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Articles

PATENT LAW 101: THE THRESHOLD TEST AS THRESHING MACHINE

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I. Introduction

For many men that stumble at the threshold

Are well foretold that danger lurks within.

William Shakespeare, *The Third Part of King Henry the Sixth*, act 4, sc. 7.

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U.S. Patent No. 480, “Machine for Threshing and Winnowing Grain” to Moses Davenport of Phillips, Maine, Fig. 1 (Nov. 23, 1837).

***136** In the wake of *Bilski v. Kappos*,¹ an internecine battle is brewing within the Federal Circuit Court of Appeals over what to do about 35 U.S.C. § 101 (Section 101), the statutory provision that defines which inventions are eligible to be patented, and which are not.² That battle is only going to heat up as the Federal Circuit wrestles with the Supreme Court’s latest statement on patentable subject matter; the unanimous opinion authored by Justice Breyer in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*,³ an opinion that united the often-fragmented Court, but threatens to further divide the Federal Circuit.

In one camp, the self-proclaimed pragmatists suggest that Section 101 should be treated like a wealthy, but disreputable, relative, only consulted in direst need.⁴ We call this position the “functional view” because it sees Section 101 as a tool for testing the validity of the claims of individual patents, a tool that should be evaluated or ignored solely based on its (in)ability to perform that function.

In the other camp are those who insist that, as a matter of law and logic, Section 101 poses “an ‘antecedent question’ that must be addressed before [[the Federal Circuit] can consider whether particular claims are invalid as obvious or anticipated.”⁵ If Section 101 is a true “threshold test,”⁶ they argue, then a court has no choice but to apply Section 101 before considering any other potential weaknesses within a claimed invention.⁷ We refer to this view as the “jurisdictional view” because it sees Section 101 as the doctrine that maps the boundaries of the patent laws (and consequently also maps the boundaries of the Federal Circuit’s patent law jurisdiction).

Recent cases suggest that the Federal Circuit is primed for a post-Bilski, post-Mayo, Section 101 dispute. But a funny thing happens on the way to the Federal Circuit: patent infringement actions pass through federal district courts. At least some of those district courts appear to see Section 101 not as a jurisprudential *137 “morass,” but as the straightest line to a final judgment. In this article, we lay out the terms and the stakes of the debate between the functional and jurisdictional views articulated in the Federal Circuit’s post-Bilski case law. We then consider what light district court decisions applying Section 101 at an early stage of litigation can shed on the respective merits of those views by asking how the decisions were reached; what their fate was (or may be) on appeal; what influence they may have on district court practice in patent cases; and, most importantly, what they tell us about the proper role of Section 101 in patent litigation. We conclude by casting our lot with the jurisdictionalists.

II. We Need to Have a Talk About Section 101

In a 2001 lecture, then Judge and now Chief Judge, Randall R. Rader of the Federal Circuit called his court “a unique institution, one of the most unique judicial bodies in the entire world.”⁸ “It is,” the judge continued, “the only institution of its kind where the development and enforcement of one critical body of international commercial law is committed to a small group of judicial officers.”⁹ One consequence of this special status, Judge Rader concluded, was that “[the] range and the pace of [[the Federal Circuit’s] common law is accelerated.”¹⁰ As Judge Rader noted, the limited subject matter jurisdiction of the Federal Circuit entails that it will decide more cases more quickly in its limited areas of jurisdiction than its sister courts will decide in any one subject area within their general jurisdiction.¹¹ Thus, not only does the Federal Circuit have to keep pace with the high speed of technological development, it must also keep pace with the higher speed of legal developments in the defined areas it oversees.¹² The rapid pace at which the court renders decisions in the limited areas of law within its exclusive jurisdiction also increases the speed at which “intra-circuit conflicts” arise.¹³ And, because no other judicial circuit can decide such cases, “intra-circuit conflicts” within the Federal Circuit on patent law issues are the equivalent of circuit splits between two or more of the other Circuit Courts of Appeals in other fields of federal law.¹⁴

Only two years after the Supreme Court’s opinion in Bilski, such an intra-circuit split has arisen once again over the interpretation and application of *138 Section 101? a split with potentially far-reaching implications for litigants, judges, patent lawyers, and litigators. This split of opinion and authority not only underscores competing visions of the rule of Section 101 in the scheme of the patent laws, but also highlights competing visions of the state of United States patent law and what the Federal Circuit is and should be. The stakes, in a word, are high.

The Supreme Court’s Bilski opinion is more notable for what it did not do than what it did. In affirming the ineligibility of a patent that, from the outset, few believed would survive, the Court rejected the Federal Circuit’s machine-or-transformation test by holding that, although it offered “a useful and important clue” and “an investigative tool,” neither that test nor any other was the one true test of patent eligibility.¹⁵ The Court also rejected a bright-line rule against business method patents.¹⁶ Instead of offering or sanctioning such potentially useful guidance, or, as the Court put it, “adopting categorical rules that might have wide-ranging and unforeseen impacts, the Court resolve[d]” Bilski on what the Court characterized as the narrower ground “that petitioners’ claims are not patentable processes because they are attempts to patent abstract ideas.”¹⁸ Some business methods may be patentable so long as they are not too abstract, but there is no single test of abstractness.

In sum, the Supreme Court drove the Federal Circuit to abstraction. Under controlling Supreme Court authority, three areas of activity have been ruled outside the bounds of Section 101: “laws of nature, physical phenomena, and abstract ideas.”¹⁹

While some “manageable” standards may arguably have been worked out for the first two, the concept of abstractness has remained elusive.²⁰ What, then, is a court charged with exclusive jurisdiction over the patent laws to do with the provision of law that defines what may and may not be patented?

A. The Functional View

One possible response is to ask, what good is Section 101? What does it do? What do we need it to do? And does it do what we need it to? These are the functional questions that animate the functional view expressed most forcefully by Judge Plager. If the Federal Circuit’s efforts to characterize patent eligibility are really no more than questions of taste “reminiscent of the oenologists trying to *139 describe a new wine,”²¹ then prudence and good sense suggest that Section 101 is best left alone if at all possible. That is the functionalist proposal: the courts should exercise their authority to manage litigation to privilege the other validity defenses (anticipation, obviousness, indefiniteness, written description, etc.) and insist that litigants present those defenses first.²² “If that were done in the typical patent case, litigation over the question of validity of the patent would be concluded under these provisions, and it would be unnecessary to enter the murky morass that is § 101 jurisprudence.”²³ Only in cases of absolute necessity would a district court or the Federal Circuit venture onto the uncertain ground of Section 101.

