No. 24-

IN THE

# Supreme Court of the United States

ISLAND INTELLECTUAL PROPERTY LLC,

*Petitioner,*

*v.*

TD AMERITRADE, INC., TD AMERITRADE CLEARING, INC., TD AMERITRADE TRUST CO., TD AMERITRADE HOLDING CORP., THE CHARLES SCHWAB CORPORATION,

*Respondents.*

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

## PETITION FOR A WRIT OF CERTIORARI


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## QUESTIONS PRESENTED

This case represents a dangerous trend in patent cases whereby district courts grant summary judgment while ignoring factual disputes and/or weighing evidentiary disputes against non-movants, thus depriving parties of their right to a jury trial under the Seventh Amendment.

The U.S. Court of Appeals for the Federal Circuit has failed to correct this trend, but instead has made matters worse. Its now common practice of issuing one-word affirmances without providing a reasoned analysis under its Local Rule 36 is at odds with the overwhelming majority of appellate courts, and is so overused that approximately one third of all patent appeals are now resolved with a single word.

These unique patent law specific issues raise the following questions in this case:

1. Do the Federal Rules of Civil Procedure apply to patent cases like any other federal case, including in particular FRCP 56 and its prescription against granting summary judgment when the nonmoving party presents evidence that raises material facts in dispute?

2. Is it proper for the Federal Circuit to use its own unique Local Rule 36 to affirm district court rulings with one-word decisions lacking explanation or analysis, when the grounds for affirmance are unclear in view of the arguments made on appeal?

## RULE 29.6 STATEMENT

Petitioner Island Intellectual Property LLC's parent corporation is Double Rock Corporation, and no publicly held company owns 10% or more of its stock.

## RELATED CASES

- *Island Intellectual Property v. TD Ameritrade*, No. 2:21-CV-00273, U.S. District Court for the Eastern District of Texas. Judgment entered September 28, 2022.
- *Island Intellectual Property v. TD Ameritrade*, No. 2:21-CV-00273, U.S. District Court for the Eastern District of Texas. Judgment entered November 17, 2022.
- *Island Intellectual Property v. TD Ameritrade*, No. 23-1318, U.S. Court of Appeals for the Federal Circuit. Judgment entered May 16, 2024.

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## PETITION FOR WRIT OF CERTIORARI

Petitioner Island Intellectual Property LLC respectfully submits this petition for writ of certiorari for review of the judgment of the U.S. Court of Appeals for the Federal Circuit.

## OPINIONS AND ORDERS BELOW

The Federal Circuit order (Pet. App. 54a-55a) denying Petitioner's combined petition for panel rehearing and rehearing *en banc* is unreported. The Federal Circuit panel opinion (Pet. App. 1a-2a), issued pursuant to Fed. Cir. Local R. 36, is unreported but available at 2024 U.S. App. LEXIS 11829. The decision issued by the Eastern District of Texas (Pet. App. 3a-10a) is unreported but available at 2022 U.S. Dist. LEXIS 209232. It adopts the report and recommendation of a magistrate judge (Pet. App. 11a-25a), which is also unreported, but available at 2022 U.S. Dist. LEXIS 210408.

## JURISDICTION

The Federal Circuit issued its order denying Petitioner's combined petition for panel rehearing and rehearing *en banc* on July 22, 2024. (Pet. App. 54a-55a). This petition is timely filed. This Court has jurisdiction under 28 U.S.C. § 1254(1).

## RELEVANT STATUTORY PROVISIONS

Fed. R. Civ. P. 56(a) provides:

> A party may move for summary judgment, identifying each claim or defense — or the part of each claim or defense — on which summary judgment is sought. The court shall grant summary judgment ***if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law***. The court should ***state on the record the reasons for granting or denying the motion***.[1]

The Seventh Amendment of the U.S. Constitution provides:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, ***the right of trial by jury shall be preserved***, and no fact tried by a jury, shall be otherwise re-examined in any court of the United States, than according to the rules of the common law.

[1] All emphases are added, unless otherwise indicated.

FRAP 36 provides in relevant part:

> (a) Entry. A judgment is entered when it is noted on the docket. The clerk must prepare, sign, and enter the judgment:
>
> > (1) after receiving the court's opinion—but if settlement of the judgment's form is required, after final settlement; or
> >
> > (2) if a judgment is rendered without an opinion, as the court instructs.

Fed. Cir. Local R. 36 provides in relevant part:

> (a) The court may enter a judgment of affirmance without opinion, citing this rule, when it determines that any of the following conditions exist and an opinion would have no precedential value:
>
> (1) the judgment, decision, or order of the trial court appealed from is based on findings that are not clearly erroneous;
> (2) the evidence supporting the jury's verdict is sufficient;
> (3) the record supports summary judgment, directed verdict, or judgment on the pleadings;
> (4) the decision of an administrative agency warrants affirmance under the standard of review in

the statue authorizing the petition for review; or

(5) a judgment or decision has been entered without an error of law.

## INTRODUCTION

As this Court has observed, it is an "axiom" that, in ruling on a motion for summary judgment, "[t]he evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor." *Tolan v. Cotton*, 572 U.S. 650, 651 (2014) (quoting *Anderson v. Liberty Lobby, Inc.,* 477 U.S. 242, 255, (1986)). "[A]t the summary judgment stage the judge's function is not himself to weigh the evidence and determine the truth of the matter but to determine whether there is a genuine issue for trial." *Anderson*, 477 U.S. at 249. "Credibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge." *Id*. at 255.

This axiom is so well recognized, one would expect this Court's intervention under this Court's Rule 10 should not be necessary to correct an error in the misapplication of a properly stated rule of law. However, a disturbing trend has developed that requires this Court's attention—the district courts and Federal Circuit are applying a different rule of law in patent cases that violates this axiom.

Lower courts have adopted a patent-specific practice in which judges substitute their own credibility determinations and unsubstantiated findings of fact, counter to well-stated pleadings in Rule 12 motions and non-movant's evidence in Rule 56 motions. Like in *Tolan*, this Court's exercise of supervisory authority is again required to confirm "the same common-law principles, methods of

statutory interpretation, and ***procedural rules as other areas of civil litigation***" also apply in patent cases. *SCA Hygiene Prods. Aktiebolag v. First Quality Baby Prods., LLC,* 580 U.S. 328, 340 (2017).

Here, the district court below ignored and misapprehended this well-established axiom. (Pet. App. 3a-10a). Petitioner, the non-movant, submitted evidence raising factual disputes over whether key elements of Claim 1 of the '286 patent were "well-understood, routine, [and] conventional" at the time of the invention. *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 66, 73 (2012); *see also Berkheimer v. HP Inc.,* 890 F.3d 1369 (Fed. Cir. 2018), *cert denied*, 140 S. Ct. 911 (Jan. 13, 2020) (No. 18-415).

The evidence presented, with all reasonable inferences drawn in favor of Petitioner, was more than sufficient for a reasonable jury to conclude that the claimed use of interest allocation procedures to provide, on a non-pro rata basis, interest to customers whose funds are held in aggregated accounts for an enhanced insured product, as required in Elements **1**[**F**], [**G**] and [**H**] of the claim, was unconventional, non-routine and inventive at the time of the invention. Indeed, even Respondent's expert had never seen it done prior to the patented invention. (CAFC App. 1258 (110:20-111:21)).

Similarly, the evidence presented was more than sufficient for a jury to conclude that the use of aggregated accounts in the context of enhanced insurance products and deposit sweep products, and the particular database structure claimed,

"comprising a respective balance of funds for each of … the respective client accounts … and information on funds held by each of … [the] clients … in the … aggregated deposit accounts" as required in Element **1[B]**, was also unconventional and non-routine at the time of the invention. (CAFC App. 248, 27:30-34).

Yet, the district court neither credited the evidence of Petitioner nor drew "all reasonable inferences" in Petitioner's favor regarding the disputed factual issue of whether these elements of the claims were "well-understood, routine, [and] conventional" at the time of the invention. *Tolan*, 572 U.S. at 660; *Mayo*, 566 U.S. at 73.

Rather than address this error, the Federal Circuit compounded the problem by affirming the clearly erroneous grant of summary judgment in a single word, using its own Local Rule 36. (Pet. App. 1a-2a). Despite Respondents offering alternative grounds for affirmance (Red Br., at 34-48; Transcript of Oral Argument at 16:13-25:15), the Federal Circuit's single-word explanation provided no explanation as to the court's reasoning, leaving unknown the ultimate basis for the affirmance.

This is now typical at the Federal Circuit, with single-word affirmances used in roughly a third of all appeals. This is counter to the American appellate tradition and in stark contrast to the practice of most other appellate courts. *See* Charles R. Macedo *et al., Justice is Not Silent: The Case Against One-Word Affirmances in the Federal Circuit,* https://patentlyo.com/patent/2024/09/appellate-

decision-reasoning.html*, Sept. 22, 2024* ("Patently-O").

This case is an appropriate vehicle for this Court to address these systemic problems, which have been percolating in the lower courts for several years. The problems here are both clearcut and typical for the current disposition of patent cases. The district courts' failure to follow FRCP 56 in patent cases, and the Federal Circuit's decision to routinely issue affirmances without opinion under Local Rule 36, undermine the Seventh Amendment right to trial by jury and create confusion within the patent law system.

The parties are highly motivated, and represented by counsel experienced both in patent law and practice before this Court. *Amici* have already shown interest in this case. *See, e.g.,* US Inventor, Inc. Amicus Brief. Multiple prior petitions for *certiorari* under Local Rule 36 evidence a growing need for this Court's intervention. *See* Patently-O*, supra.*

If the Court does not grant this Petition, then district courts will continue to misapply FRCP 56 and improperly act as factfinders in patent cases, while the Federal Circuit will continue to use Local Rule 36 as a shortcut to avoid the admittedly more onerous, but critically necessary, task of clearly explaining the bases of their patent decisions.

