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UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

CLS BANK INTERNATIONAL,

*Plaintiff-Appellee,*

and

CLS SERVICES LTD.,

*Counterclaim-Defendant  
Appellee,*

v.

ALICE CORPORATION PTY. LTD.,

*Defendant-Appellant.*

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Appeal from the United States District Court for the District of Columbia in  
Case No. 07-CV-0974, Judge Rosemary M. Collyer

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**BRIEF OF *AMICI CURIAE* THE CLEARING HOUSE  
ASSOCIATION L.L.C. AND THE FINANCIAL SERVICES  
ROUNDTABLE IN SUPPORT OF PETITIONERS**

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## CERTIFICATE OF INTEREST

Counsel for amici certifies the following:

1. The full names of every party represented by me are The Clearing House Association L.L.C. and The Financial Services Roundtable.
2. The names of the real parties in interest represented by me are The Clearing House Association L.L.C. and The Financial Services Roundtable.
3. No parent corporations or publicly held companies own 10 percent or more of the stock of The Clearing House Association L.L.C. or The Financial Services Roundtable.
4. The names of all law firms and the partners or associates that appeared for the parties now represented by me in the trial court or are expected to appear in this Court are:

Kirkland & Ellis LLP: Susan M. Davies, Liam P. Hardy

This 7th day of December, 2012.

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Susan M. Davies

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## STATEMENT OF INTEREST OF AMICI CURIAE<sup>1</sup>

Together, amici curiae represent nearly every facet of the banking industry. The Clearing House Association L.L.C., the oldest banking association in the United States, is owned by the world's largest commercial banks, which collectively hold more than half of all U.S. deposits. The Financial Services Roundtable represents 100 integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Amici and their member organizations share a grave concern about the many computer-aided business method patents granted following this Court's ruling in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* These patents are especially prevalent in the banking industry, where longstanding practices are increasingly being claimed as patent-eligible business methods based solely on the integration of a computer into the process.

Prior to the initial panel decision in this case, some general rules governing the patent eligibility of computer-aided method patents had emerged through this Court's precedents. Processes in which the computer is essential to the claimed invention are generally patent-eligible, but processes in which the computer only makes the process faster or more efficient are typically ineligible. The panel

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<sup>1</sup> No counsel for any party authored this brief in whole or in part, and no person or entity, other than amici and its counsel, made a monetary contribution intended to fund the preparation or submission of this brief.

decision—which instructs district courts to ignore eligibility concerns unless it is “manifestly evident” that the asserted patent claim is directed toward an abstract idea—disregards these precedents and transforms patent eligibility into a secondary consideration. If the panel decision is affirmed, any certainty that amici’s members had acquired about the eligibility and ineligibility of computer-aided method patents will be lost.

This is problematic for amici’s members which both hold patents of their own and are also sometimes accused of infringing patents owned by others. Uncertainty over whether computer-aided processes are patent eligible prevents amici’s members from accurately gauging the value or enforceability of their intellectual property. It also leaves them unsure whether they can offer certain products and services without infringing patents owned by other parties.

This double-sided uncertainty is detrimental to the basic functioning of the banking industry. It hinders competition and innovation by discouraging industry members from developing new products and services, provides poor notice of the extent of patent holders’ intellectual property rights, and prevents amici’s members from accurately determining the value of their assets and liabilities. These factors lead to costly and wasteful litigation as parties resort to the federal courts to determine which processes do, and which do not, qualify as patent-eligible subject matter. Lack of clarity regarding patent eligibility also encourages speculative

litigation, as plaintiffs exploit increased uncertainty over trial outcomes to obtain larger defense settlements.

For these reasons, the eligibility of computer-aided method patents is particularly important to amici's members. Amici ask this Court to overturn the panel decision, reaffirm the significance of patent eligibility as a threshold determination of patent validity, and clarify when the integration of a computer into a patent-ineligible process renders that process eligible under Section 101.<sup>2</sup>

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<sup>2</sup> Amici are authorized to file this brief pursuant to this Court's Order of October 9, 2012.