The functionalist analogizes Section 101 to the United States Constitution, and urges that the Federal Circuit adopt and impose a patent analogue to the “doctrine of avoidance,” which dictates that courts should avoid constitutional questions in favor of other grounds for decision whenever possible.²⁴ “Following the Supreme Court’s lead, courts should avoid reaching for interpretations of broad provisions, such as § 101, when more specific statutes, such as §§ 102, 103, and 112, can decide the case.”²⁵ Crouch and Merges point to some empirical evidence to support the view that other invalidity doctrines can do the job of Section 101. They argue that two studies, one performed by Lemley, Cotropia, and Sampat, and one performed by Crouch and Merges themselves, demonstrate that the majority of patent claims that were rejected by examiners in the United States Patent and Trademark Office (“Patent Office”) on the ground of subject matter eligibility were also rejected on one or more of the other grounds Judge Plager cites.²⁶ Crouch and Merges note that *Bilski* itself likely would have fallen into this category as the general concept of hedging risk “was likely obvious at the time of the invention.”²⁷

To recapitulate the functional view, it begins with the premise that Section 101 presents an intractable problem of giving definition to the concept of abstractness. That problem can be readily avoided by doing precisely that, avoiding Section 101 under the patent law equivalent of the constitutional doctrine of avoidance. If, in the majority of cases, invalid patents can be invalidated on other, narrower grounds, then the judiciary can by and large avoid wading into a jurisprudential morass. There may be rare cases in which “it is clear and convincing beyond peradventure” that a patent claim is “over the line” of abstractness that can be caught by the “coarse filter” of Section 101.²⁸ Such an approach would have the further benefit of discouraging litigants from treating *140 Section 101 as a “toss-in for every defendant’s response to a patent infringement suit, particularly in business method litigation.”²⁹ By avoiding the problem of Section 101, the court might thereby also make (or encourage) the problem to go away as litigants discovered its fruitlessness.

Before describing what we call the jurisdictional view, let us pause for a moment to consider certain assumptions inherent in the functional view. First, the functional view assumes that Section 101 is but one of many equivalent tools for evaluating the validity of individual patents or patent claims. Its value, like the value of Sections 102, 103, and 112, is predicated on its ability to perform the task of winnowing invalid claims. By that measure, it is a poor tool that should be rarely used. It offers high risks?lack of clarity, indeterminacy of outcomes?and low rewards because other doctrines are likely to reach the same end more efficiently. Second, the functional view assumes that the problem of invalid patents is a micro-problem, that is, a problem with individual patents and their individual claims, not larger subclasses or classes of patents or claims. While the functionalist acknowledges that the issue of abstractness is “particularly problematic . . . when applied to business method patents,”³⁰ he or she does not view business method or software patents per se as any more problematic than other classes of patents. Third, the functional view implicitly takes the role of the Federal Circuit to be neither more nor less than the traditional role of common law appellate courts: to decide individual cases. Section 101 serves the court only if it serves the case. Fourth, the functional view, although flexible as to which validity doctrine will decide a case, necessarily imposes a certain rigidity in case management on the district courts, a rigidity presently embodied in the local patent rules of such district courts as the Northern District of California or the Eastern District of Texas. That is, each patent case must proceed through discovery to claim construction, followed by summary judgment practice where invalidity issues such as anticipation and obviousness may be addressed, followed by trial if necessary. By their nature, the doctrines of anticipation and obviousness, for example, require the direct comparison of individual or small groups of prior art references with individual

patent claims. That work can rarely be accomplished before the court has defined the claims in claim construction after an exchange of infringement and invalidity positions and related discovery.

B. The Jurisdictional View

The contrast between the functional view and the jurisdictional view could hardly be sharper. (Indeed, it is a great credit to the exponents of both views that they have expressed their divergent views with such clarity so that it takes no great effort to see the contours of the dispute.) Where proponents of the functional view see Section 101 as a clumsy tool for weeding out bad patents, advocates of the *141 jurisdictional view see Section 101 as the only barricade against invasive species that periodically threaten to overwhelm the patent ecosystem.

The jurisdictional view takes seriously the Supreme Court's admonition in *Bilski* that Section 101 is a "threshold test" of patents, a view shared by the majority and concurring opinions.³¹ "The issue of whether a claimed method meets the subject matter eligibility requirements contained in [Section 101] is an 'antecedent question' that must be addressed before this court can consider whether particular claims are invalid as obvious or anticipated."³² Under this view, the Federal Circuit has a duty to consider whether a patent is directed to patentable subject matter first. Indeed, Judge Mayer's dissent in *MySpace* advocates a strong conception of this duty because he insists on resolving a Section 101 issue that was not raised by the parties below.³³

It should now be evident why we call this the jurisdictional view of Section 101. If the functional view analogizes Section 101 to the federal constitution for purposes of proposing a patent law doctrine of avoidance, the opposing view can be analogized to federal subject matter jurisdiction jurisprudence, under which a court "must assess whether [it] may exercise subject matter jurisdiction" before reaching the merits of the case "even if [[it must] make that assessment on a sua sponte basis."³⁴ On the jurisdictional view, Section 101, like subject matter jurisdiction, is a prerequisite that must be satisfied before the court may address the merits or demerits of particular patent claims under other, narrower invalidity doctrines.

Against the functional view, the jurisdictionalist sees subject matter eligibility as a doctrine that is different in kind from anticipation, obviousness, and the other invalidity defenses found in Sections 102, 103, and 112. While those doctrines assess the validity of a claim against specific prior art references or standards of adequacy of the specification, Section 101 asks the Court to police the boundaries of what can and cannot be patented, a different enterprise with a different set of aims. If the former sections tell us whether a patentee played the game by the rules, the latter section tells us whether he or she was playing the game at all. Under this view, it is no surprise that Section 101 is less well-suited to testing the adequacy of individual claims because it is not designed to perform that function. The jurisdictionalist insists that it makes no sense to invalidate a patent claim as anticipated by a specific prior art reference if the law does not recognize the "invention" claimed as something that could ever be eligible for patent protection. On this view, the waste of judicial time occurs when courts treat claims to ineligible *142 subject matter as if they were legitimate claims, and pore over the details of the prior art to (in)validate them.

