This Article addresses recent developments in intellectual property law. In particular, this Article provides an overview and discussion of seven United States Supreme Court cases decided or argued between October 1, 2013 and September 30, 2014. Six cases address issues of patent law and one case addresses laches and the statute of limitations for copyright claims. The cases are:

- **Octane Fitness, LLC v. Icon Health & Fitness, Inc.**
- **Highmark, Inc. v. Allcare Health Management Systems, Inc.**
- **Limelight Networks, Inc. v. Akamai Technologies**
- **Nautilus, Inc. v. Biosig Instruments, Inc.**
- **Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.**
- **Petrella v. Metro-Goldwyn-Mayer, Inc.**
- **Alice Corp. Pty. Ltd. v. CLS Bank International.**

I. PATENT LITIGATION ATTORNEYS’ FEES: OCTANE FITNESS AND HIGHMARK

Parties litigating against meritless claims or defenses now have a new weapon following the United States Supreme Court decisions in **Octane Fitness, LLC v. Icon Health & Fitness, Inc.** and **Highmark, Inc. v. Allcare Health Management Systems, Inc.** Issued on the same day, **Octane** and **Highmark** provide new guidance on awarding attorneys’ fees and expenses under 35 U.S.C. § 285. While § 285 has provided courts the ability to award reasonable attorneys’ fees and expenses to the prevailing party in exceptional patent litigation cases, **Octane** and **Highmark** have lowered the threshold for when those fees and expenses are awarded. 

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http://dx.doi.org/10.18060/4806.0044
expenses can be awarded.¹¹ Before Octane and Highmark, the prevailing test for a § 285 exceptional case determination was set forth in Brooks Furniture Manufacturing, Inc. v. Dutailier International, Inc.¹² Brooks found:

A case may be deemed exceptional when there has been some material inappropriate conduct related to the matter in litigation, such as willful infringement, fraud or inequitable conduct in procuring the patent, misconduct during litigation, vexatious or unjustified litigation, conduct that violates Fed.R.Civ.P. 11, or like infractions. Absent misconduct in conduct of the litigation or in securing the patent, sanctions may be imposed against the patentee only if both (1) the litigation is brought in subjective bad faith, and (2) the litigation is objectively baseless . . . . [T]he underlying improper conduct and the characterization of the case as exceptional must be established by clear and convincing evidence.¹³

In Octane, the Supreme Court found that the Brooks test was “unduly rigid, and [that] it impermissibly encumbers the statutory grant of discretion to district courts.”¹⁴ In rejecting Brooks, the Supreme Court lowered the threshold for awarding fees and expenses under § 285 in several ways.¹⁵ First, a prevailing party need only prove that a case is exceptional under § 285 by a preponderance of the evidence, not by clear and convincing evidence.¹⁶ Second, the legal test for interpreting whether a case is “exceptional” under § 285 no longer requires proving that a party’s arguments were objectively baseless and brought or maintained in bad faith.¹⁷ Instead, “a case presenting either subjective bad faith or exceptionally meritless claims may sufficiently set itself apart from mine-run cases to warrant a fee award.”¹十八 Third, given that the decision to award fees under § 285 is a discretionary one, the proper standard of review for a decision issued under § 285 is abuse of discretion.¹⁹

Providing additional guidance on when to award fees and expenses under § 285, the Court noted that “an ‘exceptional’ case is simply one that stands out from others with respect to the substantive strength of a party’s litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated.”²⁰ The Court also held that “there is no precise rule or formula for making these determinations, but instead equitable

¹¹. See Octane, 134 S. Ct. at 1755-56; see also Highmark, 134 S. Ct. at 1746.
¹². 393 F.3d 1378 (Fed. Cir. 2005).
¹³. Id. at 1381-82.
¹⁴. Octane, 134 S. Ct. at 1755.
¹⁵. See id. at 1755-58; see also Highmark, 134 S. Ct. at 1746-48.
¹⁶. See Octane, 134 S. Ct. at 1758. Octane reversed Brooks, 393 F.3d at 1382.
¹⁷. Id. at 1756-57.
¹⁸. See id. at 1757 (emphasis added) (citation omitted). Octane reversed Brooks, 393 F.3d at 1382.
¹⁹. See Highmark, 134 S. Ct. at 1748.
²⁰. See Octane, 134 S. Ct. at 1756.
discretion should be exercised in light of the considerations we have identified,’”
citing considerations such as “frivolousness, motivation, objective unreasonableness (both in the factual and legal components of the case) and the need in particular circumstances to advance considerations of compensation and deterrence.”

Before Octane and Highmark, attorneys’ fee awards in patent cases were unusual, particularly for an accused infringer who had trouble showing the subjective bad faith part of the old test. Findings of an exceptional case were usually limited to litigation misconduct such as discovery violations and misleading the court, inequitable conduct by a patentee, and willful infringement by the infringer.

Based on Octane and Highmark’s changes to the interpretation of § 285, many commentators believe that the standard for recovering fees, costs, and expenses under 35 U.S.C. § 285 was relaxed significantly. Indeed, the lower burden of proof and no longer having to prove subjective bad faith is a strong indication that fees and expenses will be awarded in more cases.

As of January 19, 2015, the Federal Circuit has substantively ruled on only one case involving a § 285 determination following Octane and Highmark. In Sorensen, LLC v. Sorensen Research and Development Trust, the Federal Circuit affirmed a partial award of attorneys’ fees to the accused infringer in the amount of $253,777.37. Sorensen reviewed a district court award of fees based on the district court’s findings that the patent owner filed unsolicited briefs and multiple meritless motions for reconsideration and, most troubling to the district court, did not introduce admissible evidence of infringement. The Federal Circuit addressed the patent owner’s strategy of repeatedly attacking the accused infringer’s evidence while failing to produce any evidence of its own or even suggest what type of evidence it may later produce. And expert evidence of

21. Id. at 1756 n.6 (internal quotations omitted) (quoting Fogerty v. Fantasy, Inc., 510 U.S. 517, 534 (1994)).
22. See, e.g., Brooks Furniture, 393 F.3d at 1381.
24. See Macedo & Jain, supra note 23.
25. See Homeland Housewares, LLC v. Sorensen Research & Dev. Trust, 581 F. App’x at 877 (Fed. Cir. 2014). Other post-Octane and Highmark § 285 cases have been remanded to the respective district courts for analysis in view of Octane and Highmark.
26. See Sorensen, 581 F. App’x at 877.
27. Id.
28. Id. at 881.
infringement created after the district court’s summary judgment ruling has little relevance in assessing the patent owner’s conduct before the summary judgment ruling.  