## INTRODUCTION

The widespread adoption and integration of computers, especially in the workplace, has permitted a level of automation, convenience, and efficiency that would have been unimaginable only a few decades ago. But the extensive use of computers to perform tasks that were previously performed by human beings has raised a difficult issue for patent law. Section 101 of the Patent Act provides: “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.” 35 U.S.C. § 101. The Supreme Court has long held that, although this standard for eligibility is quite broad, it still excludes abstract ideas and mental processes, as well as laws of nature and physical phenomena. *Diamond v. Chakrabarty*, 447 U.S. 303, 309 (1980); *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972). With modern computers performing tasks that were previously performed by humans, it is not always clear when the addition of a computer makes an otherwise patent-ineligible process eligible under Section 101.

At the most basic level, computers are only automated machines that execute a predetermined series of mathematical or logical operations. *See Bancorp Servs., L.L.C. v. Sun Life Assurance Co. of Canada*, 687 F.3d 1266, 1277–78 (Fed. Cir. 2012) (explaining the nature of a computer and noting that prior to the information

age, a “computer” was not a machine at all but a person employed to perform such operations). Thus, a human being with unlimited time could execute exactly the same operations in exactly the same manner as the computer and achieve exactly the same result. This is obvious for simple tasks; a person can sit down with paper and pencil and perform exactly the same arithmetic processes as can be performed on a calculator. But the logic applies to more complicated tasks as well. A person with unlimited time and capacity and perfect precision could perform even the most complicated processes using only their own mind.

As this Court has explicitly held, mental processes are not patent eligible under Section 101 because “computational methods which can be performed *entirely* in the human mind are the types of methods that embody the ‘basic tools of scientific and technological work’ that are free to all men and reserved exclusively to none.” *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1373 (Fed. Cir. 2011) (quoting *Benson*, 409 U.S. at 67) (emphasis in original). Thus, Section 101 performs a vital threshold function, especially in the context of computer-aided business method patents, by screening out claims that attempt to monopolize patent-ineligible mental processes.

In the initial panel decision, the majority disregarded two important Section 101 principles. First, by holding that a claim is patent eligible under Section 101 unless it is “manifestly evident” that the claim is directed to a patent-ineligible

abstract idea, the majority failed to recognize Section 101's role as an essential threshold requirement for patent eligibility. *See Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct 1289, 1303–04 (2012). Second, in holding that the claimed computer-aided methods of avoiding settlement risk were patent eligible, the majority failed to follow Supreme Court and Federal Circuit precedent, which states that the addition of a computer to an otherwise patent-ineligible mental process does not transform that process into a patent-eligible invention unless the integration of the computer adds an “inventive concept” to the process. *See id.* at 1294; *Bancorp*, 687 F.3d at 1278. The majority opinion, if affirmed by this en banc Court, will not only confuse courts and patent-holders about the meaning of Section 101, but it will also call into question many of this Court's existing precedents about the patent eligibility of computer-aided processes directed towards abstract ideas and mental processes.

Amici respectfully submit that the en banc Court should: (1) reject the notion that Section 101 is satisfied unless it is manifestly evident that it is not satisfied; and (2) explicitly hold that the addition of a computer to an otherwise patent-ineligible mental process does not transform that process into a patent-eligible invention unless the integration of the computer provides an inventive

concept.<sup>3</sup> Even if the Court declines to establish a clear test for applying Section 101 in the context of computer-aided business method patents, it should, at a minimum, restore the Court’s Section 101 jurisprudence to the pre-*CLS Bank* status quo by affirming the district court’s decision that Alice Corporation’s patent fails to claim patent-eligible subject matter.

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<sup>3</sup> Although we do not address the issue in this brief, we recognize Supreme Court precedent establishing that the Section 101 inquiry is the same regardless of whether the invention is claimed as a method, system, or device. Such claims should be considered equivalent for Section 101 purposes. *See Mayo*, 132 S. Ct. at 1294 (stating that previous Supreme Court cases “warn us against interpreting patent statutes in ways that make patent eligibility ‘depend simply on the draftman’s art’ without reference to the ‘principles underlying the prohibition against patents for [abstract ideas]’” (quoting *Parker v. Flook*, 437 U.S. 584, 593 (1978))).