From the jurisdictionalist's vantage point Section 101 targets systemic problems. As Judge Mayer put the point, "[t]he methods disclosed in *Bilski*'s application and in the *GraphOn* patents are not unpatentable because they lack any practical utility. To the contrary, they fall outside the ambit of Section 101 because they are too useful and too widely applied to possibly form the basis of any patentable invention."³⁵ The problem with abstract claims is not that they claim something insubstantial, but rather that they claim so much substance as to preempt entire fields of scientific or technological endeavor. An applicant should not be granted monopoly rights "over a basic concept or fundamental principle without a concomitant contribution to the existing body of scientific and technological knowledge."³⁶ When a rash of applications and patents seek to do just that—as with "[m]any software and business method patents [that] simply describe a basic, well-known concept that has been implemented or applied using conventional computer technology"³⁷—the solution cannot just be to weed them out claim by claim, patent by patent, as anticipated, obvious, lacking written description, or the like, but must be to establish precedent categorically denying the validity of such overbroad equations as "basic concept + computer = patent."³⁸

The Supreme Court's recent *Mayo* opinion suggests support for the jurisdictional view on the high court, at least in the context of patents claiming inventions tied to "laws of nature" (as opposed to "abstract ideas").³⁹ In *Mayo*, Justice Breyer envisions a spectrum of potential inventions tied to laws of nature that might be claimed in a patent.⁴⁰ On the patent-ineligible end of the spectrum, one finds patents that "simply recite a law of nature and then add the instruction 'apply the law.'"⁴¹ The patent-in-suit in *Mayo* fails the Section 101 test because the Court concludes that it falls on this end of the spectrum.⁴² Before

concluding the opinion, however, Justice Breyer addresses the Government's amicus curiae argument in favor of the functional view of Section 101, and rejects it, writing that the functional approach "would make the 'law of nature' exception to § 101 patentability a dead letter."⁴³ While the Section 101 analysis may overlap with the *143 analysis under other sections of the patent laws setting out validity requirements, "that need not always be so. And to shift the patent-eligibility inquiry entirely to these later sections risks creating significantly greater legal uncertainty, while assuming that those sections can do work that they are not equipped to do."⁴⁴ The job of Section 101 here, determining whether the patented invention simply recites a law of nature and tells practitioners to apply it, is not duplicative of the work of Sections 102, 103, and 112.⁴⁵ "These considerations lead us," Justice Breyer concludes, "to decline the Government's invitation to substitute §§ 102, 103, and 112 inquiries for the better established inquiry under § 101."⁴⁶ The question remains open what influence Mayo will have on the treatment of the patent eligibility of inventions challenged as directed to "abstract ideas," a subject on which there appears to be less potential for agreement than "laws of nature."⁴⁷

As we did with the functional view, let us now identify (or revisit) the assumptions inherent in the jurisdictional view. First, as discussed, the jurisdictional view considers Section 101 to set forth a doctrine that is different in kind and broader in application than Sections 102, 103, or 112, a doctrine aimed at identifying categories of ineligible subject matter, not just individually invalid claims. Second, the committed supporter of the jurisdictional view believes that there has been (and can in the future be) a proliferation of broad categories of bad patents that cannot be adequately (or efficiently) dealt with on a claim-by-claim, case-by-case basis.⁴⁸ Third, the jurisdictional view implies a vision of the Federal Circuit, in its unique role as an appellate court with limited subject matter jurisdiction but nationwide reach, as necessarily implicated in policy-making in the patent arena to an extent that none of its sister circuits is or could be. Fourth, the jurisdictional view, although rigid in its requirement that Section 101 eligibility be tested first, embraces a more flexible, and potentially more efficient, approach to case management at the trial court level because the Section 101 issue can at times be framed and decided early in the case before significant time and effort has gone into discovery or claim construction. Indeed, in one potential test case for this approach, a district court granted a pre-answer motion to dismiss a complaint on Bilski grounds.⁴⁹ It is to this case, and others at the district court level, that we now *144 turn our attention with an eye to testing the assumptions underlying the functional and jurisdictional views of Section 101.

III. The Starting Gate

One practical test of the value of a threshold test is whether it can, in fact, be applied at the threshold of litigation. Although the existing sample is not large, we consider cases in which the Bilski issue was addressed early in the proceedings, on a motion to dismiss or on an early motion for summary judgment prior to claim construction. In *Ultramercial*, defendant WildTangent filed a motion to dismiss on grounds that the patent-in-suit did not cover patentable subject matter. Despite the early stage of the litigation, the district court agreed, concluding that the applicable patent did not satisfy the machine or transformation test and disclosed an abstract idea: "At the core of the '545 patent is the basic idea that one can use advertisement as an exchange or currency. . . . This core principle, similar to the core of the Bilski patent, is an abstract idea."⁵⁰ Noteworthy for purposes of this article, in granting the motion, the Court rejected the plaintiff's argument that the issue should not be decided before claim construction:

While the Court (and the parties) consulted the claims and the specification, there is no need to formally construe any of the claims. The patent terms are clear, and Plaintiff has not brought to the Court's attention any reasonable construction that would bring the patent within patentable subject matter. Moreover, given the lack of clarity in this area of patent law, it is perhaps even more appropriate for this Court to render its decision at the earliest stage so that the parties may benefit from the Federal Circuit's guidance on the issue sooner rather than later, if they so desire.⁵¹

Ultramercial took up the Court's invitation to seek the guidance of the Federal Circuit, which reversed and remanded on the grounds that the claimed invention was a "process" falling within Section 101 patent-eligible subject matter (in other words, not an abstract idea, but a practical application of that abstract idea), and was not "so manifestly abstract as to override the statutory language."⁵² However, in so doing, the Federal Circuit noted that it had "never set forth a bright line rule requiring district courts to construe claims before determining subject matter eligibility."⁵³ Rather, "because eligibility is a 'coarse' gauge of the suitability of broad subject matter categories for patent protection, . . . claim construction may not always be necessary for a § 101 analysis."⁵⁴

With the door left open for early consideration of Section 101 claims, other district courts have followed the path left open in

Ultramercial. In granting summary judgment in **145 Bancorp Services, LLC v. Sun Life Assurance Co. of Canada*⁵⁵ on grounds that the asserted claims flunked the Bilski test, the Court faced the “preliminary issue” that the motion may be “premature” before the completion of claim construction.⁵⁶ Citing *Ultramercial*, the Court declined to table consideration of the Section 101 arguments until after claim construction noting that there “is no requirement that claims construction be completed before examining patentability.”⁵⁷

