mayo*, 566 U.S. at 82 ("[S]imply appending conventional steps, specified at a high level of generality, to laws of nature, natural phenomena, and abstract ideas cannot make those laws, phenomena, and ideas patentable.").

Likewise, in its response, plaintiff states that it alleged inventive concepts were not "generic, conventional computing component[s]," without elaborating or otherwise pointing to facts alleged in the complaint that support that assertion. ECF No. 51 at 38; *see also id.* at 39-40. Without more, the court cannot find that plaintiff has adequately alleged an inventive concept. *See BSG Tech*, 899 F.3d at 1290-91 ("If a claim's only 'inventive concept' is the application of an abstract idea using conventional and well-understood techniques, the claim has not been transformed into a patent-eligible application of an abstract idea.").

The court thus finds that plaintiff's asserted patents are directed to ineligible subject matter. *See* 35 U.S.C.

§ 101; *Alice*, 573 U.S. at 216. As such, plaintiff has failed to state a claim upon which relief can be granted. *See Aatrix Software*, 882 F.3d at 1125; *Univ. of Fla.*, 916 F.3d at 1369.

IV. Conclusion

Although defendant's motion was made on the basis of both RCFC 12(b)(1) and 12(b)(6), the court has found that it has subject-matter jurisdiction over all of plaintiff's claims and thus dismisses plaintiff's complaint on the basis of RCFC 12(b)(6) alone.

Accordingly, for the foregoing reasons:

(1) Defendant's motion to dismiss, ECF No. 47, is **GRANTED**; and

(2) The clerk's office is directed to **ENTER** final judgment in defendant's favor, and **DISMISS** plaintiff's second amended complaint, ECF No. 42, with prejudice.

IT IS SO ORDERED.

s/Patricia E. Campbell-Smith
PATRICIA E. CAMPBELL-SMITH
Judge

APPENDIX D — ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED AUGUST 28, 2024

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2023-1096

AUDIO EVOLUTION DIAGNOSTICS, INC.,

Plaintiff-Appellant,

v.

UNITED STATES, GLOBALMEDIA GROUP, LLC,

Defendants-Appellees.

Appeal from the United States Court of Federal Claims in No. 1:20-cv-01384-PEC, Judge Patricia E. Campbell-Smith.

ON PETITION FOR PANEL REHEARING AND REHEARING EN BANC

Before Moore, *Chief Judge*, Lourie, Dyk, Prost, Reyna, Taranto, Chen, Hughes, Stoll, Cunningham, and Stark, *Circuit Judges*.[1]

Per Curiam.

Filed August 28, 2024

1. Circuit Judge Newman did not participate.

Appendix D

ORDER

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

Upon consideration thereof,

It Is Ordered That:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue September 4, 2024.

August 28, 2024
Date