## ARGUMENT

The *CLS Bank* majority made two critical errors. First, the majority nearly rendered Section 101 a dead letter by holding that it is satisfied unless it is manifestly evident that it is not satisfied. Instead of following Supreme Court and Federal Circuit precedent about the primacy of Section 101, the majority created its own ad hoc standard for patent eligibility that encourages courts to avoid the Section 101 inquiry altogether. Second, the majority held that the computer-aided method claimed by Alice Corporation is patent eligible in clear contravention of precedent requiring a computer to be essential to a claimed process for the computer to make that process patent eligible. As a result of these errors, amici ask that the Court reaffirm that Section 101 places a meaningful limit on patentability and hold Alice Corporation's claimed method patent ineligible.

**I. Section 101 establishes an essential threshold requirement for patent eligibility that should be vigorously enforced in accordance with Supreme Court and Federal Circuit precedent.**

The Supreme Court has stated that the Section 101 inquiry is a “threshold test” to determine whether an invention is eligible to receive a patent. *Bilski v. Kappos*, 130 S. Ct. 3218, 3225 (2010). This characterization of Section 101 is not a new concept or a departure from precedent; the Supreme Court stated in 1974 that “no patent is available for a discovery, however useful, novel, and nonobvious, unless it falls within one of the express categories of patentable subject matter.”

*Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 483 (1974). And just this spring, a unanimous Supreme Court reiterated in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 132 S. Ct 1289 (2012), that Section 101 is significant and distinct from the other sections of the Patent Act. The Court warned that “to shift the patent eligibility inquiry entirely to [Sections 102, 103 and 112] risks creating significantly greater legal uncertainty, while assuming that those sections can do work that they are not equipped to do.” *Id.* at 1304.

The question of Section 101’s status as an important and independent requirement for patentability was placed squarely before the *Mayo* Court by the Solicitor General, who argued that the Supreme Court should apply Section 101 as a coarse filter because other provisions of the Patent Act “permit the nuanced, fact-intensive distinctions necessary to separate patentable from unpatentable.” Brief for the United States as Amicus Curiae in Support of Neither Party at 11, *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289 (2012) (No. 10-1150). The Supreme Court explicitly declined the Solicitor General’s invitation to screen low quality patents using Sections 102 and 103, rather than rigorously enforcing Section 101. *See Mayo*, 132 S. Ct. at 1303–04. The Court rejected the Solicitor General’s argument as “not consistent with prior law” because the relevant Supreme Court precedents “rest their holdings upon section 101, not later sections.” *Id.* at 1303. After examining the other sections of the Patent Act that

regulate patent validity, the Court “decline[d] the Government’s invitation to substitute §§ 102, 103, and 112 inquiries for the better established inquiry under § 101.” *Id.* at 1304.

Thus, in *Mayo*, the Supreme Court deliberately and unanimously reaffirmed the principle that the Section 101 inquiry is an independent and primary step in the legal framework to determine whether a claimed invention is patentable. The significance of treating Section 101 as a threshold requirement has been demonstrated in the district courts, which have already embraced the Supreme Court’s guidance in *Mayo*. For example, in *SmartGene, Inc. v. Advanced Biological Laboratories, SA*, 852 F. Supp. 2d 42 (D.D.C. 2012), an alleged infringer moved for summary judgment on the ground that the asserted patents claiming computer-aided methods of guiding the selection of therapeutic treatment regimens were invalid. After reviewing the Supreme Court’s decision in *Mayo*, the district court concluded that it must treat “the § 101 subject matter patentability inquiry as the threshold inquiry for patent validity.” *Id.* at 51–52. Applying that principle to the case before it, the district court held that “the section 101 analysis begins and ends the Court’s inquiry as it reveals that the patents-in-dispute are not patentable.” *Id.* at 52. The district court granted the plaintiff’s motion for summary judgment and dismissed the case, resolving the question of patent eligibility prior to performing formal claim construction. *Id.* at 65–66.