Even when the patent passes initial muster, Section 101 provides an option for early consideration of validity, whether through a judgment on the pleadings,⁵⁸ or through an early consideration of claim terms and an accelerated summary judgment briefing schedule.⁵⁹ In other instances, defendants have adopted the plaintiff’s preferred claim constructions for purposes of a summary judgment motion on Bilski grounds in order to forestall the argument that the motion is premature.⁶⁰

“On many occasions, however, a definition of the invention via claim construction can clarify the basic character of the subject matter of the invention. Thus, claim meaning may clarify the actual subject matter at stake in the invention and can enlighten, or even answer, questions about subject matter abstractness.”⁶¹ A number of courts have reserved judgment on patent eligibility unless and until discovery and claim construction shed some light on the proceedings.⁶² While **146* these cases express a preference for structuring patent litigation in a traditional way?e.g., infringement contentions and invalidity contentions and/or discovery relating to infringement and invalidity, claim construction, then summary judgment?they do not demonstrate a principled opposition to early case resolution of the Section 101 issue, simply an opposition to resolution of the Section 101 issue so early in those particular cases on the records before those courts.⁶³ These cases notwithstanding, a fair number of courts have found early case resolution of the Section 101 issue to be not only permissible, but practicable.

That was the conclusion reached by the district court in an early case order granting summary judgment of invalidity in *Digitech Information Systems, Inc. v. BMW Financial Services NA, LLC*,⁶⁴ issued after (and considering) *Ultramercial*, *DealerTrack*, and *MySpace*. In that case, decided before claim construction, the district court rejected the plaintiff’s argument that claim construction was a necessary precursor to an invalidity analysis.⁶⁵ The court was equally dismissive of the plaintiff’s assertion that it needed discovery and expert testimony on the issue presented by the defendant’s summary judgment motion: whether the recited “computer” satisfied the machine-or-transformation test of patent eligibility.⁶⁶ The court refused to put off the Section 101 analysis in light of *MySpace*, concluding that courts are not required to address other invalidity arguments before considering Section 101 issues, especially in the absence of summary judgment motions raising them.⁶⁷ On the merits, the court concluded that, as in *DealerTrack*, the addition of a computer to the recited claims did not save them from invalidity.⁶⁸ The court held them ineligible for patent protection because the claims failed the machine-or-transformation test and claimed an abstract idea (mathematical formulas) which, if granted patent protection, would “preempt the use of the formulas in all fields.”⁶⁹

**147* These cases call into question the functionalist claim that “pragmatic considerations” favor the functional view.⁷⁰ As the foregoing cases attest, in at least some cases Section 101 questions can be asked and answered early in litigation before the parties and the court have invested considerable resources?how considerable will be discussed momentarily? in discovery, claim construction, and summary judgment practice. In such cases, a rule deferring decision on the Section 101 issue until after all other validity avenues have been explored would impose unnecessary costs on litigants, lawyers, and district courts.

In addition, the functional view, on its own terms, appears to lead to the result that the Section 101 analysis is more likely to be performed in cases where it is least likely to matter. The patent laws already embody the assumption that patents are valid, and thus courts must honor that assumption.⁷¹ Assuming for the moment that the functionalist is right that invalidity is generally overdetermined?meaning that an invalid claim is likely to be invalid under more than one doctrine of validity?a district court following the functional approach will not reach Section 101 issues in cases in which the disputed claims are invalid as those claims will be picked off by the other applicable validity doctrines. That means courts will reach Section 101 questions only in cases in which the disputed claims are found valid under the doctrines of anticipation, obviousness, written description, and indefiniteness because those are the cases in which the Section 101 issues will remain alive for decision. If Section 101 gets applied only to patents that survive the gauntlet of the other doctrines, then Section 101 truly will be a “dead letter,” applicable only in cases in which it is virtually guaranteed to have no (significant) effect.⁷²

A. Weeding Out the Weak

Why care whether there is a route to short-circuit the usual, prescribed, meandering path of patent litigation through discovery to claim construction, summary judgment, and trial? Patent litigation is notoriously expensive. According to the

American Intellectual Property Law Association, in 2007, when over \$1 million was at stake, the average cost of defending a patent lawsuit was over \$2.5 million.⁷³ In the field of e-commerce alone, one estimate pegs the cost of defending against e-commerce related patent infringement in 2011 at \$1.9 billion.⁷⁴ *148 With so much at stake, taking a license for a few hundred thousand dollars may seem a more appealing business decision than defending the case to the bitter end, even if the patent is highly suspect.⁷⁵

Indeed, in granting the motion to dismiss in *Glory Licensing*, the Court noted in a footnote that the patents-in-suit were part of the Eon-Net family, commenting on Eon-Net's past litigation history elsewhere—including imposition of Rule 11 sanctions for filing "baseless" claims and bringing a suit for the "improper purpose of inducing a cheap settlement to avoid litigation expense."⁷⁶

While the Washington court's holding in *Eon-Net* does not weigh on this Court's analysis of [defendant's] motion, this Court is cognizant that the arguments *Glory* advances on appeal would seem to suggest that any website offering an online shopping experience would infringe the *Glory* Patents. Additionally, *Glory's* counsel noted at oral argument that his clients have settled six or seven dozen cases alleging infringement of the three *Glory* Patents.⁷⁷

The Federal Circuit has struggled, with limited guidance from the Supreme Court, to mark the bounds of patentable subject matter. But the recent decision in *Mayo* seems to reaffirm the need to treat Section 101 as a meaningful, threshold inquiry. As noted previously, while the United States argued that the "law of nature" exception to Section 101's patentable subject matter sphere should be narrowly construed—with other statutory provisions such as Section 102 (novelty), Section 103 (obviousness), and Section 112 (written description) performing a more vigorous secondary screening function—the Court disagreed:

We recognize that, in evaluating the significance of additional steps, the § 101 patent-eligibility inquiry and, say, the § 102 novelty inquiry might sometimes overlap. But that need not always be so. And to shift the patent eligibility inquiry entirely to these later sections risks creating significantly greater legal uncertainty, while assuming that those sections can do work that they are not equipped to do.⁷⁸

The Supreme Court's election to "decline the Government's invitation to substitute §§ 102, 103, and 112 inquiries for the better established inquiry under *149 § 101" suggests that the functional view championed by Judge Plager may not find the supporters it needs at the Supreme Court, if and when the Supreme Court takes up the cudgels of the *Bilski* debate.⁷⁹