The aspect of the district court’s ruling focusing on repetitive and unsolicited filings would not, in the Federal Circuit’s opinion, likely be enough on their own to justify an exceptional case finding. However, under the § 285 “totality of the circumstances” test, the district court did not abuse its discretion in “factoring in this conduct as part of its consideration.”

Additional guidance from the Federal Circuit can be gleaned from Stragent, LLC v. Intel Corp., a decision authored by Federal Circuit Judge Dyk sitting by designation in the Eastern District of Texas. Judge Dyk denied Intel’s motion for a § 285 exceptional case finding and, in doing so, characterized the motion as “taking the ‘kitchen sink’ approach that this court concluded is unwarranted.” While Judge Dyk agreed that Stragent’s infringement argument was weak, he specifically noted that “Intel never sought summary judgment of non-infringement . . . [and t]his suggests that Intel did not always view Stragent’s infringement position as frivolous. There is little injustice in forcing Intel to bear its own attorney’s fees for defending a claim it did not challenge on summary judgment.”

In the same vein, in response to Intel’s argument that Stragent committed bad faith discovery, Judge Dyk noted that “Intel never sought discovery sanctions against Stragent or even a court ruling limiting the scope of discovery.” Finally, Judge Dyk noted that “counsel for both sides were cooperative in reaching stipulations and minimizing disputes over collateral issues throughout the case . . . Such professionalism is to be commended, and it weighs against a finding that an award of attorney’s fees is warranted.”

Since the Supreme Court issued its decisions in Octane and Highmark, as of December 11, 2014, district courts have substantively ruled on sixty-five motions for attorney’s fees under 35 U.S.C. § 285. In those cases, fees were awarded under § 285 in twenty cases, denied in forty-four cases, and both granted and denied (with respect to different defendants) in one case.

A sample of these cases is provided below.

29. Id. at 882.
30. Id. at 881.
31. Id.
33. Id. at *5.
34. Id.
35. Id.
36. Id. at *6.
37. Based on cases available on Westlaw and Docket Navigator.
38. Id.
### FEES AWARDED TO DEFENDANT

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40. *Id.* at *6*.
42. *Id.* at *8-9*.
44. *Id.* at *6-8*.
46. *Id.* at 335-37.
48. *Id.* at *2-4*.
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50. *Id.* at *6*.
52. *Id.* at *9*.
54. *Id.* at *2*.
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56. Id. at 1344-46.  
58. Id. at *4.  
60. Id. at *16.  
61. 29 F. Supp. 3d 85 (D. Conn. 2014).  
62. Id. at 104-06.
FEES NOT AWARDED

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The Octane and Highmark decisions will require all parties to take a close look at their claims and defenses when asserted and as the case proceeds to make sure that they are not subjecting themselves to an adverse finding of attorneys’

64. Id. at *2-4.
66. Id. at *3-12.
68. Id. at *6.
69. 36 F. Supp. 3d 912 (N.D. Cal. 2014).
70. Id. at 929-30.
72. Id. at *5.
74. Id. at *2-5.
76. Id. at *6.
fees and expenses. Indeed, the merits of a claim or defense may change for many reasons, including new facts learned during a case or a claim construction ruling. Continuing to pursue a claim or defense in the face of bad facts or an adverse ruling, even if done so in good faith, may result in a finding of attorneys’ fees and expenses.

II. INDUCEMENT OF PATENT INFRINGEMENT: LIMELIGHT NETWORKS, INC. V. AKAMAI TECH

In Limelight Networks, Inc. v. Akamai Technologies, the Supreme Court answered a very narrow question—does inducing infringement require a direct infringer—and found that a direct infringer is required. In so ruling, the Court noted that it was opening the door to parties orchestrating their efforts to avoid infringement, but also commented that the Federal Circuit could reconsider its test for what constitutes direct infringement.

Leading up to Limelight, the Federal Circuit and district courts struggled with determining the test for infringement when more than one party participates in carrying out a claimed method. For example, in Muniauction, Inc. v. Thomson Corp., the Federal Circuit stated that direct infringement requires that a single party perform every step of a claimed method or exercises “control or direction” over the entire process such that every step is attributable to that party. However, the meaning of “control or direction” was not clear and provided fodder for patent litigants to argue.

Showing how strictly the “control or direction” test is meant to be construed, the Federal Circuit panel decision in Limelight provided that a party that does not perform all steps itself can be liable for direct infringement only “when there is an agency relationship between the parties who perform the method steps or when one party is contractually obligated to the other to perform the steps.”

The Federal Circuit heard Limelight en banc but did not address the direct infringement test. Instead, the en banc decision focused on inducement and found that induced infringement of a method patent occurs if: (1) the defendant performed some of the steps of a claimed method and induced other parties to commit the remaining steps, or (2) the defendant induced other parties to

80. Id. at 2120.
81. See Muniauction, Inc. v. Thompson Corp., 532 F.3d 1318 (Fed. Cir. 2008).
82. Id. at 1329.
83. Id.
85. See generally id.
86. See generally id.
collectively perform all the steps of the claimed method, even if no single party performed all of the steps.87

The Supreme Court’s finding that inducing infringement requires a direct infringer appears to provide a straightforward way to avoid infringing method claims.88 “Finally, respondents, like the Federal Circuit, criticize our interpretation of § 271(b) as permitting a would-be infringer to evade liability by dividing performance of a method patent’s steps with another whom the defendant neither directs nor controls. We acknowledge this concern.”89 However, based on the Supreme Court’s invitation to have the federal circuit revisit its direct infringement test, much uncertainty remains.90

Panel oral argument on remand to Federal Circuit was September 11, 2014.91

III. PATENT INDEFINITENESS: NAUTILUS, INC. v. BIOSIG INSTRUMENTS, INC.

A. Supreme Court Decision

In Nautilus, Inc. v. Biosig Instruments, Inc., the Supreme Court addressed the proper standard for determining whether the claims of a patent are definite under 35 U.S.C. § 112, ¶ 2.92 This section of the Patent Act requires that a patent specification “conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as [the] invention.”93 The Court determined that the Federal Circuit’s standard for evaluating indefiniteness, which involved the consideration of whether the claims, as construed, were “insolubly ambiguous,” was not sufficient to satisfy § 112’s definiteness requirement.94 Eschewing the Federal Circuit’s old standard, the Court held that “a patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention.”95

The invention at issue in Nautilus was a heart rate monitor for use during exercise.96 The key feature of the invention was its ability to overcome a

87. Id. at 1308-09.
89. Id.
90. Id. (“Our decision on the § 271(b) question necessitates a remand to the Federal Circuit, and on remand, the Federal Circuit will have the opportunity to revisit the § 271(a) question if it so chooses.”).
91. Id.
94. Nautilus, 134 S. Ct. at 2124 (“We conclude that the Federal Circuit's formulation, which tolerates some ambiguous claims but not others, does not satisfy the statute's definiteness requirement.”).
95. Id. (emphasis added).
96. Id. at 2125.
downfall of the prior art in which the electrocardiograph ("ECG") signals that correspond to each heartbeat were masked by another type of electrical signal in the body, an electromyogram ("EMG") signal. The invention solved this problem by relying on a difference between ECG and EMG signals—ECG signals detected from a user’s right and left hands have opposite polarity to each other, while EMG signals in the left and right hands have the same polarity.