Moreover, because the Federal Circuit is the sole reviewing body for all district court patent rulings, this Court's supervisory correction review is

all the more important. *See* 28 U.S.C. § 1295(a)(1) (2006).

## STATEMENT OF THE CASE

### Petitioner

1. Petitioner owns all rights, title and interest to U.S. Patent No. 7,509,286 (the "'286 Patent", CAFC App. 226-275), the patent-at-issue in this Petition. The '286 Patent claims a novel and inventive interest allocation procedure developed and patented by Petitioner for use in calculating and posting interest on a non-pro rata basis in enhanced insurance products and deposit sweep systems.

2. Petitioner also owns all rights, title and interest in U.S. Patent No. 7,519,551 (the "'551 Patent", CAFC App. 152-171) and U.S. Patent No. 7,933,821 (the "'821 Patent", CAFC App. 172-225), which are directed to specific methods of allocating funds using aggregated accounts inside and outside of a banking institution infrastructure. The '286 Patent is directed to a related, but different, invention than the '551 and '821 Patents. (*See*, *e.g.*, Pet. App. 28a-30a).

3. Petitioner is an affiliate of Double Rock Corporation. Since the 1970s, Double Rock has been a leading, commercially successful cash-management and technology solution provider to the banking, broker-dealer, qualified plan, and retail financial markets, with at times $125 billion in assets under management. The company was founded by Bruce Bent, who co-created the world's first money-market

fund in 1970. Mr. Bent and his son Mr. Bent II are pioneers and industry leaders in the deposit sweep and insured cash deposit industry and the inventors of the '286 Patent.

**The District Court Proceedings**

4. On July 20, 2021, Petitioner sued Respondent, alleging infringement of the '286 Patent, as well as the '551 and '821 Patents, and two others. (CAFC App. 52-151).

5. On September 30, 2021, Respondent filed a motion to dismiss, arguing that the patents did not comprise patent-eligible subject matter under 35 U.S.C. § 101. The district court denied Respondent's motion to dismiss pending claim construction. (Pet. App. 49a-53a).

6. On July 15, 2022, Respondent moved for summary judgment of invalidity, asserting that Petitioner's asserted patents, including the '286 Patent, were not patent-eligible.

7. On July 27, 2022, Petitioner opposed summary judgment by identifying the following material facts with support tallying over 1,400 pages:

7a. For *Alice/Mayo* Step 1, Petitioner submitted evidence that the claimed invention addressed real-world technical problems that existed at the time of the invention including:

> 7a1. A declaration of inventor, and longtime industry participant, Mr. Bent II, which explained that the type of "sophisticated information technology" required to perform

the types of calculations articulated in the '286 patent at the time the patent was filed was costly because it was "unable to efficiently process such intense calculations in the short time period required for the daily sweep process…." (CAFC App. 1263). Indeed, Mr. Bent II explained how the invention was developed in response to technical challenges that even his company's long-time client, American Express, could not resolve. (CAFC App. 1789-1791).

7a2. Petitioner's technical expert, Mr. Ivan Zatkovich, explained that the '286 Patent was the first to resolve this technical challenge. (CAFC App. 953-54). Zatkovich's report specified that no other computerized deposit sweep product, at the time '286 was filed, "utilized aggregated deposit accounts in order to provide interest accrual and extended FDIC insurance, let alone calculating different interest rates on a non-pro rata basis based on funds held within an aggregated deposit account, with the exception of the inventors' implementation ...." (CAFC App. 951).

7a3. At the time of the invention, the closest prior art identified during prosecution, the Oncken patent (U.S. 4,985,833), recognized a barrier and technological challenge due to "the complexity involved in computing the interest earned at each participating bank institution." (CAFC App. 945).

> 7a4. Respondent's own expert, Mr. Powers, confirmed he had never seen the claimed solution used prior to the '286 Patent. (CAFC App. 1248-1258).

7b. The reasonableness of a factfinder being able to conclude that the claimed invention was inventive and addressed technical problems that the prior art was not able to resolve was further supported by the factual findings of the U.S. Patent and Trademark Office and another district court judge in a prior proceeding:

> 7b1. In allowing the '286 Patent, the Examiner found that "the closest prior art, Oncken patent (U.S. 4,985,833), ... does not suggest offering interest rates tied to a balance of funds" but rather "complains about the complexity involved in computing the interest earned at each participating bank institution …. There is no suggestion [in Oncken] of computing interest [as in the '286 Patent] independent from the respective client account pro rata share in earnings posted to the plurality of the aggregated deposit accounts holding funds of the respective client account." (CAFC App. 945).
>
> 7b2. In prior litigation involving the same '286 Patent, *Island Intellectual Prop. LLC v. Deutsche Bank AG,* another district judge (Hon. Kathleen Forrest) with similar evidence denied summary judgment based on her factual finding that "[r]eading the claims, it is not

> difficult to conclude that their methods would be impracticable but-for significant and complex computer programming." No. 09-cv-2675, 2012 U.S. Dist. LEXIS 16413, at *25 (S.D.N.Y. Feb. 6, 2012).

7c. For purposes of *Alice/Mayo* Step 2, Petitioner pointed to elements **1[F]**, **[G]** and **[H]** of the '286 Patent to demonstrate that the claim did not merely calculate interest (as was purportedly the abstract idea per the lower courts, Pet. App. 3a-10a, 11a-25a), but did so in a non-routine, unconventional and indeed inventive way, including:

- determining a specific rate for each customers funds using an "interest-allocation procedure based at least in part on … updated balance of funds associated with the respective client account",
- "calculating ... a respective interest for … each … client account … based on the respective interest rate determined [using the interest allocation procedure]" in a manner that "independent from the respective client account pro rata share in earnings posted to … the aggregated deposit accounts …." (CAFC App. 248, 27:42-58).

As discussed above, in 7a1-4 and 7b1-b2, *supra*, the evidence submitted included:

- Mr. Bent II's declaration (CAFC App. 1261-1269),

- Mr. Zatkovich's expert report (CAFC App. 689-750, 1054-1247, 1818-1952),
- Mr. Power's admissions (CAFC App. 1248-1260),
- the Oncken prior art (CAFC App. 1326-1538),
- the historical factual findings of the Examiner in the Notice of Allowance (CAFC App. 1539-1624), and
- the historical factual findings of the prior court (*Deutsche Bank AG*, 2012 U.S. Dist. LEXIS 16413).

The foregoing evidence demonstrated that these steps are "made up of a unique combination[] of unconventional and non-routine computer processes." (CAFC App. 1198-1199).

7d. Also, for purposes of *Alice/Mayo* Step 2, Petitioner pointed to elements **1[A]**, **[B]** and **[C]** of the '286 Patent as evidencing the unconventional and non-routine:

- account structure utilizing "interest-bear-ing aggregated deposit accounts," and
- data structure in the claimed "electronic database … comprising a respective balance of funds for … the respective client accounts … and information on funds held by each … of clients … in the plurality of aggregated deposit accounts." (CAFC App. 248, 27:12-18, 28-34).

8. On September 28, 2022, eight days after being delegated to resolve the motion for summary

judgment, the magistrate judge (Pet. App. 11a-25a) recommended that claim 1 of the '286 Patent, along with claims from two other patents-in-suit involving a different invention, be invalidated. (Pet. App. 24a). With respect to the '286 Patent, the entire analysis was only one paragraph and did not credit the 1,400 pages of evidence presented in opposition. (*Id.*).

9. In its objection to the report, filed on October 19, 2022, Petitioner explained the many flaws in the magistrate judge's curt analysis, including how it was woefully inadequate to support the recommendation for invalidation of the '286 Patent (CAFC App. 1701-1717) under the *Alice/Mayo* framework and this Court's jurisprudence.

9a. Unlike in *Alice*[2] and *Bilski*,[3] where this Court utilized evidence like textbooks to establish the historical fact of whether a claim was directed to an abstract idea which was "a fundamental economic practice ***long prevalent in our system of***

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[2] *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 219 (2014) (intermediated settlement, citing: Emery, *Speculation on the Stock and Produce Exchanges of the United States*, in 7 STUDIES IN HISTORY, ECONOMICS AND PUBLIC LAW 283, 346-356 (1896); Yadav, *The Problematic Case of Clearinghouses in Complex Markets*, 101 GEO. L.J. 387, 406-412 (2013); J. Hull, *Risk Management and Financial Institutions* 103-104 (3d ed. 2012)).

[3] *Bilski v. Kappos*, 561 U.S. 593, 611 (2010) (hedging risk, citing D. Chorafas, *Introduction to Derivative Financial Instruments* 75-94 (2008); C. Stickney, R. Weil, K. Schipper, & J. Francis, *Financial Accounting: An Introduction to Concepts, Methods, and Uses* 581-582 (13th ed. 2010); S. Ross, R. Westerfield, & B. Jordan, *Fundamentals of Corporate Finance* 743-744 (8th ed. 2008)).

***commerce***," the report offered no evidentiary support for its conclusion beyond citation to the claim elements themselves. (Pet. App. 24a).

9b. Even taking the report's unsupported conclusion as true, contrary to Rule 56 and this Court's precedent in *Tolan* and *Anderson*, the report failed to address *Alice*/*Mayo* Step 2, and the evidence presented as to the unconventional, non-routine and inventive particular non-pro-rata interest determination in elements **1[F]**/[**G**]/[**H**] (*see* 7c, *supra*), account structure in element **1[A**], and data structure in element **1[B]** (*see* 7d, *supra*), that enabled this long sought but difficult to obtain technical results. (*See* 7a, 7b, *supra*).

9c. Even the "Law" portion of the report (Pet. App. 16a-17a) fails to set forth any substantial discussion of Rule 56 and the relevant standards for finding all reasonable inferences in favor of Petitioner as the non-movant, let alone a discussion of the impact of the claim elements that go beyond the alleged abstract idea and that are unconventional, non-routine, and inventive. The magistrate judge clearly misapprehended this Court's standard governing the resolution of factual disputes for summary judgment in general, and patent-eligibility in particular.