The opportunity to do so may arise soon. As discussed previously, one of the arguments that the jurisdictionalists raise for treating Section 101 as a true threshold inquiry is that a problematic class of patents may require stronger medicine than those remedies designed to deal with the odd patent or claim, such as those offered by Sections 102, 103, and 112. One such area is the field of software and business method patents, where patents crop up that apply a computer to a basic idea and seek the Patent Office's approval.⁸⁰

WildTangent's petition to the Supreme Court in *Ultramercial* has the potential to put the question of what to do with such a class of problematic patents squarely before the Supreme Court. (Whether the Supreme Court takes up the invitation again so soon after *Bilski*--and now *Mayo*--is open to question). Framing the question for review as "[w]hether, or in what circumstances, a patent's general and indeterminate references to 'over the Internet' or at 'an Internet website' are sufficient to transform an unpatentable abstract idea into a patentable process for purposes of 35 U.S.C. § 101,"⁸¹ *WildTangent* focuses on the perhaps discrete, but increasingly problematic, application of *Bilski* to the growing number of software and business method patents, which are increasingly likely to be litigated.⁸²

WildTangent's argument is that *Ultramercial* seeks exclusivity not on the software or computer programming steps necessary to restrict access to content over the Internet, but rather on the basic concept of trading access to content based on advertisement viewing on "an Internet website."⁸³ By allowing this patent to *150 pass Section 101 muster, so reasons *WildTangent*, the Federal Circuit essentially let the phrase "on the Internet" transform an abstract idea to a practical, patentable, invention.⁸⁴ Put in language used by the Supreme Court, *WildTangent* argues that reciting an abstract idea and claiming its use "on the Internet" would make patent eligibility "depend simply on the draftsman's art."⁸⁵ "On the Internet," on this view, become the magic words known to the patent lawyer that render a patent-ineligible abstract idea patentable.⁸⁶

In urging review, *WildTangent* emphasizes that the importance of the question is twofold, "given the function served by § 101 and the role of the Internet in our economy."⁸⁷ "One of the most important areas where the § 101 question has frequently

arisen is patents that refer to the use of the Internet or a general purpose computer necessary to access the Internet.”⁸⁸ Critically, as WildTangent notes and the previous discussion indicates, “commentators have already recognized that the Federal Circuit’s post-Bilski case law with respect to computer-related processes is in disarray and internally conflicted.”⁸⁹

It is possible, even likely, that the Court may simply remand Ultramercial for further consideration in light of the Mayo decision, a result envisioned by WildTangent.⁹⁰ That was the Court’s approach to the case challenging the patentability of DNA sequences.⁹¹ However the Ultramercial case plays out, the stakes it highlights in the present debate in the Federal Circuit emphasize one key underpinning of the jurisdictionalist view: potentially-problematic software patents cost this country billions.⁹² In that light, clarity as to the bounds of Section 101 *151 jurisprudence becomes necessary not to nip the occasional outlying patent in the bud, but to prune the garden of the weeds that threaten to overtake it.⁹³ Whether or not one agrees with the positions taken by WildTangent and its amici, the legal question they pose is one that can only be meaningfully addressed under Section 101, not Sections 102, 103, or 112. The question is one of patent eligibility; it was raised in an early case motion to dismiss; and it is now ripe for consideration by the Supreme Court. Whether that consideration results in high court review, dismissal of the petition for certiorari, or some other outcome such as a remand for reconsideration in light of Mayo, the Ultramercial case offers a vehicle for deciding a difficult question of wide import, which could not have been posed at this time and in this way (or perhaps ever) under the functional view of Section 101.

IV. Conclusion

If the Federal Circuit faces the fork in the road between the functional and jurisdictional path, which should it choose? Of the two, we believe the jurisdictional view is the sounder approach.

First, we believe that Section 101 has a critical and different role to play in the scheme of the federal patent laws. Justice Breyer articulated that role in the Mayo opinion. The patent laws impose a duty on the judiciary to protect future art as well as prior art. Patents that claim nothing more than a law of nature or an abstract idea, however novel, risk the “danger that the grant of patents that tie up their use will inhibit future innovation premised upon them.”⁹⁴ The other tools of validity—anticipation, obviousness, written description, or indefiniteness—do not address this concern because they were not intended to.

Second, we believe that the role of Section 101 is vital in addressing the proliferation of subclasses of patents that share this defect, but may not share any of the defects covered by the other doctrines of validity. It does little (or significantly less) good to eliminate such patents one by one on the narrowest possible grounds. As patents compound the cost of doing business and the cost of patent litigation continues to rise above the value of many patented inventions, the difficult work of defining the scope of patent eligibility becomes increasingly vital. Whether that scope is conceived more or less broadly, inventors, patent examiners, litigants, lawyers, and district judges need ongoing guidance on how to conceive those *152 boundaries so that they may value their patents, evaluate patent applications, make business decisions regarding licensing, advise their clients on whether to sue or settle, and decide cases.

Third, and relatedly, we agree with Chief Judge Rader that the Federal Circuit’s unique bailiwick as the single appellate court charged with interpreting the patent laws offers the court special challenges and special opportunities in shaping patent law. Because the court’s rapidly evolving jurisprudence is matched by the rapid evolution of technology—and because the Federal Circuit has no peer courts that might reach contrary conclusions on key questions of patent law—we believe the court should take up the challenge of policing the boundaries of its domain, however difficult, rather than passing on that challenge as often as possible. As between the constitutional and jurisdictional analogies, we believe the jurisdictional analogy has the superior claim to accuracy. Section 101 asks the Federal Circuit to determine the breadth and width of the patent playing field by instructing the Patent Office and the district courts on what characteristics make a (proposed) claim eligible or ineligible for patent protection.

Fourth, and finally, we do not believe the available evidence supports the conclusion that the functional view is the more practical view. The post-Bilski district court case law applying Section 101 at early stages of patent cases suggests that early case consideration of Section 101 can produce dispositive results without the need for the court and the parties to spend their time and money unnecessarily on extensive discovery, claim construction, and summary judgment practice. Such results serve the interests of justice and efficiency, and suggest that Section 101 need not present the feared “morass” at the district court level. If a district court has the opportunity to invalidate a bad patent on Section 101 grounds through early case motion practice—an opportunity less likely to be available for other grounds that require comparison of the patent claims and specific

prior art, for example?the functional view would categorically deny the district court that opportunity. The district courts would be left to apply Section 101 only in those cases in which they had already found the patent valid under Sections 102, 103, and 112, creating extra work for the court precisely where such extra work would do the least good.