The Supreme Court described the claim at issue as follows:

Claim 1 of the '753 patent, which contains the limitations critical to this dispute, refers to a “heart rate monitor for use by a user in association with exercise apparatus and/or exercise procedures.” The claim “comprise[s],” among other elements, an “elongate member” (cylindrical bar) with a display device; “electronic circuitry including a difference amplifier”; and, on each half of the cylindrical bar, a live electrode and a common electrode “mounted . . . in spaced relationship with each other.” The claim sets forth additional elements, including that the cylindrical bar is to be held in such a way that each of the user's hands “contact[s]” both electrodes on each side of the bar. Further, the EMG signals detected by the two electrode pairs are to be “of substantially equal magnitude and phase” so that the difference amplifier will “produce a substantially zero [EMG] signal” upon subtracting the signals from one another.

Nautilus moved for summary judgment in the District Court for the Southern District of New York, arguing that the term “spaced relationship” was indefinite. The court granted summary judgment, ruling that the patent “did not tell [the court] or anyone what precisely the space should be,” or include “any parameters” for determining what the spacing should be. Following the district court’s ruling, Biosig appealed to the Federal Circuit.

The Federal Circuit reversed the district court’s decision and concluded that “spaced relationship” was definite. In doing so, the court relied on the specification, claim language, an inventor declaration submitted during reexamination of the patent, and extrinsic evidence of an expert witness’s testing methods. Nautilus petitioned the Supreme Court.

The Supreme Court granted Nautilus’ petition and heard oral arguments in

97. Id.
98. Id.
99. Id. at 2122-26 (internal citations omitted).
100. Id.
101. Id.
103. Biosig Instruments, Inc. v. Nautilus, Inc., 715 F.3d 891, 904-05 (Fed. Cir. 2013) (“We reverse the district court’s invalidity determination and remand for further proceedings.”).
104. Id. at 899-901.
105. See Nautilus, 134 S. Ct. at 2120.
April 2014. The Court then issued an opinion in June 2014 in which it set out a new standard for considering the definiteness of patent claims—whether the “claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty.”

Justice Ginsburg authored the opinion. After describing the technology at issue and the procedural history, the Court set out several points in the definiteness inquiry that were not in dispute: (1) “definiteness is to be evaluated from the perspective of someone skilled in the relevant art”; (2) “in assessing definiteness, claims are to be read in light of the patent’s specification and prosecution history”; and (3) definiteness is considered “at the time the patent was filed.” The Court then framed the dispute between the parties as the “articulation of just how much imprecision § 112, ¶ 2 tolerates.”

The Court acknowledged the “delicate balance” in patent law between encouraging innovation by not handicapping inventors due to the “inherent limitations of language” and satisfying the public notice function by “afford[ing] clear notice of what is claimed.” While some degree of ambiguity in patent claims is inherent and necessary, the Court recognized that “absent a meaningful definiteness check . . . patent applicants face powerful incentives to inject ambiguity into their claims.”

In light of the foregoing concerns, the Supreme Court set out a new indefiniteness standard: “Cognizant of the competing concerns, we read § 112, ¶ 2 to require that a patent’s claims, viewed in light of the specification and prosecution history, inform those skilled in the art about the scope of the invention with reasonable certainty.” The Court then explained that the old standard applied by the Federal Circuit to resolve Nautilus’s definiteness challenge, which asked whether the claims were “amenable to construction” or “insolubly ambiguous” could “breed lower court confusion.” According to the Supreme Court, “[t]o tolerate imprecision just short of that rendering a claim ‘insolubly ambiguous’ would diminish the definiteness requirement’s public-notice function and foster the innovation discouraging ‘zone of uncertainty’ against which this Court has warned.”

The Court also addressed Biosig’s argument that the lower courts’ previous

108. Id. at 2120.
109. Id. at 2129.
110. Id.
111. Id.
112. Id.
113. Id. at 2130 (emphasis added).
114. Id.
115. Id. at 2130 (internal citations omitted).
standard was “a shorthand label for a more probing inquiry that the Federal Circuit applies in practice.”116 The Court recognized that the Federal Circuit’s actual indefiniteness inquiry might go beyond what is implied by the “amenable to construction” or “insolubly ambiguous” label, but it nonetheless stated that a new formulation of the appropriate standard was necessary because the Federal Circuit’s prior terminology was unclear and “can leave courts and the patent bar at sea without a reliable compass.”117

The Nautilus decision concluded with the Supreme Court declining to apply the newly adopted indefiniteness standard, vacating the judgment, and remanding to the Federal Circuit for reconsideration consistent with its opinion.118

B. Indefiniteness After Nautilus

Following Nautilus, commentators have questioned whether the Supreme Court’s ruling will bring a new era of indefiniteness law in which it will be easier for defendants in patent litigation to establish invalidity due to indefiniteness.119 Despite the initial buzz, recent district court and Federal Circuit decisions suggest that Nautilus may not cause drastic changes in indefiniteness jurisprudence moving forward.120 As one example, a survey of indefiniteness challenges in the ninety days following the Nautilus decision showed that twenty-seven of thirty-nine indefiniteness challenges decided in that timeframe failed.121 Also, post-Nautilus decisions, while incorporating the Supreme Court’s “reasonable certainty” standard, still rely on pre-Nautilus cases for support.122

IV. STANDARD OF REVIEW FOR PATENT CLAIM CONSTRUCTION: TEVA PHARMACEUTICALS USA, INC. v. SANDOZ, INC.

The Supreme Court heard oral arguments in October 2014 in the case of Teva Pharmaceuticals USA, Inc. v. Sandoz, Inc.123 The Court examined what level of