Although the 1,400-page factual record provided clear evidence of the material factual disputes at issue, the magistrate judge failed to draw all reasonable inferences in favor of Petitioner (see 7b1).

10. Notwithstanding these clear errors, the district court adopted the magistrate judge's report and recommendation and invalidated, on summary judgment, claim 1 of the '286 Patent as ineligible under 35 U.S.C. § 101. (Pet. App. 3a-10a).

10a. Unlike the report, the district court's Decision recognized that, under *Berkheimer v. HP, Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018)[4], the inquiry into inventive concept (*Alice/Mayo* Step 2) "'may' involve factual determinations about whether a claim element or combination of elements is well-understood, routine and conventional." (Pet. App. 7a). However, the district court failed to follow *Tolan* and *Anderson* in evaluating the evidence presented addressing these issues.

10b. The district court simply declared that the "statements from the prosecution history and Island's inventor and technical expert" were "unavailing," without explaining why. (Pet. App. 9a). *But cf.* FRCP 56(a) ("The court should state on the record the reasons for granting or denying the motion.").

10c. The district court also improperly discounted the Examiner's findings in the Notice of Allowance as irrelevant because they concern novelty. (Pet. App. 9a). However, this Court has "recognize[d]

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[4] Nevertheless, the district court failed to cite the subsequent decision on rehearing and rehearing *en banc*, where the full Federal Circuit confirmed that "whether a claim element or combination of elements would have been well-understood, routine, and conventional to a skilled artisan in the relevant field at a particular point in time ***is*** a question of fact." *Berkheimer,* 890 F.3d at 1370.

that, in evaluating the significance of additional steps, the § 101 patent eligibility inquiry and, say, the § 102 novelty inquiry might sometimes overlap". *Mayo*, 566 U.S. at 90.

The Examiner's statement pointing to the "complexity involved in computing the interest earned at each participating banking institution" (CAFC App. 945) shows that the elements **1**[**F**]/[**G**]/[**H**] '286 Patent were not well-understood, routine, or conventional, in addition to being inventive.

10d. The magistrate discounted the prior court's finding that the invention required "significant and complex computer programming" because that decision predated *Alice* but ignored that it was after *Bilski*. (Pet. App. 9a, 24a). The district court then drew an adverse inference that this finding "reinforce[s] the notion that the only technical aspect ... relates to generic computer functionality" (Pet. App. 9a) instead of the reasonable pro-non-movant inference that the invention was grounded in the technical challenges identified by the Examiner, American Express, and Judge Forrest.

10e. Like the magistrate, the district court also effectively skipped *Alice/Mayo* Step 2, a step this Court requires, in invalidating the '286 Patent, but did not provide any explanation as to why it did so. (Pet. App. 3a-10a).

In sum, the district court's order (Pet. App. 3a-10a), like the magistrate judge's report (Pet. App. 11a-25a), failed to recognize, address, or otherwise resolve the myriad of material factual disputes in Petitioner's

favor as nonmovant and to abstain from weighing and making credibility determinations with respect to the evidence.

**The Federal Circuit Proceedings**

11. Rather than providing proper appellate review of the district court's order, the Federal Circuit panel compounded the problem by affirming the order in a single-word decision under Local Rule 36, without providing any of the missing analysis or rationale for its decision. (Pet. App. 1a-2a). The Federal Circuit thus failed to redress the fundamental flaws in the district court's approach. Instead, the Federal Circuit summarily affirmed the order without opinion, as it has done in far too many patent cases. *See* Patently-O, *supra*.

11a. The lack of reasoned explanation by the Federal Circuit panel is especially problematic here given that the magistrate and district court judge both failed to follow FRCP 56 and the *Tolan* axiom, as well as to provide any *Alice/Mayo* Step 2 analysis of Claim 1 of the '286 Patent. Moreover, Respondents offered differing arguments on appeal than were relied upon by the magistrate judge and district court below.

11b. The Federal Circuit's one-word affirmance makes it impossible for Petitioner, the public, or this Court on appeal to understand the reasons therefore. Was the decision affirmed because the Federal Circuit concluded:

- in patent cases, *Tolan* does not apply;
- *Alice/Mayo* Step 2 is not necessary;

- it simply did not believe the historical facts presented by Petitioner; or
- some other alternative ground supported affirmance, as Respondent argued (Red Br. at 34-48; Transcript of Oral Argument at 16:13-25:15).

12. Petitioner subsequently gave the Federal Circuit a chance to rectify this situation by filing a combined petition for panel rehearing and rehearing *en banc*, which the Federal Circuit denied. (Pet. App. 54a-55a).

## REASONS FOR GRANTING THE PETITION

### I. The Decisions Below Violate the *Tolan* Axiom and this Court's Framework for Patent-Eligibility

The district court below granted summary judgment of invalidity of claim 1 of the '286 Patent as not being eligible, in contravention of a fundamental axiom of summary judgment and mandates of the *Alice/Mayo* framework on patent eligibility.

#### A. Eligibility Determinations under the *Alice/Mayo* Framework Involve Questions of Historical Fact

Patentability evaluations under 35 U.S.C. §§ 101, 102, and 103 are "factual determinations" both at the USPTO and in resolving an "invalidity defense in an infringement action." *Microsoft v. i4i L.P.*, 564 U.S. 91, 95-97, 100 (2011). This extends to the two steps of the *Alice/Mayo* framework, each of which includes a comparison of the claims to historical fact.

**Step 1.** At *Alice/Mayo* Step 1, courts "must first determine whether the claims at issue are directed to a patent-ineligible concept". 573 U.S. at 218. In both *Alice* and *Bilski*, this Court determined "intermediated settlement" (*Alice*) and "hedging risk" (*Bilski*) were abstract since each was "a fundamental economic practice ***long prevalent in our system of commerce***". 573 U.S. at 218-19; 561 U.S. at 609, 612.

This Court did not make these patent-ineligible concept determinations in a vacuum. Instead, the

Court relied on evidence: textbooks and articles which demonstrated the "long prevalent" and "building block" nature of the claimed invention. Petitioner respectfully submits this is a question of historical fact that must be supported with evidence, as was done in *Alice* and *Bilski. See* n.2 and n.3, *supra.*

**Step 2.** At *Alice*/*Mayo* Step 2, courts "must examine the elements of the claim to determine whether it contains an 'inventive concept' sufficient to 'transform' the claimed abstract idea into a patent-eligible application." *Alice,* 573 U.S. at 221 (quoting *Mayo*, 566 U.S. at 72, 80). While "'well-understood, routine, conventional activities' previously known in the industry", are not enough to transform a claim, non-routine, unconventional or inventive elements are. *Alice*, 573 U.S. at 225 (quoting *Mayo*, 566 U.S. at 73).

Whether an invention is "conventional" or "unconventional" "is a question of fact," as the full court of the Federal Circuit has recognized. *Berkheimer v. HP,* 890 F.3d at 1370 (Moore, J., concurring). This follows common sense—courts must rely on evidence, including the testimony of experts in the field, and an examination of the prior art, to understand how the state of the art has evolved over time and to determine what is conventional (and not) at a given point in time.

### B. The District Court Ignored Evidence Presented on Historical Facts and Weighed Evidence Against Nonmovant Petitioner

It is axiomatic that, in ruling on a motion for summary judgment, "[t]he evidence of the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor." *Tolan*, 572 U.S. at 651 (quoting *Anderson,* 477 U.S. at 255). Accordingly, a court is limited in its ability to weigh disputed facts: "Credibility determinations, the weighing of the evidence, and the drawing of legitimate inferences from the facts are jury functions, not those of a judge." *Anderson*, 477 U.S. at 255. Courts may not substitute their judgment for the factfinder's.

As this Court has also long recognized, resolving an issue of fact (such as invalidity) requires resorting to "basic, primary or historical facts: facts 'in the sense of a recital of external events and the credibility of the narrators.'" *Thompson v. Keohane,* 516 U.S. 99, 109-10 (1995) (quoting *Townsend v. Sein*, 372 U.S. 309 n.6 (1963) (quoting *Browning v. Allen,* 344 U.S. 443, 506 (1953)).

Here, however, as in *Tolan*, the courts below deviated from this Court's framework. Despite being presented with more than sufficient evidence to establish material factual disputes, the courts below either ignored or weighed the evidence against Petitioner as the non-moving party. This error embodies a gross misapprehension of the summary

judgment standard and the applicability of the *Tolan* axiom to patent cases.

**(1) The Magistrate's Report Omitted *Alice/Mayo* Step 2 and Violated the *Tolan* axiom.**

Here, notwithstanding this Court's mandate, the magistrate proffered **only the claim language** as evidentiary support for its analysis of the '286 Patent, and nothing more, stating:

> "determining and applying an interest rate to individual funds held in aggregate, '286 Patent 27:43-48, calculating the respective interest of each individual fund over a period of time, *id.* at 27:49-58, calculating the interest earned by the aggregate FDIC account over the same period of time, *id.* at 27:59-61, and posting the interest earned by individual funds, *id.* at 62-65, are all fundamental economic and accounting activities deemed abstract and do not provide any additional inventive concept." (Pet. App. 24a).

This incomplete analysis improperly omitted *Alice/Mayo* Step 2 and improperly ignored the material factual disputes outlined in 7, *supra,* and the evidence submitted by Petitioner in support thereof. *See* 9, 9a-c, *supra.* Such evidence at the very least raised a triable dispute, since it demonstrates that the claim elements were not "fundamental economic

activities" "long prevalent" in the art, but rather were unconventional, non-routine and inventive.

In short, the magistrate addressed no evidence and ignored the existence of a factual dispute based on the historical facts presented by the parties. This is clear error and shows a misunderstanding of the *Tolan* axiom, and the boundaries set in the *Alice/Mayo* framework requiring evidentiary support for historical facts relied upon in determining eligibility in patent cases, like other areas of civil litigation. *SCA,* 580 U.S. at 340.