In closing, we note that events may prove the functional and jurisdictional positions to have more common ground than their competing articulations would lead one to believe. Judge Plager, after arguing for a strong functional approach, acknowledges:

[I]n certain technology fields, and particularly when laws of nature or physical phenomena are the issue, efficiency may dictate applying the coarse filter of § 101 first to address legitimate questions of patent eligibility. Even when the patent invokes the abstractness issue, such as in a business method patent, if it is clear and convincing beyond peradventure? that is, under virtually any meaning *153 of “abstract”--that the claim at issue is well over the line, then a case could be made for initially addressing the § 101 issue in the infringement context.⁹⁵

A similar accommodation might be made on the jurisdictional side for cases in which it was obvious that the Section 101 question did in fact require stepping into the “morass” Judge Plager describes as the norm.

It is the district courts in the first instance that face the question whether and when to take up the Section 101 issue in the course of litigation, and it may turn out that as they work their way through patent cases, they will find that Section 101 offers a greater or lesser opportunity to reach an early case resolution on the merits. As they do so, it is our view that they should not be hamstrung by a strong functional approach dictated by the Federal Circuit that would prohibit them from considering the Section 101 issue until they had first dealt with other invalidity arguments. To do so, we believe, would be both bad and inefficient policy. Section 101 has a vital role yet to play in patent examination and litigation?and the judicial review of decisions made in both of those contexts? a role of high legal and practical significance.

Footnotes

¹ 130 S. Ct. 3218 (2010).

² Id. at 3223-24.

³ 132 S. Ct. 1289 (2012).

⁴ See *DealerTrack, Inc. v. Huber*, 674 F.3d 1315, 1335 (Fed. Cir. 2012) (Plager, J., dissenting) (“I believe that this court should exercise its inherent power to control the processes of litigation, and insist that litigants, and trial courts, initially address patent invalidity issues in infringement suits in terms of the defense provided in the statute: ‘conditions of patentability,’ specifically §§102 and 103, and in addition §§112 and 251, and not foray into the jurisprudential morass of §101 unless absolutely necessary.” (internal citation omitted)); *MySpace, Inc. v. GraphOn Corp.*, 672 F.3d 1250, 1261 (Fed. Cir. 2012) (“[C]ourts should avoid reaching for interpretation of broad provisions, such as §101, when more specific statutes...can decide the case.”). See also Dennis Crouch & Robert P. Merges, *Operating Efficiently Post-Bilski by Ordering Patent Doctrine Decision-Making*, 25 *Berkeley Tech. L.J.* 1673, 1674 (2010) (“Rather than try to cut through the complexity of Bilski, or predict how it will be applied, we talk about how to avoid it.”).

⁵ *MySpace*, 672 F.3d at 1264 (Mayer, J., dissenting).

⁶ *Bilski*, 130 S. Ct. at 3225.

⁷ But see *Research Corp. Techs., Inc. v. Microsoft Corp.*, 627 F.3d 859, 868 (Fed. Cir. 2010) (arguing for a limited application of Section 101 as the “patent-eligibility inquiry is only a threshold test” (emphasis added)).

8 Randall R. Rader, *The United States Court of Appeals for the Federal Circuit: The Promise and Perils of a Court of Limited Jurisdiction*, 5 *Marq. Intell. Prop. L. Rev.* 1, 3 (2001).

9 *Id.*

10 *Id.* at 9.

11 See *id.* at 4 (noting that at that time the Federal Circuit decided ninety-six patent cases per year while regional circuit courts decided on average three-and-a-half copyright cases per year, although the total number of patent and copyright cases filed in federal courts per year was roughly equivalent).

12 See *id.* at 7-9 (“[T]o have come from uncertainty to some measure of closure in just a matter of years is an alarming pace of development.”).

13 *Id.* at 9.

14 Rader, *supra* note 8, at 9.

15 *Bilski v. Kappos*, 1305 S. Ct. 3218, 3327 (2010).

16 *Id.* at 3229 (“[T]he Patent Act leaves open the possibility that there are at least some processes that can be fairly described as business methods that are within patentable subject matter under §101.”).

17 *Id.*

18 *Id.* at 3229-30.

19 *MySpace, Inc. v. GraphOn Corp.*, 672 F.3d 1250, 1258 (Fed. Cir. 2012) (quoting *Bilski*, 130 S. Ct. at 3225).

20 See *id.* at 1259 (“When it comes to explaining what is to be understood by ‘abstract ideas’ in terms that are something less than abstract, courts have been less successful. The effort has become particularly problematic in recent times when applied to that class of claimed inventions loosely described as business method patents.”).

21 *Id.*

22 *Id.* at 1260.

23 *Id.*

24 *Crouch & Merges*, *supra* note 4, at 1681.

25 *MySpace*, 672 F.3d at 1261.

26 Crouch & Merges, *supra* note 4, at 1686-87.

27 *Id.* at 1687.

28 MySpace, 672 F.3d at 1261. Cf. *Research Corp. Techs., Inc. v. Microsoft Corp.*, 627 F.3d 859, 869 (Fed. Cir. 2010) (describing Section 101 as a “coarse eligibility filter”).

29 MySpace, 672 F.3d at 1261.

30 *Id.* at 1259.

31 *Bilski v. Kappos*, 130 S. Ct. 3218, 3225 (2010). See also *id.* at 3236 (Stevens, J., concurring in the judgment) (“Section 101 imposes a threshold condition.”).

32 MySpace, 672 F.3d at 1264 (Mayer, J., dissenting).

33 See *id.* at 1258 (noting that appeal was taken from summary judgment motions decided under Sections 102 and 103, and questioning whether court can “reach out for the §101 issue without having it raised by the parties or decided by the trial court”).

34 *Diggs v. Dep’t of Hous. & Urban Dev.*, 670 F.3d 1353, 1355 (Fed. Cir. 2011).

35 MySpace, 672 F.3d at 1265 (Mayer, J., dissenting).

36 *Id.* at 1266.

37 *Id.* at 1267.

38 See *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333-34 (Fed. Cir. 2012) (stating that claims to a “computer-aided” method of processing information through a clearinghouse were not patent-eligible); *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1375-77 (Fed. Cir. 2011) (stating that method of detecting credit card fraud was not rendered patent eligible by reciting use of computers and the Internet to perform it).

39 *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1297 (2012).

40 *Id.*

41 *Id.*

42 *Id.* at 1297-98.

43 *Id.* at 1303.

44 Id. at 1304.

45 See Prometheus Labs., 132 S. Ct. at 1304 (describing the differences in inquiries under Sections 101, 102, 103 and 112).