Even though the Supreme Court has held that the Section 101 inquiry is the first step in the legal framework to determine patentability, other considerations, such as judicial economy, may lead a court to consider the other statutory requirements for patentability before addressing Section 101. *See Amado v. Microsoft Corp.*, 517 F.3d 1353, 1358 (Fed. Cir. 2008) (“District courts . . . are afforded broad discretion to control and manage their dockets, including the authority to decide the order in which they hear and decide issues pending before them.”). For example, if in the early stages of litigation a court becomes aware of a piece of prior art that clearly destroys the novelty of the patented invention at issue, the court is well within its broad discretion to find the patent invalid under Section 102 and dismiss the case before conducting the Section 101 inquiry.

Nevertheless, even though the district court may have the discretion to delay the Section 101 inquiry, it is generally in both the court’s and the parties’ best interests to address Section 101 first. Logically, as a “threshold test,” the Section 101 inquiry should be conducted at the outset of the invalidity case. This approach adheres to the Supreme Court’s guidance about the independence and significance of the Section 101 inquiry. *See Mayo*, 132 S. Ct. at 1303–04. Moreover, as a practical matter, a court may be able to dispose of an infringement lawsuit by finding a patent invalid on Section 101 grounds without conducting formal claim construction. *See, e.g., SmartGene*, 852 F. Supp. 2d 42. By identifying an



ineligible patent and resolving an infringement suit before claim construction takes place, the court efficiently marshals its own resources and spares the parties the expense of unnecessary litigation.

Although the *CLS Bank* majority correctly recognized that the district court “properly acts within its discretion in deciding when to address the diverse statutory challenges to validity,” *CLS Bank Int’l v. Alice Corp.*, 685 F.3d 1341, 1348 (Fed. Cir. 2012), the majority erred when it created a new standard to determine patent eligibility that shifts the bulk of the inquiry to the other sections of the Patent Act. According to this new standard, when “it is not manifestly evident that a claim is directed to a patent ineligible abstract idea, that claim must not be deemed for that reason to be inadequate under § 101.” *Id.* at 1352. The majority went on to state that “[u]nless the single most reasonable understanding is that a claim is directed to nothing more than a fundamental truth or disembodied concept, with no limitations in the claim attaching that idea to a specific application, it is inappropriate to hold that the claim is directed to a patent ineligible ‘abstract idea’ under 35 U.S.C. § 101.” *Id.*

As noted by Judge Prost, this new standard “is more of an escape hatch than a yardstick.” *Id.* at 1357 (Prost, J., dissenting). The majority’s test removes the substance from the Section 101 inquiry by deeming an invention patent-eligible unless it is “manifestly evident” that the invention is an abstract idea. Although the

Supreme Court has repeatedly considered the issue of patentability under Section 101—in *Benson*, *Flook*, *Diehr*, *Bilski*, and *Mayo*—it has never suggested or implied that judges may sidestep the Section 101 inquiry without seriously considering whether the claimed invention constitutes patent-eligible subject matter. To the contrary, the Supreme Court has established Section 101 as a meaningful limit on patentability that requires a patented invention to contain some “inventive concept.” *See Mayo*, 132 S. Ct. at 1294 (noting that the Court’s prior Section 101 cases ask whether the claimed invention contains an “inventive concept”); *Diamond v. Diehr*, 450 U.S. 175, 204 (1981) (asking if an invention discloses “some other inventive concept” to determine whether an invention employing a mathematical algorithm is patentable under Section 101); *Parker v. Flook*, 437 U.S. 584, 594 (1978) (“Even though a phenomenon of nature or mathematical formula may well be known, an inventive application of the principle may be patented. Conversely, the discovery of such a phenomenon cannot support a patent unless there is some other inventive concept in its application.”).

The test proposed by the *CLS Bank* majority to determine patent eligibility fails to consider whether a claimed invention contains any inventive concept. Instead, the majority held that Section 101 is satisfied so long as the court is “not wholly convinced that the subject matter of the claims is abstract.” *CLS Bank*, 685 F.3d at 1352 n.3. By requiring a court to find a patent eligible if it is not

“manifestly evident” that the claims are directed to an abstract idea, the *CLS Bank* majority’s novel standard “in effect allows courts to avoid evaluating patent eligibility under § 101 whenever they so desire.” *Id.* at 1356 (Prost, J., dissenting). This holding contradicts the Supreme Court’s admonition against shifting the patent eligibility inquiry to other sections of the Patent Act, thereby “assuming that those sections can do work that they are not equipped to do.” *Mayo*, 132 S. Ct. at 1304. To rectify this error, amici respectfully ask the Court to reverse the *CLS Bank* decision and reaffirm that, in accordance with Supreme Court precedent, subject matter eligibility under 35 U.S.C. § 101 is a significant and independent threshold test that requires patent-eligible processes to demonstrate an inventive concept.