116. Id.
117. Id.
118. Id. at 2131.
121. Id.
122. See, e.g., Interval Licensing LLC v. AOL, Inc., 766 F.3d 1364, 1370-71 (Fed. Cir. 2014) (citing pre-Nautilus indefiniteness cases).
deference the Federal Circuit should give to a district court’s factual findings supporting its patent claim constructions.\textsuperscript{124} The Federal Circuit currently considers district courts’ claim constructions, including underlying factual issues, de novo on appeal.\textsuperscript{125} The petitioner to the Supreme Court, Teva Pharmaceuticals USA, Inc. (“Teva”), argued that this de novo review is inconsistent with Federal Rule of Civil Procedure 52(a), which requires that district courts’ factual determinations be reviewed on appeal for clear error.\textsuperscript{126}

Earlier in 2014, the Federal Circuit issued an en banc decision in Lighting Ballast Control LLC v. Philips Electrics North America.\textsuperscript{127} In Lighting Ballast, the Federal Circuit declined to overturn its 1998 decision in Cybor Corp. v. FAS Technologies, Inc.,\textsuperscript{128} and its de novo standard for reviewing claim construction issues, including underlying factual issues.\textsuperscript{129} The same issues raised in Lighting Ballast are at play in the Teva case.\textsuperscript{130}

In Teva, the district court had determined that the term “average molecular weight” was not insolubly ambiguous and therefore a group of asserted patent claims were not invalid as indefinite.\textsuperscript{131} Sandoz, Inc. (“Sandoz”) appealed this finding to the Federal Circuit, and the Federal Circuit reviewed de novo whether the claims were definite.\textsuperscript{132} The Federal Circuit reached the conclusion that the patent claims containing the term “average molecular weight” were invalid as indefinite.\textsuperscript{133} Teva then petitioned the Supreme Court, presenting the following question: “Whether a district court’s factual finding in support of its construction of a patent claim term may be reviewed de novo, as the Federal Circuit requires (and as the panel explicitly did in this case), or only for clear error, as Rule 52(a) requires.”\textsuperscript{134}

A. Teva’s Arguments

Teva argued that the Federal Circuit’s practice of reviewing the entirety of district courts’ claim construction decisions de novo is inconsistent with Federal
Rule of Civil Procedure 52(a), which requires that findings of fact “must be sustained unless clearly erroneous.” According to Teva, Congress and the Supreme Court delegated the duty of finding facts to the district courts. The district courts have the tools for fact-finding, and their doing so promotes judicial efficiency. Moreover, according to Teva, “[t]he obligation to review” the facts found by the district courts “deferentially does not evaporate just because the factfinding lays the groundwork for a legal conclusion that the appellate court will review de novo.”

Teva also argued that the district courts are tasked with assessing the credibility of the facts and the witnesses before it and are “particularly well suited to make scientific determinations.” Teva then specifically addressed the types of factfinding it asserts are often necessary in claim construction. For example, patents “are scientific texts designed to be read and used by specialists in the relevant field.” To understand patents, therefore, “judges often need to take factual evidence, such as expert testimony, to enable them to understand patent claims.”

Teva pointed out that treating the interpretation of claim construction evidence without deference runs at odds with other areas of patent law. For example, interpretation of the teachings of the scope and contents of the prior art is subject to de novo review in claim construction cases, but is considered a factual issue subject to the clearly erroneous standard in other contexts.

Teva then explained why the Federal Circuit’s rationales for applying de novo review are unsatisfactory. It argued that: (1) acknowledging that claim construction may involve factfinding is consistent with the Supreme Court’s decision in Markman v. Westview Instruments, Inc.; (2) fact-finding can resolve any disputes when extrinsic evidence is employed to interpret written instruments; (3) courts cannot turn facts into law simply in the name of “uniformity”; and (4) on appeal, factfinding produces less-than-satisfactory decisions and is costly to the patent system.

Teva finally argued that in its case, the Federal Circuit should not have reviewed de novo factual findings that the district court made pertaining to the definiteness of its patent claims because that review led the Federal Circuit to

135. Brief for Petitioners, supra note 124, at 18.
136. Id. at 19.
137. Id.
138. Id.
139. Id. at 23-24.
140. Id. at 25.
141. Id. at 25-33.
142. Id. at 25.
143. Id. at 34.
144. Id.
145. Id. at 36.
147. Brief for Petitioners, supra note 124, at 36-53.
“run astray.” According to Teva:

What happened here has happened in far too many cases over the last two decades: the district court undertook a conscientious effort to grapple with the technology, understand the usage in the art, and construe the patent accordingly. That effort entailed months of expert discovery, two Markman hearings, and a lengthy written opinion. The district court made a reasoned finding that a person skilled in the art would understand Teva’s patent. Yet the Federal Circuit panel—misunderstanding the patent specification and disregarding factual findings that should have been controlling—substituted its own lay understanding of the patent and held it indefinite.

Teva also pointed out that both an expert witness testifying below and the district court “had addressed every one of the grounds on which the [Federal Circuit] panel disagreed with the district court’s reading of the patent, [but] the panel gave no weight to the district court’s contrary factual findings.”

B. Sandoz’s Arguments

Sandoz argued that the Supreme Court’s decision in Markman decides the issue of the appropriate standard of review. In Markman, the Supreme Court “concluded that all interpretive issues in claim construction are ‘purely legal,’ including those involving consideration of evidence outside the four corners of the patent and its prosecution history.” Sandoz argued that the holding in Markman led to de novo appellate review. According to Sandoz, “[a]ny ‘fact’ inquiries relevant to [claim construction] rulings are properly considered ‘legislative facts’ and reviewed de novo.” Sandoz argued that the Markman approach to treating “seemingly ‘factual’” issues as purely legal “is consistent with [the Supreme Court’s] use of interpretive aids to construe statutes and other legal instruments defining public rights and duties.” Sandoz pointed out that the Supreme Court has a long history of using these tools to determine “legislative” facts without giving deference to lower courts.