46 Id. (emphasis added).

47 See MySpace, Inc. v. GraphOn Corp., 672 F.3d 1250, 1259 (Fed. Cir. 2012) (“Over the years courts have found dealing with ‘laws of nature’ and ‘physical phenomena’ reasonably manageable.”).

48 See Bilski v. Kappos, 130 S. Ct. 3218, 3259 (2010) (Breyer, J., concurring in the judgment) (noting “the granting of patents that ‘ranged from the somewhat ridiculous to the truly absurd’” in the aftermath of State Street Bank & Trust Co. v. Signature Financial Group, Inc., 149 F.3d 1368 (Fed. Cir. 1998) (quoting In re Bilski, 545 F.3d 943, 1004 (Fed. Cir. 2008))).

49 See Ultramercial, LLC v. Hulu, LLC, No. CV 09-06918 RGK, 2010 WL 3360098, at *6-7 (C.D. Cal. Aug. 13, 2010), rev’d, 657 F.3d 1323 (Fed. Cir. 2011), vacated, 132 S. Ct. 2431 (2012).

50 Id. at *6.

51 Id.

52 Ultramercial, LLC v. Hulu, LLC, 657 F.3d 1323, 1330 (Fed. Cir. 2011) (quoting Research Corp. Techs. Inc. v. Microsoft Corp., 627 F.3d 859, 869 (Fed. Cir. 2010)), vacated, 132 S. Ct. 2431 (2012).

53 Id. at 1325.

54 Id. (internal citation omitted).

55 771 F. Supp. 2d 1054 (E.D. Mo. 2011).

56 Id. at 1058.

57 Id. at 1059. See also OIP Techs., Inc. v. Amazon.com, Inc., No. C-12-1233 EMC, 2012 WL 3985118, at *5 (N.D. Cal. Sep. 11, 2012) (granting motion to dismiss under Section 101); SmartGene, Inc. v. Advanced Biological Labs., SA, 852 F. Supp. 2d 42, 52 (D.D.C. 2012) (granting motion to dismiss noting “the section 101 analysis begins and ends the Court’s inquiry as it reveals that the patents-in-dispute are not patentable”); Glory Licensing LLC v. Toys “R” Us, Inc., No. 09-4252 (FSH), 2011 WL 1870591, at *4 (D.N.J. May 16, 2011) (granting a motion to dismiss on grounds that the asserted patents claimed abstract ideas and were not patentable under Section 101); Graff/Ross Holdings LLP v. Fed. Home Loan Mortg. Corp., No. 07-796 (RJL)(AK), 2010 WL 6274263, at *8 (D.D.C. Aug. 27, 2010) (treating motion to dismiss on Section 101 grounds as a motion for summary judgment, but finding that defendant had “met its burden and has shown that the asserted claims attempt to patent an abstract idea”).

58 See Iconfind, Inc. v. Google, Inc., No. 2:11-CV-0319-GEB-JFM, 2012 WL 158366, at *3 (E.D. Cal. Jan. 18, 2012) (denying Google’s motion for judgment on the pleadings because Google did not meet the standard for showing that Iconfind’s patent was invalid under Section 101).

59 See Sparks Networks USA, LLC v. Humor Rainbow, Inc., No. 2:11-CV-01430-JHN-JEMx, 2011 WL 7277589, at *3 (C.D. Cal. July 7, 2011) (surmising that based on the parties argument, there may not be a need to conduct claim construction or at most

minimal claim construction).

60 See Order Denying Defendants' Motion for Summary Judgment of Invalidity Based on Lack of Patentable Subject Matter, and Granting Plaintiff's Motion to Stay Pending Reexamination, *Big Baboon Corp. v. Dell, Inc.*, 723 F. Supp. 2d 1224 (C.D. Cal. 2011) (No. CV 09-01198).

61 *Ultramercial, LLC v. Hulu, LLC*, 657 F.3d 1323, 1325 (Fed. Cir. 2011).

62 See, e.g., *Investpic, LLC v. FactSet Research Sys., Inc.*, No. 10-1028-SLR, 2011 WL 4591078, at *1 (D. Del. Sept. 30, 2011) (declining to decide *Bilski* issue in the absence of either discovery or claim construction); *Edge Capture, L.L.C. v. Barclays Bank PLC*, No. 09 C 1521, 2011 WL 494573, at *1 (N.D. Ill. Jan. 31, 2011) (“[D]efenses such as invalidity under §101 require a court to construe the claims at issue and are appropriately resolved by summary judgment motions or adjudication at trial.”); *Progressive Cas. Ins. Co. v. Safeco Ins. Co.*, No. 1:10 CV 1370, 2010 WL 4698576, at *4 (N.D. Ohio Nov. 12, 2010) (refusing to dismiss a claim on *Bilski* grounds without the benefit of the prosecution history and the parties' arguments on claim construction); (In Chambers) Order Denying Defendant Cento Inc.'s Motion for Judgment on the Pleadings and Denying Plaintiff's Motion to File a Sur-Reply as Moot, *Mortg. Grader, Inc. v. Lenderfi, Inc.*, No. 8:10-cv-01521-CJC-MLG, at 3 (C.D. Cal. Mar. 29, 2012) (“[I]t is not clear from the face of the complaint and the attached '694 patent that the claims are directed at unpatentable abstract ideas and not a patentable process....To resolve Cento's invalidity defense requires an inquiry into matters outside the pleadings better reserved for summary judgment, as the court did in *DealerTrack*, or at trial.”).

63 See, e.g., *Investpic*, 2011 WL 4591078, at *1 (“Defendants cited authority to the contrary is either authority I choose not to follow, ... or cases which were resolved on summary judgment.”).

64 864 F. Supp. 2d 1289, 1297 (M.D. Fla. 2012).

65 *Id.* at 1293.

66 *Id.*

67 *Id.* at 1293-94.

68 *Id.* at 1294-95.

69 *Id.* at 1297.

70 *Crouch & Merges*, *supra* note 4, at 1675-76.

71 See 35 U.S.C. §282 (2006) (“A patent shall be presumed valid.... The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.”).

72 *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1303 (2012).

73 See Christopher A. Harkins, *Tesla, Marconi, and the Great Radio Controversy: Awarding Patent Damages Without Chilling a Defendant's Incentive to Innovate*, 73 *Mo. L. Rev.* 745, 766-67 (2008) (discussing rising costs of patent litigation at different stages).