**(2) The District Court's Adoption of the Report Similarly Violated *Tolan* in Its Misapplication of the *Alice/Mayo* Framework**

As discussed in 10a-10e, *supra*, the district court amplified the magistrate judge's mistakes by adopting the report and granting summary judgement of patent invalidity. While the district court nominally recognized it must not grant summary judgment if disputed facts exist, it failed to properly apply the *Tolan* axiom at either step 1 or step 2 of *Alice/Mayo*.

As to *Alice/Mayo* step 1, the district court characterized the claims of the '286 Patent (including the additional claim limitations not present in the '551 Patent) as a "fundamental economic and accounting practice deemed abstract by the Supreme Court and the Federal Circuit," but pointed to no ***factual*** evidence to support that conclusion, nor that such practices were "long prevalent in our system of

commerce". (Pet. App. 4a-6a). Instead, the district court relied on an *ipso dixit* analysis that it is abstract because the court said it was abstract. As discussed above, the district court ignored historical facts demonstrating that the claims did not encompass a fundamental economic practice long prevalent in our system of commerce but instead claimed a practice unheard of at the time. This is not how disputed facts are resolved in civil litigation. *Tolan*, 572 U.S. at 651.

As to step 2, rather than evaluate a factual dispute, the court simply found that the '286 Patent's "additional limitations … are all fundamental economic accounting activities deemed abstract and do not provide any additional inventive concept," without explaining how or why. (Pet. App. 8a). The court further failed to explain its analysis when adding that "[t]he '286 Patent's description of flexible interest allocation and aggregated deposit accounts ***make clear*** that these claim elements lie entirely in the abstract realm of fundamental economic and accounting activities." *Id.* It is ambiguous exactly how that is "ma[de] clear." *Id.* More importantly, as discussed above, Petitioner provided more than sufficient evidence for a jury to conclude that the claim is not directed to a "long prevalent" "fundamental economic and accounting activity", but is unconventional, non-routine and inventive, and goes way beyond the abstract idea of merely paying interest on sweep accounts.

This is not a spurious conclusion: the court in *Deutsche Bank AG, supra,* explained that "it is not difficult to conclude that their methods would be

impracticable but for significant and complex computer programming." (Pet. App. 9a).

This judicial inconsistency is problematic. Different factfinders, in different parts of the country, may come to different conclusions on a factual question at trial. But the district court here was not a factfinder; unlike the court in *Deutsche Bank AG*, it ignored the legal standards governing summary judgment and usurped the role of the jury. This is error and evidences a lack of understanding of the district court's role in patent cases on motions for summary judgment.

### C. The Misapplication of the Summary Judgment Standard Violates the Seventh Amendment

The actions of the courts below violate the Seventh Amendment right to a jury trial. *See, e.g., Leonard v. Dixie Well Serv. & Supply, Inc.*, 828 F.2d 291, 294 (5th Cir. 1987) (reversing a district court grant of summary judgment because "it is for the jury at trial, not for the judge on a pretrial motion, to decide whose evidence is more credible").

This is not a question of whether summary judgment, in applying the correct Rule 56 standard, violates the Seventh Amendment. Of course it does not. *See, e.g., Tolan*, 572 U.S. 650.

Rather, the problem is when, like in *Tolan* and here, the lower courts substitute their determinations of historical facts for the jury. Such a situation is in fact a violation of the Seventh Amendment and

demands reversal and course correction. *See DR Distribs., LLC v. 21 Century Smoking, Inc.*, No. 3:12-cv-50324, 2024 U.S. Dist. LEXIS 99866, at *42 (N.D. Ill. June 5, 2024) ("because of Seventh Amendment concerns, in summary judgment proceedings, courts cannot determine factual disputes").

"The purpose of the summary process is to avoid a clearly unnecessary trial … it is not designed to substitute lawyers' advocacy for evidence, or affidavits for examination before the fact-finder, when there is a genuine issue for trial." *Cont'l Can Co. v. Monsanto Co.*, 948 F.2d 1264, 1265 (Fed. Cir. 1991) (citation omitted). Moreover, "[w]hile facilitating the disposition of legally meritless suits, when summary judgment is improvidently granted the effect is to prolong litigation and increase its burdens. This is of particular concern in patent disputes, where the patent property is a wasting asset, and justice is ill served by delay in final resolution." *Id.* at 1265-66.

This Court has long made clear that, with respect to summary judgment, weighing evidence and making credibility determinations is the function of the jury. *Anderson*, 477 U.S. at 249, 255. This is because "[t]he right to confront, cross-examine and impeach adverse witnesses is one of the most fundamental rights sought to be preserved by the Seventh Amendment provision for jury trials in civil cases. The advantages of trial before a live jury with live witnesses, and all of the possibilities of considering the human factors, should not be eliminated by substituting trial by affidavit and the sterile bareness of summary judgment." *Adickes v.*

*S.H. Kress & Co.*, 398 U.S. 144, 176 (1970) (Black, J., concurring).

### D. This Court's Supervisory Authority Is Needed to Correct Trends in Patent Cases Whereby Procedural Standards Are Ignored

This case is not a "one-off." *Berkheimer*, and the axioms of *Tolan* and *Anderson*, are too often forgotten in patent cases under the Federal Circuit's supervision, with lower courts substituting their own judgment for time-dependent historical facts. As discussed below, courts also analogize cases to previous Federal Circuit decisions when determining that a patent involves ineligible subject matter, ignoring that the analysis must be conducted by looking at the specific time period of the invention. This is wrong and must be rectified.

For example, in *USC IP Partnership LP v. Facebook*, a district court in the Fifth Circuit failed to apply the summary judgment standard correctly. 576 F. Supp. 3d 446 (W.D. Tex. 2021). The nonmovant presented statements from its technical expert's rebuttal report, including testimony that "the claims present a unique and novel way of delivering webpages to consumers that was not previously demonstrated in the prior art." *USC IP P'ship, L.P. v. Meta Platforms, Inc.*, No. 2022-1397, 2023 U.S. App. LEXIS 22914, at *6 (Fed. Cir. Aug. 30, 2023) (citation omitted).

The *USC* court, under *Tolan* and *Berkheimer*, should have found a dispute of fact as to conventionality. It did not. Instead, ***largely by analogizing to previous cases decided by the Federal Circuit***, the district court rejected the evidence which contradicted its conclusion since it was "not backed by any concrete facts from the specification or the prior art." 576 F. Supp. 3d at 457.

This is the same error that this Court felt obliged to call out the Fifth Circuit for in *Tolan*:

> "By failing to credit evidence that contradicted some of its key factual conclusions, the court improperly 'weigh[ed] the evidence' and resolved disputed issues in favor of the moving party," 572 U.S. at 657 (quoting *Anderson*, 477 U.S. at 249).

Rather than giving credence to the factual evidence presented by the nonmovant below, the Federal Circuit affirmed the district court's faulty analysis by discounting the evidence as "conclusory". *USC*, 2023 U.S. App. LEXIS 22914, at *8-9.

*Savvy Dog Systems, LLC v. Pennsylvania Coin, LLC*, provides another example where the Federal Circuit substituted its own judgment on historical facts in contravention of the *Tolan* axiom. No. 2023-1073, 2024 U.S. App. LEXIS 6702 (Fed. Cir. Mar. 21, 2024). There, the non-movant asserted the claim was directed "to displaying the game field before the player commits to play the game." *Id.* at *7. The Federal Circuit found this to be abstract at

*Alice/Mayo* Step 1 despite providing no evidence that such a concept was "long standing" at the time of the alleged invention. *Id.* at *7-8. Rather than rely on the evidence presented with the motion, ***the Federal Circuit relied solely on its determinations in cases involving different inventions.*** *Id.* at *7 (citations omitted). This kind of *ipso facto* fact finding is not appropriate and violates *Tolan*.

Similarly, in *Broadband iTV, Inc. v Amazon.com, Inc.*, the district court granted a summary judgment motion based, in part, on the claim language, stating that the claims themselves admitted conventionality. No. 6:20-cv-00921-ADA, 2022 U.S. Dist. LEXIS 178425, at *29 (W.D. Tex. Sep. 30, 2022). In finding the claims contained admissions, the district court confused the prior existence of templates generally with the unconventional use of templates in the specific context of the claimed invention, namely user interfaces for television program guides in 2006 (the time of the invention). *Id.*

The Federal Circuit affirmed, endorsing the lower court's faulty analysis. With respect to one of the disputed patents, rather than use evidence from the record, the Federal Circuit instead relied on *ipse dixit*, holding ***the patent was directed to "targeted advertising, which [it] ha[s] repeatedly found abstract."*** *Broadband iTV*, 113 F.4th 1359, 1371 (Fed. Cir. 2024) (citations omitted). At *Alice*/*Mayo* Step 2, the Federal Circuit stated that "[t]he district court largely based its step two analysis on the intrinsic record, and [that it] again agree[s] with the district court's interpretation of the intrinsic record."

*Id.* at 1372. This conclusion distorts the law and allows the lower court in patent cases to interpret and weigh the evidence in patent cases differently than other civil litigations. Once again, this erroneous perception of the *Tolan* axiom must be fixed.

In the same vein, the Federal Circuit misapplies other standards by ignoring historical facts. For example, *Beteiro, LLC v. Draftkings, Inc.*, a decision in the context of judgment on pleadings, illustrates how the Federal Circuit has been substituting its own judgment to find in *Alice/Mayo* Step 1 "'fundamental ... practices long prevalent'" without reference to any historical factual precedent. 104 F.4th 1350, 1356 (Fed. Cir. 2024) (citing *Intell. Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1314 (Fed. Cir. 2016)). Indeed, the court discounted the factual assertion that "remote gambling" was "uncommon in 2002" (the time of the invention) as irrelevant, relying on the Federal Circuit's *ipso facto* case law that it was "long prevalent." *Id.* at 1356-57. Likewise at *Alice/Mayo* Step 2, the Federal Circuit concluded that GPS was "a set of generic computer components" without considering the "contention that [the] complaint raised a genuine dispute as to whether the inclusion of GPS on a mobile phone was conventional technology in 2002." *Id.* at 1357. The court failed to adhere to this Court's directive to accept as true all material facts as plead (in the context of a motion on the pleadings) or as supported by evidence (in the context of a motion for summary judgment).