Sandoz touched on Teva’s arguments that analogized the interpretation of a patent using extrinsic evidence to interpreting a contract using parol evidence.
In the case of the contract, the interpretation of the parol evidence is subject to review for clear error. 158 Sandoz argued that the contract scenario is not analogous to claim construction because, unlike patent interpretation, a contract interpretation does not involve instructing the public on what it may lawfully do. 159 The purpose of parol evidence is also different—to “understand the intent of the parties—a purely adjudicative fact.” 160 “In contrast, a patentee cannot resort to such subjective intent about what it meant by its claims, or to any other private meaning.” 161 According to Sandoz, “[n]o amount of extrinsic evidence can change the scope of a claimed invention.” 162

Sandoz also argued that the goal of uniformity in the treatment and interpretation of a patent is supported by de novo review. 163 As one example of the uniformity concerns, Sandoz pointed to American Piledriving Equipment, Inc. v. Geoquip, Inc., 164 a Federal Circuit decision that “identif[ied] seven district court decisions construing three terms of the same patent, with ‘no two [courts] hav[ing] construed all three terms the same way.’” 165 According to Sandoz, even if the Supreme Court decides that de novo review is not proper for all aspects of claim construction, the result in the Teva case should be the same. 166 Sandoz began this argument by stating that “[i]f there can be factual findings in claim construction at all, what is considered a ‘fact’ must be carefully cabined.” 167 Sandoz explained that facts should be separated from “legal inferences” and should be limited to scientific theories or other issues that are considered separately from the particular patent asserted. 168 If facts include paid experts’ interpretation of the meaning of the intrinsic record, then “the notice function of the patent will be severely undermined.” 169

Sandoz argued that the Federal Circuit applied the appropriate breakdown between facts and law and did not overturn any properly-construed factual findings by the district court in finding Teva’s claims to be indefinite. 170 Sandoz

158. Id.
159. Id.
160. Id. (citing 11 WILLISTON ON CONTRACTS § 30:2 (4th ed. 2014) (“[T]he avowed purpose and primary function of the court is to ascertain the intention of the parties.”); FED. R. EVID. 201 advisory comm. notes (1972)).
161. Brief for Respondents, supra note 151, at 33.
162. Id. at 33-34 (citing U.S. Indus. Chems., Inc. v. Carbide & Carbon Chems. Corp., 315 U.S. 668, 678 (1942) (“It is inadmissible to enlarge the scope of the original patent by recourse to expert testimony . . . .”)).
163. Id. at 39.
164. 637 F.3d 1324 (Fed. Cir. 2011).
165. Brief for Respondents, supra note 151, at 39 (quoting American Piledriving, 637 F.3d at 1327 n.1).
166. Id. at 42.
167. Id. at 43.
168. Id.
169. Id.
170. Id. at 51-64.
walked through the evidence that the Federal Circuit used in its analysis and explained how the Federal Circuit accepted certain facts that were established at the district court below but ultimately reached a different “legal conclusion.”

Finally, Sandoz argued that, even if the Supreme Court sets out a new standard of review for facts associated with claim construction, it should apply that standard in its decision so as to avoid confusion by the lower courts moving forward.

C. Oral Arguments

The Supreme Court heard oral arguments on October 15, 2014. During oral arguments, the Justices asked questions about the breakdown and the line between a factual issue and a legal issue in claim construction. The general feeling expressed by at least one commentator is that the Court was grappling with how to draw the line and whether the simplest approach would be to treat all findings related to claim construction as if they are issues of law subject to de novo review. The Supreme Court recently issued its opinion.

V. COPYRIGHT LACHES AND STATUTE OF LIMITATIONS: PETRELLA V. METRO-GOLDWYN-MAYER, INC.

In Petrella v. Metro-Goldwyn-Mayer, Inc., the Supreme Court addressed whether laches “may bar relief on a copyright infringement claim brought within [17 U.S.C.] § 507(b)’s three-year limitations period.” In an opinion authored by Justice Ginsburg, the Court held that laches, in such a context, may not be invoked.

A. Background

Justice Ginsburg began by summarizing relevant copyright law. Copyrighted works published before 1978 initially are protected for a period of twenty-eight years, which then can be extended for a renewal period of up to sixty-seven years. An author’s heirs then inherit the renewal rights that follow.

171. Id.
172. Id. at 64-65 (citing Miller v. Fenton, 474 U.S. 104, 113 (1985)).
175. Id.
177. Id. at 1967-68.
178. Id. at 1968.
179. Id.
the initial twenty-eight-year protection period, regardless of previous assignments made by the author. 180 The Copyright Act provides that “[n]o civil action shall be maintained . . . unless it is commenced within three years after the claim accrued.” 181 This time limit means that “[e]ach time an infringing work is reproduced or distributed, the infringer commits a new wrong.” 182 Thus, “each infringing act starts a new limitations period,” 183 and an infringer is thereby “insulated from liability for earlier infringements.” 184

The dispute in Petrella concerned the distribution of a Hollywood treasure: the Martin Scorsese-directed film Raging Bull. 185 Before the film etched into Americana the life of boxer Jake LaMotta, two screenplays and a book told his story; only one screenplay, copyrighted in 1963, was at issue in Petrella. 186 This screenplay, which was written by Frank Petrella in collaboration with LaMotta, was eventually assigned to a subsidiary of Metro-Goldwyn-Mayer, Inc. (“MGM”). 187 In 1980, MGM “released, and registered a copyright in, the film Raging Bull . . .,” and has continued to market and distribute the film. 188

In 1981, soon after the film’s theatrical release and within the initial twenty-eight-year copyright protection period for the 1963 screenplay, Frank Petrella died, which allowed his daughter, Paula Petrella (“Petrella”) to renew the screenplay’s rights and become its sole owner, despite the earlier assignment to MGM. 189 Starting in 1998 and continuing for more than two years, Petrella’s attorney corresponded with MGM regarding MGM’s continuing distribution of Raging Bull and how that distribution might infringe Petrella’s rights in the 1963 screenplay. 190

On January 6, 2009, Petrella sued MGM for infringements that occurred on or after January 6, 2006. 191 In response, MGM moved for, and the district court granted, summary judgment based on laches. 192 The district court held that “MGM had shown ‘expectations-based prejudice’” and further accepted that “MGM would encounter ‘evidentiary prejudice.’” 193 A divided panel of the

180. Id. (citing Stewart v. Abend, 495 U.S. 207, 221 (1990)).
181. Id. at 1968-69 (quoting 17 U.S.C. § 507(b) (1998)).
182. Id. at 1969.
183. Id. (citing Stone v. Williams, 970 F.2d 1043, 1049 (2nd Cir. 1992)).
184. Id.
187. Id.
188. Id. at 1970-71.
189. Id. at 1971.
190. Id.
191. Id.
192. Id.
193. Id. at 1972 (quoting the Appendix to the Petition for Certiorari at 44a-46a, 134 S. Ct.
United States Court of Appeals for the Ninth Circuit affirmed.\textsuperscript{194} Then, the Supreme Court granted certiorari to resolve what had become a conflict among the circuits because other courts had found laches to be unavailable to copyright infringement defendants.\textsuperscript{195}