**II. The addition of a computer to an otherwise patent-ineligible mental process does not transform that process into a patent-eligible invention unless the integration of the computer is essential to the process.**

Although Section 101 includes “any new and useful process” within the universe of patentable subject matter, 35 U.S.C. § 101, the Supreme Court has held that “mental processes” and “abstract intellectual concepts” are not patent eligible because they are “the basic tools of scientific and technological work.” *Gottschalk v. Benson*, 409 U.S. 63, 67 (1972). Nevertheless, the specific application of a mental process or abstract intellectual concept may be deserving of patent protection in certain circumstances. *See, e.g., Diehr*, 450 U.S. at 187 (holding that

a computer-aided method of calculating rubber cure times was patentable under Section 101); *State St. Bank & Trust Co. v. Signature Fin. Grp., Inc.*, 149 F.3d 1368 (Fed. Cir. 1998) (holding that a computer-aided method of managing a mutual fund investment structure was patentable under Section 101).

The Supreme Court’s decision in *Mayo* made clear that a process claiming an abstract idea does not qualify as patent-eligible subject matter under Section 101 unless it includes an “inventive concept.” *Mayo*, 132 S. Ct. at 1294. The present case asks when—if ever—the integration of a computer into a patent-ineligible process satisfies that requirement. Although the Supreme Court declined to give a precise definition of “inventive concept,” this Court’s pre-*CLS Bank* precedents demonstrate two principles: *first*, that the use of a computer merely to make a patent-ineligible process faster or more efficient does not make the process patent eligible under Section 101; and *second*, that a computer must be essential to an otherwise patent-ineligible process to transform that process into a patent-eligible invention.

**A. Integration of a computer into a mental process fails to provide an “inventive concept” if the same process could be performed by a human being.**

Although the use of a computer makes many tasks faster or easier, this Court has repeatedly held that using a computer to make a patent-ineligible process easier or more efficient does not transform that process into a patent-eligible invention.

*See, e.g., Bancorp*, 687 F.3d at 1279 (“Using a computer to accelerate an ineligible mental process does not make that process patent-eligible.”); *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012) (“Simply adding a ‘computer aided’ limitation to a claim covering an abstract concept, without more, is insufficient to render the claim patent eligible.”). As this Court has explained, “for the addition of a machine to impose a meaningful limit on the scope of a claim, it must play a significant part in permitting the claimed method to be performed, rather than function solely as an obvious mechanism for permitting a solution to be achieved more quickly.” *SiRF Tech., Inc. v. Int’l Trade Comm’n*, 601 F.3d 1319, 1333 (Fed. Cir. 2010).

Consistent with this approach, this Court has held that many business methods remain patent ineligible under Section 101, even when a computer is introduced to make the process faster or more efficient. For example, in *Bancorp Services, L.L.C. v. Sun Life Assurance Co. of Canada*, this Court considered a patent for a computerized means for “administering and tracking the values of life insurance policies in separate accounts.” 687 F.3d at 1269. Even though the Court recognized that it would be inefficient to track, reconcile, and administer a life insurance policy with a stable value component manually, the Court concluded that the process was an abstract idea because it could be completed by a human being without the help of a computer. *Id.* at 1275. The Court rejected the patentee’s

argument that its claimed processes were patent eligible because they required complex programming. *Id.* at 1277.

Similarly, in *Fort Properties, Inc. v. American Master Lease LLC*, 671 F.3d 1317, 1323 (Fed. Cir. 2012), the Court rejected a computer-aided method for creating certain real estate investment instruments. Noting that the computer did not play a significant part in permitting the claimed process to be performed, *id.* at 1323, the Court concluded that the claimed investment tool did not require the use of a computer, *id.* at 1322. Thus, the claimed process was patent ineligible under Section 101 because the process was not materially different than it would be if performed by a human being without the assistance of a computer.