In the context of a motion to dismiss, the Federal Circuit in *Caselas, LLC v. Verifone* rejected the factual assertion that the "invention is unconventional based on the fact that the industry actors did not check charge-back histories until nearly a decade after the '698 patent's date of invention . . ." Nos. 2023-1036, 2023-1038, 2023-1040, 2023-1041, 2024 U.S. App. LEXIS 12676, at *7 (Fed. Cir. May 28, 2024). If the court had accepted this factual assertion as true, as this Court's precedent mandates, then the checking charge-back histories limitations could neither be "long prevalent" to support a finding of "abstractness," nor "conventional" or routine at the time of the invention.

### E. This Court's Rule 10 Should Not Preclude Review, Since the Persistent Misapplication of the Axioms of Summary Judgment in Patent Cases and Failure of the Federal Circuit to Provide Reasoned Analysis on Appeal Are Rampant

This Court, in *Tolan v. Cotton*, addressed the same issue presented here, albeit with respect to qualified immunity cases. 572 U.S. 650 (2014). There, this Court issued a *per curium* opinion vacating a Fifth Circuit decision that "failed to adhere to" the proper summary judgment standard. *Id.* at 651. The Fifth Circuit "failed [to] properly . . . acknowledge key evidence offered by the party opposing" the summary judgment motion and "failed to view the evidence at

summary judgment in the light most favorable to" the nonmovant. *Id.* at 657, 659. This Court "interevene[d] . . . because the opinion below reflect[ed] a clear misapprehension of summary judgment standards in light of [this Court's] precedents." *Id.* at 659.

Here, like in *Tolan*, this Court's intervention is needed to correct a clear misapprehension of the summary judgment standards in patent cases by the Federal Circuit, which is the sole reviewing body for all district court patent rulings.

As discussed in Section D above, the present case is part of a larger, concerning trend, whereby lower courts, following the lead of the Federal Circuit, are ignoring the proper application of the summary judgment standard in patent cases. Factual determinations under *Alice*/*Mayo* are made without evidentiary support, or even in the face of directly contradictory evidentiary support.

Something must change. Litigants in patent cases have the same constitutionally-derived procedural and substantive rights as litigants in other cases. *SCA Hygiene Prods.,* 580 U.S. at 340. Disputed facts should be considered in the non-moving party's favor on summary judgment, FRCP 56, and appellate review should squarely address the parties' arguments, *see Cardinal Chemical Co. v. Morton Int'l,* 508 U.S. 83, 89 (1993). Not doing so leads to injustice, more disputes, fewer resolutions and more petitions to this Court.

## II. The Federal Circuit's Use of Local Rule 36 Here and in General Subverts U.S. Appellate Tradition and Requires This Court's Supervision

On appeal, the Federal Circuit affirmed the district court's decision under Local Rule 36, providing no explanation except for citation to Local Rule 36. It has taken a similar tack in nearly one-third of its recent decisions. *See* Patently-O, *supra*.

This is problematic for many reasons.

At a fundamental level, explanations are needed to provide transparency and assurance to litigants that the court properly considered the arguments before it. *See, e.g., Couveau v. Am. Airlines, Inc.*, 218 F.3d 1078, 1081 (9th Cir. 2000) (failing to provide reasoning behind a decision "increases the danger that litigants, whether they win or lose, will perceive the judicial process to be arbitrary and capricious"). Moreover, as former D.C. Circuit Chief Judge Wald has written, "[t]he discipline of writing even a few sentence or paragraphs explaining the basis for the judgment insures a level of thought and scrutiny by the court that a bare signal of affirmance, dismissal, or reversal does not." Patricia M. Wald, *The Problem with the Courts: Black-robed Bureaucracy, or Collegiality under Challenge?,* 42 Md. L. Rev. 766 (1983). And, as Justice Cardozo has explained, the long appellate tradition of explaining decisions plays the important role of "declaring justice between man and man, but of settling the law." Benjamin N.

Cardozo, *Jurisdiction of the Court of Appeals* (2d ed. 1909) § 6.

In marked contrast, commentators and litigants alike have explained that Local Rule 36 causes a litany of ills, including:

- creating distorted views of the law, *see* Paul R. Gugliuzza & Mark A. Lemley, *Can a Court Change the Law by Saying Nothing?*, 71 *Vand. L. Rev.* 765 (2018),
- undermining the appellate review process by biasing results towards affirmance, *see* Lucas Thrun, *US Inventor Urges CAFC to Review Implementation of Rule 36*, July 2, 2024, https://ipwatchdog.com/2024/07/02/us-inventor-urges-cafc-review-implementation-rule-36/id=178509/,
- not providing substantial review but merely being a docket management tool, *see* Gene Quinn & Steve Brachmann, *No End in Sight for Rule 36 Racket at Federal Circuit*, Jan. 29, 2019, https://ipwatchdog.com/2019/01/29/no-end-sight-rule-36-racket cafc/id=105696/, and
- functioning as an abdication of the Federal Circuit's responsibility to develop patent law. *See* Peter Harter & Gene Quinn, *Rule 36: Unprecedented Abuse at the Federal Circuit*, Jan. 12, 2017, https://ipwatchdog.com/2017/01/12/rule-36-abuse-federal-circuit/id=76971/.

Former Federal Circuit Chief Judge Paul Michel has described it as "a dereliction of duty [for the Federal Circuit] not to explain their reasoning … in order to remain consistent with their mission to clarify the patent law." Eileen McDermott, *Chief Judge Paul Michel: Patent Reform Progress is Likely, but We Must Stay Focused on the Big Picture*, https://ipwatchdog.com/2019/09/15/chief-judge-paul-michel-patent-reform-progress-likely-must-stay-focused-big-picture/id=113326/ ("CJ Michel").

### A. The Federal Circuit's Overuse of Local Rule 36 Leads to Decisions That Cannot Be Properly Reviewed

Appellate courts have long rejected decisions that provide no reasoned explanation, since they make review impossible. *See*, *e.g.*, *Boazman v. Econ. Lab., Inc.,* 537 F.2d 210, 213 n.5 (5th Cir. 1976) (citation omitted) ("[W]e are authorized to set aside a District Court's grant of summary judgment when 'its order is opaque and unilluminating as to either the relevant facts or the law with respect to the merits of appellants' claim.'") (quoting *Carter v. Stanton,* 405 U.S. 669, 672 (1972)); *Van Bourg, Allen, Weinberg & Roger v. NLRB*, 656 F.2d 1356, 1358 (9th Cir. 1981) (vacating and remanding summary judgment "so the district court may state in reasonable detail the reasons for its decision as to each document in dispute"); *Gillis v. Hoechst Celanese Corp.*, 4 F.3d 1137, 1149 (3d Cir. 1993) ("vacat[ing] the district court's order to the extent that it denies this claim and remand the claim so that the basis for the decision can

be explicated by the district court and an appropriate order can be entered"); *Campbell v. Hewitt, Coleman & Assocs., Inc.*, 21 F.3d 52, 55-56 (4th Cir. 1994) (vacating summary judgment because "[t]he district court stated no facts on which it relied"); *United States v. Thomas*, 236 F. App'x 410, 413 (10th Cir. 2007) (citation omitted) (it is "error" to not provide "an adequate explanation" because the reviewing body is "left . . . in the zone of appellate speculation.").

Even the Federal Circuit has recognized that opaque decision-making justifies vacating and remanding for further clarification when performing their appellate role. *See*, *e.g.*, *Jang v. Bos. Sci. Corp.*, 532 F.3d 1330, 1335 (Fed. Cir. 2008) ("a remand for clarification is appropriate where a judgment is ambiguous"); *Telectronics Pacing Sys., Inc. v. Ventritex, Inc.*, 982 F.2d 1520, 1526 (Fed. Cir. 1992) (citation omitted) ("[I]f the district court's underlying holdings would otherwise be ambiguous or inascertainable, the reasons for entering summary judgment must be stated somewhere in the record."); *Nazomi Communs., Inc v. ARM Holdings, PLC* 403 F.3d 1364, 1371, 1373 (Fed. Cir. 2005) (remanding an "inadequate" noninfringement ruling for a more "detailed analysis" since "it [did] not supply the basis for its reasoning sufficient for a meaningful review"); *Superior Fireplace Co. v. Majestic Prods.* Co., 270 F.3d 1358, 1377 (Fed. Cir. 2001) (remanding case due to "the district court's failure to provide any findings or reasoning prevents us from reviewing its decision").

Failing to provide well-reasoned, written decisions causes appellate courts to be "handicapped

in [their] review." *Peck v. Bridgeport Machines, Inc.*, 237 F.3d 614, 617 (6th Cir. 2001). By contrast, issuing "written opinion[s] explaining [a] ruling and the reasoning, factual and legal, in support" serves the "reviewing court and . . . the parties . . . much better." *Id.* "Some form of a written opinion memorializing the [lower] court's ruling eliminates [the] problem" of appellate courts having to 'second guess.'" *Bellamy v. Bradley*, 729 F.2d 416, 418 (6th Cir. 1984).

As this Court recognizes, the same reasoning applies to decisions of appellate courts subject to this Court's supervisory review. *See, e.g., Taylor v. McKeithen,* 407 U.S. 191, 194 (1972) *(*granting certiorari, vacating, and remanding a Fifth Circuit decision, in part because it did "not [have] the benefit of the insight of the Court of Appeals").