\textbf{B. Analysis}

Writing for the majority, Justice Ginsburg started by reviewing the Ninth Circuit’s reasoning.\textsuperscript{196} First, the Court held that the Ninth Circuit “fail[ed] to recognize that the copyright statute of limitations, [17 U.S.C.] § 507(b), itself takes account of delay,” which amounts to a built-in feature that insulates conduct occurring before three years prior to the filing of the lawsuit.\textsuperscript{197} In the present context, § 507(b) protected “MGM’s returns on its investment . . . in [the] years outside the three-year window (years before 2006).”\textsuperscript{198}

Second, although defendants may not plead laches in response to infringement allegations, they are protected nonetheless from draconian damages exposure.\textsuperscript{199} Instead, infringement within the three-year period “allows the defendant to prove and offset against profits made in that period ‘deductible expenses’ incurred.”\textsuperscript{200} Additionally, a defendant that distinguishes the creative contributions that it has combined with the allegedly copied work may accordingly reduce the end damages payment owed to the copyright holder.\textsuperscript{201} In short, defendants are often not defenseless.\textsuperscript{202}

Third, laches’ “principal application was, and remains, to claims of an equitable case for which the Legislature has provided no fixed time limitation.”\textsuperscript{203} That is to say, laches’ origins matter. Indeed, the Court “has cautioned against

\textsuperscript{194} Id. (citing Petrella v. Metro-Goldwyn-Mayer, 695 F.3d 946 (9th Cir. 2012)). Judge Fletcher concurred solely because, according to Justice Ginsburg, Ninth Circuit precedent required him to do so. \textit{Id}. Applying laches to copyright was “in tension with Congress’ [provision of a three-year limitations period].” \textit{Id}. (quoting \textit{Petrella}, 695 F.3d at 958).

\textsuperscript{195} Id.; see Peter Letterese & Assoc., Inc. v. World Inst. of Scientology Enters., Int’l, 533 F.3d 1287, 1320 (11th Cir. 2008) (“there is a strong presumption [in copyright cases] that a plaintiff’s suit is timely if it is filed before the statute of limitations has run”); Jacobsen v. Desert Book Co., 287 F.3d 936, 950 (10th Cir. 2002) (“[r]ather than deciding copyright cases on the issue of laches, courts should generally defer to the three-year statute of limitations”); Lyons P’ship, L.P. v. Morris Costumes, Inc., 243 F.3d 789, 798 (4th Cir. 2001) (laches defense unavailable in copyright infringement cases, regardless of remedy sought).

\textsuperscript{196} Petrella, 134 S. Ct. at 1972-73.

\textsuperscript{197} Id. at 1973.

\textsuperscript{198} Id.

\textsuperscript{199} Id.

\textsuperscript{200} Id. (quoting 17 U.S.C. § 504(b) (2010)).

\textsuperscript{201} Id.

\textsuperscript{202} Id.

\textsuperscript{203} Id.
invoking laches to bar legal relief.” In fact, when appropriate, laches has been expressly provided by Congress.  Tellingly, according to Justice Ginsburg, this means that no Supreme Court case “has approved the application of laches to bar a claim for damages brought within the time allowed by a federal statute of limitations.”

Justice Ginsburg then turned to MGM’s arguments. Although MGM argued that Federal Rule of Civil Procedure 8(c) made laches available “in every civil action,” MGM’s understanding of the rule apparently ignored “the essentially gap-filling, not legislation-overriding, office of laches.” What was more, Justice Ginsburg reiterated that the Court had “never applied laches to bar in their entirety claims for discrete wrongs occurring within a federally prescribed limitations period.” Justice Ginsburg’s repetition stressed the Court’s hesitance to mettle: the Court refused to presume the existence of laches, a time-related equitable doctrine, where the Legislature had already drafted a built-in statute of limitations.

Next, MGM indicated that “equitable tolling, ‘[is] read into every federal statute of limitation.’” Apparently, MGM was misguided. To the contrary, Justice Ginsburg noted that laches “originally served as a guide when no statute of limitations controlled [the claim],” and laches was hardly “a rule for interpreting a statutory prescription.” MGM, in essence, misunderstood § 507(b), which includes a statute of limitations that begins with “an infringing act committed three years back from the commencement of suit.” Under the Ninth Circuit and MGM’s reasoning, an infringing act occurring more than three years before the start of the lawsuit could trigger the statute of limitations, and potentially bar all relief thereafter if a court were to apply laches.

Additionally, MGM warned of allowing “a copyright owner [to] sit . . . waiting to see what the outcome of an alleged infringer’s investment will

204.  Id. (citing Holmberg v. Armbrecht, 327 U.S. 392, 395, 396 (1946)).
205.  Id.
206.  Id. at 1974.
207.  Id.
208.  Id. at 1975. Justice Ginsburg distinguished two cases that MGM cited. In National Railroad Passenger Corp. v. Morgan, “[l]aches could be invoked . . . to limit the continuing violation doctrine’s potential to rescue untimely claims, not claims accruing separately within the limitations period.” Id. at 1973 n.16 (citing 536 U.S. 101 (2002) (emphasis in original)). In Bay Area Laundry & Dry Cleaning Pension Trust Fund v. Ferber Corp. of California, the Court “considered laches only in the context of a federal statute calling for action ‘as soon as practicable,’” and there, no federal statute was at issue. Id. at 1973 n.16 (quoting Bay Area Laundry and Dry Cleaning Pension Trust Fund v. Ferber Corporation of Cal., 522 U.S. 192, 205 (1997)).
210.  Id. at 1965.
211.  Id.
212.  Id. at 1975.
213.  Id.
be.”214 Indeed here, Petrella admitted to waiting to file her lawsuit in light of 
_Raging Bull_’s questionable profitability.215 But Justice Ginsburg responded that 
under § 507(b), in practice, “there is nothing untoward” about allowing copyright 
owners to assess the value of an infringer’s exploitation.216 Plus, under § 507(b), 
a stick complements this carrot: every copyright owner inherently “miss[es] out 
on damages for periods prior to the three-year look-back.”217 

MGM complained further that the Court’s holding would provide plaintiffs 
with the advantage of biding their time as relevant evidence, which might 
otherwise benefit defendants, becomes unavailable.218 Justice Ginsburg 
responded that Congress must have contemplated this possibility when drafting 
the Copyright Act and that this supposed deficiency was minimal at worst.219 
Indeed, adjudication of copyright infringement cases usually “turn[s] on the 
factfinder’s direct comparison of the original and the infringing works,” which 
is often unaffected by lost evidence.220 That is, in most cases, MGM’s concerns 
were merely peripheral to the key copyright infringement analysis.221 

Lastly, Justice Ginsburg pointed to estoppel as an alternative defense for 
MGM.222 Having “long [been] recognized as available in actions at law,” 
estoppel turns on an alleged infringer’s reliance on a copyright owner’s 
deception.223 Thus, defendants would still have some protection against a 
copyright owner’s potentially questionable litigation tactics. 