Likewise, in *Dealertrack, Inc. v. Huber*, 674 F.3d 1315, 1333 (Fed. Cir. 2012), the Court rejected a computer-aided method of managing credit applications. Despite the presence of the “computer aided” limitation, the Court concluded that the claims were directed to an abstract idea because the claims were silent as to how or to what extent the computer aided the process. This decision was consistent with the Court’s earlier decision in *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366 (Fed. Cir. 2011). In *CyberSource*, the Court concluded that the claimed method of validating internet credit card transactions was not patent-eligible under Section 101. *Id.* at 1373, 1376–77. The Court reasoned that because all of the steps in the claimed process could be performed by

a person using pen and paper, *id.* at 1372, the claims impermissibly attempted to capture a patent-ineligible mental process, *id.* at 1376–77.

These cases demonstrate a key principle: a patent-ineligible abstract idea or mental process cannot be transformed into an eligible process merely by implementing the idea or executing the process with the assistance of a computer. Even though the process may become easier, cheaper, or more efficient through the integration of a computer, these improvements are insufficient to transform patent-ineligible subject matter into a patent-eligible process under Section 101.

**B. Integration of a computer into a mental process can provide an “inventive concept” if the use of the computer is essential to the execution of the process.**

In light of the Supreme Court’s guidance in *Mayo*, a process directed towards an abstract idea is not patent eligible unless it contains other elements that ensure that, in practice, the patent amounts to “significantly more” than a patent on the abstract idea itself. 132 S. Ct. at 1294. In the context of a computer-aided business method claim, this Court has further explained that “[t]o salvage an otherwise patent-ineligible process, a computer must be integral to the claimed invention, facilitating the process in a way that a person making calculations or computations could not.” *Bancorp*, 687 F.3d at 1278.

In *State Street Bank*, the most prominent example of this principle, this Court affirmed the patentability of a “hub and spoke” financial system in which

multiple mutual funds pooled their assets in a single investment portfolio. 149 F.3d at 1368. In that case, the Court concluded that the nature of the patented system made the computer “essential” to the claimed process because it required many complex calculations to be performed very quickly after the close of the stock market to determine the daily income, expenses, and net realized gains or losses of each individual mutual fund. In the Court’s view, “[g]iven the complexity of the calculations, a computer or equivalent device is a *virtual necessity* to perform the task.” *Id.* at 1371 (emphasis added). Thus, the system at issue in *State Street Bank* was patent eligible because without the integration of a computer into the process, the financial “hub and spoke” system would have been impossible to implement. The required calculations were too numerous and too complex to be performed by human beings within the relevant time limits, so the invention would not have existed at all without the benefit of the computer.

Likewise, in *Research Corp. Technologies v. Microsoft Corp.*, 627 F.3d 859 (Fed. Cir. 2010), this Court held that a computer process for rendering halftone images of digital pictures was a patent-eligible method under Section 101. The Court noted two factors that provided the necessary inventive concept. First, the claimed invention satisfied a market need for a process that produced higher quality halftone images while simultaneously using less computer processor power and memory. *Id.* at 865. And second, because the claimed method required the



simultaneous complex manipulation of millions of individual pixels in multiple images, “the method could not, as a practical matter, be performed entirely in a human’s mind.” *CyberSource Corp.*, 654 F.3d at 1376. As in *State Street Bank*, the integration of a computer into the claimed process was necessary and essential to the invention.

*State Street Bank* and *Research Corp.* demonstrate that the specific application of a computer-aided mental process may be patent eligible when the process could not be performed by a human being without the assistance of a computer. The fact that the integration of a computer was “essential” to the patent-eligible process in *State Street Bank* and *Research Corp.* distinguishes those processes not only from the patent-ineligible processes in *Bankcorp*, *Fort Properties*, *Dealertrack*, and *CyberSource*, but also from the process at issue in this case. Here, no evidence suggests that Alice Corporation’s claimed computer-aided method of avoiding settlement risk could not be performed by a human being without the assistance of a computer. Even though the use of a computer may make the claimed process more efficient, that is insufficient to make the process patent eligible under Section 101. *Bancorp*, 687 F.3d at 1279; *Dealertrack*, 674 F.3d at 1333.