- 74 See Thad Rueter, Patent Defense Costs Increase 22% for the E-Commerce Industry, Internet Retailer (Mar. 13, 2012), <http://www.internetretailer.com/2012/03/13/patent-defense-costs-increase-22-e-commerce-industry> (discussing the rising costs of defending against e-commerce based patent infringement claims).
- 75 See, e.g., Eon-Net LP v. Flagstar Bancorp, 653 F.3d 1314, 1327 (Fed. Cir. 2011) (defendant incurred nearly half a million dollars in attorneys' fees to win summary judgment although it could have chosen to settle for a license of between \$25,000 and \$75,000); Elen IP LLC v. ArvinMeritor, Inc., No. C11-140-RSM, 2011 WL 3651113, at *5 (W.D. Wash. Aug. 18, 2011) ("The Court is concerned that here, where a non-practicing entity has sued a large number of defendants, that the defendants will be inclined to settle with plaintiff merely to avoid the costs associated with discovery, regardless of whether they believe they have a legitimate defense."); Darren Cahr & Ira Kalina, Of PACS and Trolls: How the Patent Wars May Be Coming to a Hospital Near You, 19 Health Lawyer, Oct. 2006 at 15, 16 ("The patent troll offers a license for under \$100,000. The end user makes a business decision?millions of dollars to defend a suit that might be lost, or \$100,000 or less for certainty? The end user takes a license.").
- 76 Glory Licensing LLC v. Toys "R" Us, Inc., No. 09-4252 (FSH), 2011 WL 1870591, at *1 n.1 (D.N.J. May 16, 2011).
- 77 Id. (internal citations omitted).
- 78 Mayo Collaborative Servs. v. Prometheus Labs., Inc., 132 S. Ct. 1289, 1304 (2012).
- 79 Id.
- 80 See DealerTrack, Inc. v. Huber, 674 F.3d 1315, 1333 (Fed. Cir. 2012) (holding that claims to a "computer-aided" method of processing information through a clearinghouse were not patent-eligible); CyberSource Corp. v. Retail Decisions, Inc., 654 F.3d 1366, 1372-77 (Fed. Cir. 2011) (explaining that method of detecting credit card fraud was not rendered patent eligible by reciting use of computers and the Internet to perform it).
- 81 Petition for Writ of Certiorari at i, WildTangent, Inc. v. Ultramercial, LLC, 132 S. Ct. 2431 (2012) (No. 11-962), 2012 WL 379766.
- 82 See eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 397 (2006) (Kennedy, J., concurring) (noting the "burgeoning number of patents over business methods"); James Bessen & Michael J. Meurer, Patent Failure 8-9, 22 (2008) (estimating that approximately 11,000 patents cover various aspects of the Internet; and approximately 200,000 software patents have been issued). See also Brief of Electronic Frontier Foundation et al. as Amici Curiae Supporting Petitioner at 3, Ultramercial, 132 S. Ct. 2431, 2012 WL 755081 [hereinafter EFF Brief] ("In the United States, for example, software patents are more than twice as likely to be the subject of a lawsuit than other patents and account for one quarter of all patent lawsuits.").
- 83 Petition for Writ of Certiorari, supra note 81, at 4-5. See also Brief of Google Inc. & Verizon Commc'ns Inc. as Amici Curiae Supporting Petitioner at 8, Ultramercial, 132 S. Ct. 2431, 2012 WL 755080 [hereinafter Google Brief] ("Crucially, there are countless ways to implement this abstract business method online?and Ultramercial is claiming every possible one of them.").
- 84 Cf. Mark A. Lemley, Michael Risch, Ted Sichelman & R. Polk Wagner, Life After Bilski, 63 Stan. L. Rev. 1315, 1330 (2011) ("Overclaiming under §101...is primarily concerned with removing obstructions to follow-on innovation. The question is not whether one could make the embodiments claimed, but rather whether the inventor has contributed enough to merit a claim so broad that others will be locked out.").
- 85 Mayo Collaborative Servs. v. Prometheus Labs., Inc., 132 S. Ct. 1289, 1294 (2012) (quoting Parker v. Flook, 437 U.S. 584, 593 (1978)).
- 86 See Petition for Writ of Certiorari, supra note 81, at 1-2.

- 87 Id. at 2. See also EFF Brief, *supra* note 82, at 8-9 (emphasizing the importance of the Internet in modern commerce).
- 88 Petition for Writ of Certiorari, *supra* note 81, at 8.
- 89 See *id.* at 10 (citing Recent Case, *CyberSource*, 125 Harv. L. Rev. 851, 857 (2012); Jonathan Masur, *Patent Inflation*, 121 Yale L.J. 470, 530 & n.256 (2011); *id.* at 20 (noting tension between *CyberSource* and *Ultramercial*, and collecting authorities). See also EFF Brief, *supra* note 82, at 9-11 (finding recent Federal Circuit precedent “irreconcilable”).
- 90 Petition for Writ of Certiorari, *supra* note 81, at 21-24.
- 91 See Order, *Ass’n for Molecular Pathology v. Myriad Genetics*, No. 11-725 (Mar. 26, 2012) available at <http://www.supremecourt.gov/orders/courtorders/5C032612zor.pdf> (last visited March 27, 2012) (granting certiorari, then vacating the judgment and remanding it to the Federal Circuit court for consideration in light of the *Mayo* case). See also *Ass’n for Molecular Pathology v. Myriad Genetics*, 689 F.3d 1303 (Fed. Cir. 2012) (on remand from the Supreme Court, affirming-in-part, reversing-in-part, and remanding).
- 92 See EFF Brief, *supra* note 82, at 4 (“From 1996 to 1999, for example, litigation concerning software patents cost U.S. companies \$3.88 billion (in 1992 dollars) in market value per annum. During this same period, the aggregate annual profits attributable to patented software?profits beyond what would be generated without patents?were only \$100 million (again in 1992 dollars).”); Google Brief, *supra* note 83, at 11-12 (finding that suits by patent assertion entities (PAE) were associated with half a trillion dollars of lost wealth to defendants from 1990 through 2010).
- 93 See Google Brief, *supra* note 83, at 12 (“Although *Ultramercial* may not be a PAE, the decision below will facilitate such innovation-taxing patent traps. ‘[O]verbroad, vague claims’ can be asserted against a broader range of activity, yet are harder for innovators to identify *ex ante*.” (alteration in original)).
- 94 *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1301 (2012).
- 95 *MySpace, Inc. v. GraphOn Corp.*, 672 F.3d 1250, 1261 (Fed. Cir. 2012).