In *Cardinal Chemical Co. v. Morton Int'l,* this Court rejected the Federal Circuit's then-routine practice of vacating declaratory judgments involving patent validity after a determination of noninfringement. 508 U.S. at 89. The decision is instructive. Until then, the Federal Circuit considered an affirmance of a finding of noninfringement to resolve any underlying case or controversy, leaving open appealed issues of invalidity or unenforceability, reasoning that the noninfringement finding rendered any affirmative defenses or counterclaims "moot in a jurisdictional sense." *Id.* at 92 (citations omitted). This Court reversed, explaining that the Federal Circuit had jurisdiction to consider both issues on appeal, and therefore it was incumbent on them to properly adjudicate and explain both. *Id.* at 98.

The Court explained that doing otherwise "injures not only the alleged infringer and the public; it also may unfairly deprive the patentee itself of the appellate review that is a component of the one full and fair opportunity to have the validity issue adjudicated correctly." *Id.* at 101-02.

The Federal Circuit's routine practice of issuing one-word affirmances under Local Rule 36, like the practice objected to in *Cardinal*, similarly deprives patentees of proper appellate review.

### B. The Federal Circuit's Use of Local Rule 36 in This Case Leaves the Basis of Affirmance Unclear

The use of a one-word affirmance in this case provides a good example of the uncertainty Local Rule 36 creates. In particular, it left the parties (and the public) uncertain as to whether the Federal Circuit was saying that:

- in patent cases, *Tolan* does not apply;
- *Alice/Mayo* Step 2 is not necessary;
- it simply did not believe the historical facts presented by Petitioner; or
- some other alternative ground supported affirmance, as Respondent argued. (Red Br. at 34-48; Transcript of Oral Argument at 16:13-25:15).

The failure to specify which of these bases, or if some other basis, support its decision deprives this Court of the ability to review the Federal Circuit's

decision with any clarity. *See Cardinal Chemical Co.*, 508 U.S. at 101-02. It is also inconsistent "with their mission to clarify the patent law." *See* C.J. Michel. Ironically, the Federal Circuit would reject such "ambiguous" underlying holdings coming from a district court. *See Telectronics Pacing Sys.,* 982 F.2d at 1526.

### C. The Federal Circuit's Use of Local Rule 36 Is Out of Step with Other Circuits and Requires This Court's Attention

If the claims at issue had not arisen under patent law, it is unlikely that they would have received the same abbreviated treatment. Although FRAP 36 does not preclude appellate courts from issuing judgements without opinions, the Federal Circuit's sister circuits typically refrain from doing so.

Indeed, the volume at which the Federal Circuit issues one-word affirmances far exceeds its sister circuits. On average, over the past ten years, the Federal Circuit has issued one-word affirmances in approximately 35% of cases appealed from a district court or the USPTO. *See* Patently-O, *supra*. According to its website, as of September, it had issued Local Rule 36 judgments in nearly 30% of such cases.

In contrast, the Federal Circuit's sister circuits either do not expressly authorize one-word affirmances or only rarely use them. The First, Second, Third, Fourth, Sixth, Seventh, Ninth, Eleventh, and DC Circuits do not have local rules

authorizing judgments without opinions and do not issue one-word affirmances in practice. *Id*. As of late September, of the three other circuits that permit one-word affirmances or judgments without opinion, only the Fifth Circuit issued any, and in only two cases. *Id*. Ordinarily, the Fifth Circuit's practice is to provide at least a cursory explanation. *See, e.g.*, *Gilliard v. Limestone Cty. DA Office*, No. 23-50378, 2024 U.S. App. LEXIS 2734, at *1 (5th Cir. Feb. 6, 2024) ("Appellant has not identified any reversible error in the district court's dismissal of his claims.").

## III. The Present Case Is a Proper Vehicle for Correcting These Issues

This case is an appropriate vehicle for this Court to address this problem that has been percolating in the lower courts. The consistent misapplication of *Tolan* by courts and overuse of Local Rule 36 by the Federal Circuit are persistent and clearcut issues that must be resolved and are fairly presented by this case. If they are not, litigants will continue to be deprived of proper, fair, and clear adjudication.

This case illustrates the threat to litigants' Seventh Amendment right to a jury trial, and ability to properly understand and appeal decisions in patent cases. If courts continue to ignore historical facts and misapply the summary judgment standard with respect to patent cases, an increasing number of litigants will be deprived of their day in court.

Similarly, the Federal Circuit's frequent use of one-word affirmances deprives litigants, as it did here, of proper adjudication, leading to disparate treatment of patent cases. As discussed above, the record did not support a finding of summary judgment, the district court failed to properly apply this Court's precedent with respect to Rule 56 and patent-eligibility, and thus the decision violates Petitioner's Seventh Amendment rights. Each of these should have prevented a one-word affirmance. *See* Fed. Cir. R. 36. Despite missing all these points, the Federal Circuit declined to consider the issue *en banc*.

If this situation does not soon change, patent law will continue to lag behind other areas of law, frustrating the ability of litigants and the public to understand and proceed based on a correct understanding of the law.

This Court must act to correct the types of errors that were committed below. Absent this Court's timely intervention to correct these errors now, the situation will undoubtedly worsen. District courts will continue to misapply FRCP 56 and improperly act as factfinders in patent cases, while the Federal Circuit will continue to use Local Rule 36 as a shortcut to avoid the admittedly more onerous, but critically necessary, task of clearly explaining the basis of their patent decisions.

This Court should grant the Petition, resolve the conflict created by the panel decision, and restore the proper role of the summary judgment standard and Local Rule 36 judgements in patent cases.

## CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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October 21, 2024

# APPENDIX

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**APPENDIX A — JUDGMENT OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED MAY 16, 2024**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2023-1318, 2023-1441

ISLAND INTELLECTUAL PROPERTY LLC,

*Plaintiff-Appellant*

v.

TD AMERITRADE, INC., TD AMERITRADE CLEARING, INC., TD AMERITRADE TRUST CO., TD AMERITRADE HOLDING CORP., THE CHARLES SCHWAB CORPORATION,

*Defendants-Appellees*

Appeals from the United States District Court for the Eastern District of Texas in No. 2:21-cv-00273-JRG-RSP, Chief Judge J. Rodney Gilstrap.

**JUDGMENT**

THIS CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

PER CURIAM (LOURIE, DYK, and REYNA, *Circuit Judges*).

*Appendix A*

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

ENTERED BY ORDER OF THE COURT

/s/ Jarrett B. Perlow
Jarrett B. Perlow
Clerk of Court

May 16, 2024
Date

## APPENDIX B — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, MARSHALL DIVISION, FILED NOVEMBER 17, 2022

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
MARSHALL DIVISION

CIVIL ACTION NO. 2:21-CV-00273-JRG-RSP

ISLAND INTELLECTUAL PROPERTY LLC,

*Plaintiff,*

v.

TD AMERITRADE, INC., TD AMERITRADE CLEARING, INC., TD AMERITRADE TRUST COMPANY, TD AMERITRADE HOLDING CORP., THE CHARLES SCHWAB CORPORATION,

*Defendants.*

November 17, 2022, Decided;
November 17, 2022, Filed

### ORDER

Before the Court is the Report and Recommendation ("R&R") of the Magistrate Judge regarding Defendants' Motion for Summary Judgement of Invalidity under § 101. (Dkt. No. 184.) Plaintiff Island Intellectual Property LLC ("Island") objects to the R&R which recommends to this

Court that it grant Defendants' motion for summary judgment that certain claims of the '286, '551, and '821 Patents are ineligible under § 101.[1] Having reviewed Island's objections, and having fully considered the R&R *de novo*, the Court finds no reason to reject or modify the Magistrate Judge's recommended disposition. *See* Fed. R. Civ. P. 72(b)(3); 28 U.S.C. § 636(b)(1)(C).

Contrary to Island's objections, the conclusion of the Magistrate Judge's R&R that the claims as issue are directed to an abstract idea under *Alice* step one and contain no inventive concept under *Alice* step two is correct. Claim 18 of the '551 Patent is directed to the abstract idea of "aggregating and managing a plurality of funds to circumvent federal banking regulations and capitalizing on high interest rates associated with FDIC accounts through the use of generic computer functionality," which are "fundamental economic and accounting practices consistently deemed abstract by the Supreme Court and the Federal Circuit." (Dkt. No. 184 at 5-7.) Under *Alice* step one, the Court examines the claims in their entirety to ascertain whether their character, as a whole, is directed to an abstract idea. While this necessarily involves some distillation, the Court must be careful not to express the claim's focus at an unduly "high level of abstraction . . . untethered from the language of the claims," but rather at a level consonant with the level of generality or abstraction expressed in the claims themselves. *Enfish LLC v. Microsoft Corp.*,

1. Island has agreed to limit its asserted claims to claim 18 of the '551 Patent, claims 19 and 25 of the '821 Patent, and claim 1 of the '286 Patent. (Dkt. No. 182.)

822 F.3d 1327, 1347 (Fed. Cir. 2016). The Court finds no error in the R&R's characterization of claim 18 of the '551 Patent as directed to the fundamental economic activity of aggregate account management, and finding that Island has not identified a specific means that improves computer functionality or solves a problem specifically arising from computers.

In its objection, Island asserts that the R&R fails to conduct the requisite two-step analysis under *Alice* for the '286 Patent because it did not cite the "Field of Invention" in the '286 Patent and used broad overgeneralizations. (Dkt. No. 189 at 3-5.) However, the specification "cannot be used to import details from the specification if those details are not claimed," even in the § 101 analysis. *Ericsson Inc. v. TCL Commc'ns Tech. Holdings Ltd.*, 955 F.3d 1317, 1328-29 (Fed. Cir. 2020). Even considering the "Field of Invention" in the '286 Patent, which discusses "computerized account management techniques . . . by which financial entities may offer accounts allowing unlimited withdrawals" (which is not claimed), and "the deposited funds earn interest at rates that can be flexibly assigned and are covered by deposit insurance" (Dkt. No. 189 at 3), Island does not explain how such consideration results in a finding that the claim is directed to eligible subject matter.