In closing, Justice Ginsburg reassured that laches still played some role in 
how a court might award relief.224 Although laches had no application to a § 
507(b) claim’s survival, a delay in the filing of a lawsuit might warrant 
“curtailment of the relief equitably awardable.”225 That is, upon remand, if the 
district court rules in Petrella’s favor, it “may take account of her delay in 
commencing suit.”226 The factors that relate to this delay include: (1) “MGM’s 
eyearly knowledge of Petrella’s claims”; (2) “the protection MGM might have 
achieved through pursuit of a declaratory judgment action”; (3) the extent to 
which MGM’s investment was protected by the separate-accrual rule; (4) “the 
court’s authority to order injunctive relief ‘on such terms as it may deem 
reasonable’”; and (5) “any other considerations that would justify adjusting 

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214. _Id._ at 1965. 
215. _Id._ 
216. _Id._ at 1976. 
217. _Id._ 
218. _Id._ at 1978. 
219. _Id._ at 1976. 
220. _Id._ at 1977. 
221. _Id._ 
222. _Id._ 
223. _Id._ 
224. _Id._ 
225. _Id._ at 1978. 
226. _Id._ at 1979.
injunctive relief or profits.”  

C. Dissent

Justice Breyer dissented, and Chief Justice Roberts and Justice Kennedy joined. Justice Breyer opened by emphasizing laches’ universality. Namely, laches applies to all cases to avoid inequity, even those involving copyrights. This universality is important because, despite the three-year limitations period of the Copyright Act, inequitable results can still occur: Justice Breyer hypothesized how the passage of time and the resulting death of a witness, as in the case at hand, could provide an unfair advantage to a copyright holder, especially when that witness might testify “that the plaintiff’s work was in fact derived from older copyrighted materials that the defendant has licensed.”

Justice Breyer then addressed, in five parts, the majority’s arguments. First, he noted how a copyright holder can “sue every three years... until the copyright expires,” and if this “involves [exploiting] the type of inequitable circumstances” he described previously, such as the death of an important witness, that holder’s recovery “could be just the kind of unfairness that laches is designed to prevent.” That is, a plaintiff might benefit from the death of a key witness or the accidental misplacement or destruction of evidence over time, each of which could create inequitable circumstances whereby matters might be litigated with fewer material facts.

Second, Justice Breyer argued that, although the Copyright Act restricts recovery to the defendant’s profits minus “‘deductible expenses’ incurred in generating those profits,” a copyright holder’s strategic timing could result in “collecting substantially more money than he could have obtained at the outset, had he bargained with the [infringer] over a license and royalty fee.” Thus, there would now be an obvious disincentive for copyright holders to engage in or maintain licensing negotiations before filing suit.

Third, the majority’s fear that permitting laches in copyright cases “would tug against the uniformity Congress sought” was, at least to Justice Breyer, founded on an incorrect assumption. Justice Breyer believed that Congress’s silence on whether laches should apply “is consistent, not inconsistent, with the application of equitable doctrines” given that the legislative history and cases prior to 1957...
recognized the availability of those doctrines.\textsuperscript{237} In fact, this viewpoint regarding how courts should react to such silence appears to be a marked distinction between the majority and the dissent.\textsuperscript{238} To the dissent, this silence speaks volumes: “[u]nless Congress indicates otherwise, courts normally assume that equitable rules continue to operate alongside limitations periods.”\textsuperscript{239}

Fourth, Justice Breyer suggested that the majority failed to appreciate how no Supreme Court case had ever articulated “a general rule about the availability of laches in actions for legal relief.”\textsuperscript{240} In other words, the majority had overgeneralized prior cases that decided distinguishable issues.\textsuperscript{241} Instead, “the Court ha[d] said more than once that a defendant could invoke laches in an action for damages . . . despite a fixed statute of limitations,” and Justice Breyer cited several cases in support.\textsuperscript{242}

Fifth, the estoppel alternative that the majority offered was inadequate.\textsuperscript{243} Specifically, Justice Breyer indicated how “the majority recognize[d] that ‘the two defenses are differently oriented,’ with estoppel being based on a misleading representation, and that estoppel would not protect a defendant from an inequitable and unreasonable delay.”\textsuperscript{244}

VI. PATENT-ELIGIBLE SUBJECT MATTER: ALICE CORP. PTY. LTD. V. CLS BANK INTERNATIONAL

The opinion, authored by Justice Thomas, addressed whether claims to “a computer-implemented scheme for mitigating ‘settlement risk,’ . . . are patent eligible under 35 U.S.C. §101.”\textsuperscript{245} The Court held that the claims called for an abstract idea, and “that merely requiring generic computer implementation fails to transform that abstract idea into a patent-eligible invention.”\textsuperscript{246}

A. Background

“[S]ettlement risk,” which relates to the claims at issue, is “the risk that only one party to an agreed-upon financial exchange will satisfy its obligation.”\textsuperscript{247} The claims mitigate this risk by “using a computer system as a third-party intermediary.”\textsuperscript{248} In general, by creating, and updating in real time, both shadow credit and debit records “that mirror the balances in [transacting] parties’ real-

\begin{itemize}
\item \textsuperscript{237} Id.
\item \textsuperscript{238} Id. at 1969, 1982.
\item \textsuperscript{239} Id. at 1983.
\item \textsuperscript{240} Id. at 1984.
\item \textsuperscript{241} Id.
\item \textsuperscript{242} Id.
\item \textsuperscript{243} Id. at 1985.
\item \textsuperscript{244} Id.
\item \textsuperscript{245} Alice Corp. v. CLS Bank Int’l, 134 S. Ct. 2347, 2351-52 (2014).
\item \textsuperscript{246} Id. at 2352.
\item \textsuperscript{247} Id. at 2349.
\item \textsuperscript{248} Id.
\end{itemize}
world accounts,” the intermediary instructs banks to carry out transactions having reduced the risk of one party not following through. This practice featured in claims to methods, systems, and computer-readable media in the four patents at issue.