**III. At a minimum, the en banc panel should return the Court’s Section 101 jurisprudence to the pre-*CLS Bank* status quo.**

Even if the Court declines to establish a definitive test for the patent eligibility of computer-aided process claims under Section 101, the Court should avoid the dramatic disruption to Section 101 jurisprudence that would result if the *CLS Bank* majority’s decision is affirmed. Even though the precise boundary between patent eligible and ineligible processes is unclear, this Court’s precedents have followed a discernable pattern. On one side of the eligible/ineligible divide, the Court consistently holds that the integration of a computer into an abstract mental process makes the process patent eligible if the computer is “essential” to the process. *See, e.g., State St. Bank*, 149 F.3d at 1373; *Research Corp.*, 627 F.3d at 869. On the other side of the divide, this Court holds that the execution of a mental process by a computer is not patent eligible when the process could be performed by a human being without the assistance of the computer. *See, e.g., Bancorp*, 687 F.3d at 1279; *Fort Props.*, 671 F.3d at 1323; *Dealertrack*, 674 F.3d at 1333; *CyberSource Corp.*, 654 F.3d at 1376–77. The decision in *CLS Bank*, which held that computer-aided methods of avoiding settlement risk in financial transactions were patent eligible merely because it was not “manifestly evident”

that the claims were directed towards patent-ineligible abstract ideas, 685 F.3d at 1356–57, cannot be reconciled with this Court’s other Section 101 decisions.<sup>4</sup>

The majority decision in *CLS Bank* calls all of this Court’s Section 101 precedents into question and casts doubt over the relevance of the patent-eligibility inquiry. If the *CLS Bank* decision is affirmed by the en banc panel, amici’s members’ ability to value their intellectual property assets or to predict whether patents held by other patentees are valid under Section 101 will be significantly reduced. In light of these concerns, amici urge the Court to overturn the *CLS Bank* decision and reaffirm the Court’s prior precedents, which have held that the addition of a computer to an otherwise patent-ineligible mental process does not transform that process into a patent-eligible invention.

## CONCLUSION

Amici curiae respectfully submit that the Court should: (1) reaffirm that Section 101 establishes an essential threshold requirement for patentability; and (2) explicitly hold that the addition of a computer to an otherwise patent-ineligible

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<sup>4</sup> Notably, the other Federal Circuit case that did not follow this pattern, *Ultramercial, LLC v. Hulu, LLC*, 657 F.3d 1323 (Fed. Cir. 2011), was vacated and remanded by the Supreme Court in light of its decision in *Mayo*, 132 S. Ct. 1289. See *WildTangent, Inc. v. Ultramercial, LLC*, 132 S. Ct. 2431 (2012). In that case, the *Ultramercial* Court found computer-aided methods of monetizing and distributing copyrighted products over the internet to be patentable under Section 101 because the claimed invention “involve[d] an extensive computer interface.” *Ultramercial*, 657 F.3d at 1328.

mental process does not transform that process into a patent-eligible invention unless the integration of the computer provides an inventive concept. At a minimum, amici ask the Court to restore its Section 101 jurisprudence to the pre-*CLS Bank* status quo by affirming the district court's decision that Alice Corporation's patent fails to claim patent-eligible subject matter.

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Respectfully Submitted:

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**PROOF OF SERVICE**

This is to certify that I have this day served the foregoing “Brief of *Amici Curiae* The Clearing House Association L.L.C. and The Financial Services Roundtable in Support of Petitioners” upon counsel for the parties via Federal Express on December 7, 2012.

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## **CERTIFICATE OF COMPLIANCE**

Pursuant to Federal Rule of Appellate Procedure 32(a)(7)(C), I certify that the foregoing brief, exclusive of the exempted portions as provided in Fed. R. App. P. 32(a)(7)(B)(iii) and Fed. Cir. R. 32(b), contains 5164 words and therefore complies with the type-volume limitations of Fed. R. App. P. 28.1(e)(2)(A)(i).

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Liam P. Hardy

December 7, 2012