The R&R explains why the analysis with respect to claim 18 of the '551 Patent applies with equal force to the remaining claims in suit, including claim 1 of the '286 Patent. (Dkt. No. 184 at 9-10.) It states that the additional limitations recited in claim 1 of the '286 Patent "are all

fundamental economic and accounting activities deemed abstract. . . ." (*Id.* at 10.) Thus, the focus of claim 1 of the '286 Patent, considering its character as a whole, remains on fundamental economic and accounting activities that are implemented by generic computer components. Similarly, the focus of claim 19 of the '821 Patent is also on fundamental economic practices, with only inconsequential permutations that do not meaningfully add to the eligibility analysis. (*Id.* at 9-10.) Claim 25's invocation of the Internet likewise does not save the claim from abstraction.

The R&R addresses the claims in suit under *Alice* step two by finding that claim 18 of the '551 Patent lacks an inventive concept. (*Id.* at 8-9.) The R&R then explains why this analysis also applies to the claims of the remaining patents, addressing the limitations of claim 1 of the '286 Patent that differ from claim 18 of the '551 Patent, and noting that Island does not present any § 101 eligibility argument specific to distinguishing the '821 Patent from the '551 Patent. (*Id.* at 9-10.)

At *Alice* step two, the Court searches for "an inventive concept—i.e., an element or combination of elements that is sufficient to ensure that the patent in practice amounts to significantly more than a patent upon the ineligible concept itself." *Alice Corp. v. CLS Bank Int'l*, 573 U.S. 208, 217-18, 134 S. Ct. 2347, 189 L. Ed. 2d 296 (2014). "What is needed is an inventive concept in the non-abstract application realm." *SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1168 (Fed. Cir. 2018); *see also Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1151 (Fed. Cir.

2016) ("[A] claim for a new abstract idea is still an abstract idea."). The inquiry into the inventive concept "may" involve factual determinations about whether a claim element or combination of elements is well-understood, routine, and conventional. *Berkheimer v. HP Inc.*, 881 F.3d 1360, 1368 (Fed. Cir. 2018). However, ultimately "whether a claim recites patent eligible subject matter is a question of law which may contain underlying facts." *Id.*

The R&R correctly applied these principles in finding that claim 18 of the '551 Patent does not contain an inventive concept, for example, citing *SAP Am., Inc. v. InvestPic LLC*, where the Federal Circuit determined that "[n]o matter how much of an advance in the finance field the claims recite, the advance lies entirely in the realm of abstract ideas, with no plausibly alleged innovation in the non-abstract application realm." 898 F.3d at 1163. Like the alleged innovation in the *InvestPic* patent, which was found to be an innovation in ineligible subject matter, the purported innovation in "cash management" of the '551 Patent concerns the abstract idea of fundamental economic and accounting activities itself, which is not sufficient to confer eligibility. *See id.* at 1170. Island's assertions that its claims "solve[] a difficult technical problem" do not address the fact that it does not point to a specific improvement to computer functionality. (*See* Dkt. No. 184 at 8-9.) The R&R distinguishes cases relied on by Island where improvements were directed to non-abstract concepts. (*Id.* at 9.)

Put simply, "[t]he abstract idea itself cannot supply the inventive concept, 'no matter how groundbreaking

the advance.'" *Trading Techs. Int'l, Inc. v. IBG LLC*, 921 F.3d 1378, 1385 (Fed. Cir. 2019). The R&R correctly found that claim 18 of the '551 Patent does not contain an inventive concept outside the realm of abstract ideas (Dkt. No. 184 at 8-9), and no amount of "overwhelming evidence of unconventionality and inventiveness" from Island can change that. (Dkt. No. 189 at 8.) The R&R applies the same reasoning as the above to claim 1 of the '286 Patent and notes that its additional limitations of "determining and applying an interest rate to individual funds held in aggregate," "calculating the respective interest of each individual fund over a period of time," "calculating the interest earned by the aggregate FDIC account over the same period of time," and "posting the interest earned by individual funds" are all fundamental economic and accounting activities deemed abstract and do not provide any additional inventive concept. (Dkt. No. 184 at 9-10.) The '286 Patent's description of flexible interest allocation and aggregated deposit accounts make clear that these claim elements lie entirely in the abstract realm of fundamental economic and accounting activities. *See* '286 Patent at 11:6-14:3, 19:7-21:60. Beyond that, invocations of an "electronic database" or other steps performed "electronically" fall squarely within Federal Circuit precedent finding generic computer components insufficient to add an inventive concept to an otherwise abstract idea. *See In re TLI Commc'ns LLC Patent Litig.*, 823 F.3d 607, 614 (Fed. Cir. 2016). Furthermore, general concepts about how to "make a process more efficient . . . do[] not necessarily render an abstract idea less abstract." *Secured Mail Sols. LLC v. Universal Wilde, Inc.*, 873 F.3d 905, 910 (Fed. Cir. 2017).

Island's arguments relying on industry praise to demonstrate that the patents in suit perform steps that are not well-known, routine, or conventional (Dkt. No. 114 at 30) are unavailing. As are statements from the prosecution history and Island's inventor and technical expert. (Dkt. No. 189 at 4-5.) The December 19, 2008 Notice of Allowance predates *Alice* and subsequent case law. (Dkt. No. 124-32). Further, the examiner's statements in the Notice of Allowance concern novelty, but as the R&R recognizes, novelty is not relevant to the § 101 analysis. (Dkt. No. 184 at 8.)

Similarly, Island's arguments regarding a New York court's eligibility determination of the '286 and '551 Patents, decided prior to *Alice* (Dkt. No. 189 at 5-7), do not compel reaching that court's same conclusion. The New York court's observation in *Island Intellectual Prop. LLC v. Deutsche Bank AG* that "[r]eading the claims, it is not difficult to conclude that their methods would be impracticable but for significant and complex computer programming" (2012 U.S. Dist. LEXIS 16413, 2012 WL 386282 at *7) reinforce the notion that the only technical aspect of the claims relates to generic computer functionality, not any technical issue outside the realm of abstract ideas.

In summary, the Magistrate Judge's Report and Recommendation implemented a proper analysis under Federal Circuit law, and the Court finds no error in it.

Accordingly,

It is **ORDERED**:

Island's objections (Dkt. No. 189) are **OVERRULED**.

The Magistrate Judge's Report and Recommendation (Dkt. No. 184) is **ADOPTED**.

Accordingly, Defendants' motion for summary judgment (Dkt. No. 92) is **GRANTED**.

**So ORDERED and SIGNED this 17th day of November, 2022**.

/s/ Rodney Gilstrap
RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE

## APPENDIX C — REPORT AND RECOMMENDATION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, MARSHALL DIVISION, FILED SEPTEMBER 28, 2022

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS,
MARSHALL DIVISION

Case No. 2:21-CV-00273-JRG-RSP

ISLAND INTELLECTUAL PROPERTY LLC,

*Plaintiff,*

v.

TD AMERITRADE, INC. ET AL.,

*Defendants.*

### REPORT AND RECOMMENDATION

September 28, 2022, Decided;
September 28, 2022, Filed

Before the Court, defendants[1] move for summary judgment to invalidate the patent claims in suit for claiming patent-ineligible subject matter. Dkt. No. 92. For

1. TD Ameritrade Clearing, Inc.; TD Ameritrade Holding Corp.; TD Ameritrade Trust Company; TD Ameritrade, Inc.; and The Charles Schwab Corporation

the following reasons, the undersigned **RECOMMENDS** that the motion be **GRANTED**.

## I. Background

Island Intellectual Property, LLC filed suit against defendants alleging infringement of claim 1 of U.S. Patent No. 7,509,286 ("'286 Patent"), claim 18 of U.S. Patent No. 7,519,551 ("'551 Patent"), and claims 19 and 25 of U.S. Patent No. 7,933,821 ("'821 Patent").[2] Each patent is a continuation-in-part claiming priority to parent application No. 09/176,340 filed on October 21, 1998, now issued as U.S. Patent No. 6,374,231.

Generally, the '551 Patent describes a method of pooling individual funds held in demand accounts into an aggregated FDIC account in order to obtain the higher interest rates associated with FDIC-insured and interest-bearing deposit accounts without the withdrawal limits associated with the same. The method allows clients, or the bank, to capitalize upon higher interest rates without limiting the number of withdrawals a client may make from the individual funds. Claim 18 of the '551 Patent reads:

> A computer-implemented method for managing funds for a plurality of client accounts for a

2. The complaint asserted infringement of other claims. However, prior to the undersigned reaching the merits of the instant motion, the parties notified the Court that Island withdrew some of the previously asserted claims. See Dkt. No. 182. Accordingly, this report and recommendation is limited to the remaining claims in dispute.

plurality of clients whose funds were accepted for deposit in respective client accounts held in the names of the respective clients at a first banking institution that includes a first bank in its infrastructure, the method comprising:

(a) maintaining a plurality of FDIC-insured and interest-bearing aggregated deposit accounts, each aggregated deposit account held in a different respective bank of a different respective banking institution including an FDIC-insured and interest-bearing aggregated deposit account held at the first bank in the first banking institution;

(b) maintaining or having maintained an electronic database, on one or more computer-readable media, containing information on funds held by each client in the plurality of aggregated deposit accounts;

(c) administering the aggregated deposit accounts to transfer or have transferred client funds that had been accepted into respective client accounts held in the names of the respective clients at the first banking institution to the aggregated deposit account at the first bank except that for clients with a balance of funds in the aggregated deposit account at the first bank that equal or exceed a specified amount depositing or

having deposited additional funds of that client to one of the aggregated deposit accounts in one of the different banks in one of the different banking institutions;

(d) withdrawing or having withdrawn client funds from the FDIC-insured and interest-bearing aggregated deposit account held at one of the banks of one of the banking institutions more than six (6) times during a month while preserving an insured and interest-bearing status of the FDIC-insured and interest-bearing aggregated deposit account held at the one bank; and

(e) updating or having updated the electronic database based on the transfers to and withdrawals in the plurality of aggregated deposit accounts.