In 2007, CLS Bank International and CLS Services Ltd. (collectively, “CLS Bank”) sought a declaratory judgment that the claims at issue were invalid and unenforceable. The district court held all of the claims ineligible under 35 U.S.C. §101. Although a divided panel of the Federal Circuit reversed, the Federal Circuit, sitting en banc, vacated the earlier panel opinion and ruled all of the claims ineligible. Judge Lourie, as part of a five-member plurality, identified that the Supreme Court, in Mayo Collaborative Services v. Prometheus Laboratories, Inc., had identified a two-step process for handling abstract claims: “a court must first ‘identify the abstract idea representing in the claim’ and then determine ‘whether the balance of the claim adds significantly more.’”

B. Analysis

Justice Thomas started the majority opinion by articulating the implied exception to 35 U.S.C. §101: “Laws of nature, natural phenomena, and abstract ideas are not patentable.” This exception comprises the first inquiry set forth in Mayo, which asks if the claims at issue are directed to any of these “not patentable” concepts. If the claims at issue call for any of these concepts, then a court must “determine whether the additional elements ‘transform the nature of the claim’ into a patent-eligible application.” This second determination involves “a search for an ‘inventive concept,’” which shows how “the patent in practice amounts to significantly more” than merely an ineligible concept.

249. Id. at 2352.
250. Id.
251. Id. at 2349.
252. Id. at 2353. The Federal Circuit affirmed the district court’s finding regarding the system claims by an equally divided vote. Id.
253. 132 S. Ct. 1289 (2012)
254. Alice, 134 S. Ct. at 2353 (quoting Alice Corp. v. CLS Bank Int’l, 717 F.3d 1269, 1286 (Fed. Cir. 2013) (Lourie, J., concurring)).
255. Id. at 2354 (quoting Ass’n for Molecular Pathology v. Myriad Genetics, Inc., 132 S. Ct. 1298, 1293 (2012)).
256. Id. at 2355.
257. Id.
258. Id. As of January 19, 2015, Federal Circuit cases applying Alice indicate that proving the existence of this “inventive concept” is exacting, as the court found claims at issue ineligible in six of seven cases confronting the issue. See Digitech Image Techs, LLC v. Elecs. for Imaging, Inc., 758 F.3d 1344, 1351 (Fed. Cir. 2014) (“[N]othing in the claim language expressly ties the method to an image processor.”); Planet Bingo, LLC v. VKGS LLC, 576 F. App’x 1005, 1009 (Fed. Cir. 2014) (“[T]he claims recite . . . generic functions of storing, retrieving, and verifying a chosen set of bingo numbers against a winning set of bingo numbers[,] . . . [which is] ‘purely
For the first inquiry, the Court determined that all claims at issue were abstract ideas and thus directed to a historically ineligible concept.\textsuperscript{259} This case resembled \textit{Bilski v. Kappos} in that “intermediated settlement” here was a “fundamental economic practice long prevalent in our system of commerce.”\textsuperscript{260} In this instance, a third-party intermediary is “a building block of the modern economy.”\textsuperscript{261} Despite Alice’s reliance “on the presence of mathematical formulas in some [Supreme Court] abstract-ideas precedents,” Justice Thomas instructed that the Supreme Court “did not assign any special significance to [the] fact” that claims to “fundamental economic practice[s]” have been reduced to mathematical formulae.\textsuperscript{262}

Although they were relegated to an abstract idea, did these claims satisfy the second inquiry? The Court found that they did not.\textsuperscript{263} Justice Thomas indicated that the abstract idea called for in the method claims—as well as the systems and media claims, which were “no different . . . in substance”\textsuperscript{264}—were ineligible because they “fail[ed] to transform that abstract idea into a patent eligible invention.”\textsuperscript{265} Several Supreme Court cases, each delineating the bounds of inventiveness, supported this proposition.\textsuperscript{266}

First, \textit{Mayo} showed that “‘[s]imply appending conventional steps, specified at a high level of generality,’ was not ‘enough’ to supply an ‘inventive concept.’”\textsuperscript{267} Second, \textit{Gottschalk v. Benson} “held that simply implementing a mathematical principle on a . . . computer, [i]s not a patentable application of that conventional.”\textsuperscript{268}

\begin{itemize}
\item \textsuperscript{259} \textit{Alice}, 134 S. Ct. at 2350.
\item \textsuperscript{260} Id.
\item \textsuperscript{261} Id.
\item \textsuperscript{262} Id. at 2356-57.
\item \textsuperscript{263} Id. at 2357.
\item \textsuperscript{264} Id. at 2360.
\item \textsuperscript{265} Id. at 2357.
\item \textsuperscript{266} Id. at 2357-59.
\item \textsuperscript{267} Id. at 2357 (quoting Mayo Collaborative Servs. v. Prometheus Labs., Inc., 132 S. Ct. 1289, 1300 (2012)).
\end{itemize}
principle.” Third, Parker v. Flook held that limiting the use of a concept “to a particular environment” did not circumvent “the prohibition against patenting abstract ideas.” Lastly, Diamond v. Diehr held that by “improv[ing] an existing technological process” the concept went beyond steps being implemented on a computer.

Justice Thomas analogized the claims at issue with the concepts in Benson and Flook because they likewise recited a generic computer and relegated a process “to a particular technological environment.” That this environment was ubiquitous was damning. Indeed, computers fail to provide “any ‘practical assurance that the process is more than a drafting effort designed to monopolize the [abstract idea] itself.’” Such easy monopolization would beget a nonsensical result and a parade of horribles would march forth: “[A]n applicant could claim any principle of the physical or social sciences by reciting a computer system configured to implement the relevant concept.” Establishing doctrine of such ominous potential would be untenable. In essence, because the claims “simply recite[d] the concept of intermediated settlement as performed by a generic computer,” the claims were ineligible.

C. Concurrence

Justice Sotomayor concurred, and Justice Ginsburg and Justice Breyer joined. In her concurrence, Justice Sotomayor stated her belief, shared by one-third of the Supreme Court, that all business methods are ineligible under § 101.

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268. Id. at 2358 (quoting Mayo, 132 S. Ct. at 1301).
269. Id. (quoting Bilski v. Kappos, 561 U.S. 593, 610-11 (2010)).
270. Id. (citing Diamond v. Diehr, 450 U.S. 175, 178-79 (1981)) (emphasis added).
271. Id. at 2360.
272. Id. at 2359.
273. Id. at 2351 (quoting Mayo, 132 S. Ct. at 1297).
274. Id. at 2359.
275. Id.
276. Id. at 2360.
277. Id. at 2360-61 (Sotomayor, J., concurring).