'551 Patent 12:22-59. Stripped of excessive verbiage, the method requires: (a) maintaining several aggregate FDIC accounts held in a first bank institution and in at least one other different bank; (b) maintaining a database containing information on each client's funds; (c) transferring client funds up to a specified amount into the aggregate FDIC account maintained by the first banking institution and transferring excess client funds into the aggregate FDIC account maintained by a different bank; (d) withdrawing funds from the FDIC accounts more than six times during a month; and (e) updating the database based upon transfers and withdrawals. *Id.*

*Appendix C*

The '821 Patent is a continuation of the '551 Patent. Island describes claim 19 as generally directed to the same process claimed in the '551 Patent with three additional caveats: (1) the first banking institution includes a first bank infrastructure, '821 Patent 14:19-20,[3] (2) the at least one other different banking institution is instead a plurality of banks of a plurality of banking institutions, *id* at 14:26-27, and (3) allocating client funds into aggregate FDIC accounts maintained by the first banking institution and at least one of the different banking institutions without reference to a specific amount maintained in the aggregate FDIC account of the first banking institution, *id* at 14:35-43. Dkt. No. 114 p 11. Claim 25, dependent on claim 19, adds the step of enabling client access to its account data via the internet. '821 Patent 15:30-35

The '286 Patent as mentioned above derives from the same parent. Generally, the method described by claim 1 of the '286 Patent includes the limitations of claim 18 of the '551 Patent. Compare '551 Patent 12:22-59, with '286 Patent 27:11-42. Additionally, claim 1 of the '286 Patent also describes steps for determining an interest rate for each client fund, *id.* at 27:43-48, calculating interest based upon the client funds as opposed to the client's pro rata share of the aggregate account, *id.* at 27:49-58, determining interest earned of each aggregate FDIC account, *id.* at 27:59-61, and posting the interest calculated for each client, *id.* at 27:62-65. Island provides that these additional steps allow for the application of varying

3. Despite Island's description, this limitation is found in the preamble of claim 18 of the '551 Patent.

interest rates to various client funds and the calculation of interest therefrom. Dkt. No. 114 pp 9-10.

**II. Law**

Pursuant to 35 U.S.C. § 101, "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." "A claim falls outside § 101 where (1) it is directed to a patent-ineligible concept, *i.e.*, a law of nature, natural phenomenon, or abstract idea, and (2), if so, the particular elements of the claim, considered both individually and as an ordered combination, do not add enough to transform the nature of the claim into a patent-eligible application." *SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1166-67 (Fed. Cir. 2018) (quoting *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 573 U.S. 208, 216, 134 S. Ct. 2347, 189 L. Ed. 2d 296 (2014)) (cleaned up).

At step one, the court asks "what the patent asserts to be the 'focus of the claimed advance over the prior art.'" *TecSec, Inc. v. Adobe Inc.*, 978 F.3d 1278, 1292 (Fed. Cir. 2020) (quoting *Solutran, Inc. v. Elavon, Inc.*, 931 F.3d 1161, 1168 (Fed. Cir. 2019)). During this inquiry, the focus is on the claim language considered in the light of the specification. *Id.* (quoting *Synopsys, Inc. v. Mentor Graphics Corp.*, 839 F.3d 1138, 1149 (Fed. Cir. 2016); *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1335 (Fed. Cir. 2016)). The analysis must not indulge in "overgeneraliz[ations]" resulting in "abstractions"

"untethered" from the claim language. *Enfish*, 822 F.3d at 1337. Instead, the analysis "depends on an accurate characterization of what the claims require and of what the patent asserts to be the claimed advance. The accuracy of those characterizations is crucial" to the analysis. *TechSec*, 978 F.3d at 1294.

In cases involving improvements to computing technology and networks, the Federal Circuit has relied upon two inquires: (1) "whether the focus of the claimed advance is on a solution to a problem specifically arising in the realm of computer networks," and (2) "whether the claim is properly characterized as identifying a specific improvement in computer capabilities or network functionality, rather than only claiming a desirable result or function." *Id.* at 1293 (compiling cases) (cleaned up). It is insufficient for a patent to invoke a computer "merely as a tool" to execute an abstract idea. *Enfish*, 822 F.3d at 1335-36.

## III. Analysis

### A. The '551 Patent

At step one of the § 101 analysis, the Court finds that claim 18 of the '551 Patent is directed to a particular method of managing client funds to circumvent federal banking regulations limiting withdrawals from FDIC accounts while simultaneously capitalizing on the interest rates associated with FDIC accounts. Without a doubt, the method navigates federal banking regulations. Nonetheless, the claim is directed to fundamental

economic and accounting practices consistently deemed abstract by the Supreme Court and the Federal Circuit. *Intell. Ventures I LLC v. Symantec Corp.*, 838 F.3d 1307, 1314 & n 5 (Fed. Cir. 2016) (compiling cases); *SAP Am., Inc. v. InvestPic, LLC*, 898 F.3d 1161, 1163 (Fed. Cir. 2018) ("No matter how much of an advance in the finance field the claims recite, the advance lies entirely in the realm of abstract ideas, with no plausibly alleged innovation in the non-abstract application realm."). Maintaining accounts, maintaining databases, transferring funds from one account to another, withdrawing funds, and updating the database based upon transfers and withdrawals all lie entirely in the abstract realm of fund management.

Island argues that claim 18 of the '551 Patent is directed to an improvement in computer systems because managing a plurality of client funds in an aggregate account was cost prohibitive prior to the claimed advance. Dkt. No. 114 pp 13-14. Be that as it may, Island fails to explain how claim 18 of the '551 Patent solves a problem specifically arising from computers or provides a specific improvement in computer functionality. *TechSec*, 978 F.3d at 1293. For example, claim 18 of the '551 Patent does not improve data compression, *DDR Holdings, LLC v. Hotels. com, L.P.*, 773 F.3d 1245, 1259 (Fed. Cir. 2014), and does not improve data storage and retrieval, *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1339 (Fed. Cir. 2016). Nor does claim 18 of the '551 patent require generic computers to operate in an unconventional manner to achieve an improvement in computer functionality. *Amdocs (Israel) Ltd. v. Openet Telecom, Inc.*, 841 F.3d 1288, 1299-1301 (Fed. Cir. 2016). Island's attempt to liken the database

structure of each claim in suit to *Enfish* is merely a recitation of the database limitations without any analysis of how those limitations increase computer functionality. Dkt. No. 114 p 5-6. Moreover, the specification does not describe a problem with, or specific solution relating to, computer functionality. *TechSec*, 978 F.3d at 1293.

Instead, the claimed advance is directed to a unique allocation of funds that makes it more efficient for a generic computer to perform basic accounting functions over aggregated client funds. Island confirms as much when describing the value of the patents in suit. Dkt. No. 114 p 2 ("[T]he Patents-in-Suit make clear that computerized deposit sweep systems already existed; the aim was to set forth inventive processes that [make] existing computer systems better, more efficient, and more accurate."). In other words, claim 18 of the '551 Patent uses generic computers to automate fundamental economic practices deemed abstract. Without a claimed improvement to computer functionality, claim 18 of the '551 Patent is directed to a set of instructions to apply fundamental economic activity with the assistance of an unspecified, generic computer. Such claims are abstract. See, *e.g.*, *Intell. Ventures I*, 838 F.3d at 1315. Simply because it was cost prohibitive to perform computerized deposit sweeps does not mean that claim 18 of the '551 Patent is directed to an improvement in computer functionality.

Island further argues that claim 18 of the '551 Patent is directed to eligible subject matter because it claims a specific and improved means of accomplishing a result, rather than the result itself. Dkt. No. 114 pp 28-29.

Indeed, "[a] patent may issue 'for the means or method of producing a certain result, or effect, and not for the result or effect produced.'" *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016) (quoting *Diamond v. Diehr*, 450 U.S. 175, 182, 101 S. Ct. 1048, 67 L. Ed. 2d 155 n 7 (1981)). When a patent is directed to a means to produce a specific result, the Federal Circuit has instructed courts to determine whether the subject claims "focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery." *McRO*, 837 F.3d at 1314 (citing *Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016); and *Rapid Litig. Mgmt. Ltd. v. CellzDirect, Inc.*, 827 F.3d 1042, 1048 (Fed. Cir. 2016)); see also *SAP*, 898 F.3d at 1167-68 (compiling cases).

Claim 18 of the '551 Patent is clearly directed to a means of aggregating and managing a plurality of funds to circumvent federal banking regulations and capitalizing on high interest rates associated with FDIC accounts through the use of generic computer functionality. Island has not identified a specific means or method that improves computer functionality. At best, Island's arguments identify a specific means that improves aggregate account management, a fundamental economic activity deemed abstract, that merely invokes generic computer functionality. The same cannot be said of the case law relied upon by the Federal Circuit for the proposition espoused by Island. See *SAP*, 898 F.3d at 1167-68 (compiling cases). For example, claims identifying a specific means to cure rubber, to identify network hackers,

to perform behavior-based computer virus scanning, and to produce lip synchronization of animated characters are not abstract results. *Diamond v. Diehr*, 450 U.S. 175, 187, 101 S. Ct. 1048, 67 L. Ed. 2d 155 (1981); *SRI International, Inc. v. Cisco Systems, Inc.*, 930 F.3d 1295, 1303 (Fed. Cir. 2019); *Finjan, Inc. v. Blue Coat Systems, Inc.*, 879 F.3d 1299, 1304 (Fed Cir. 2018); *McRO*, 837 F.3d at 1314.

The fact that claim 18 of the '551 Patent applies these abstract steps narrowly to a plurality of client funds aggregated across a plurality of FDIC accounts is insufficient to convert claim 18 of the '551 Patent into patent eligible subject matter. *BSG Tech LLC v. Buyseasons, Inc.*, 899 F.3d 1281, 1287 (Fed. Cir. 2018) ("[A] claim is not patent eligible merely because it applies an abstract idea in a narrow way. For an application of an abstract idea to satisfy step one, the claim's focus must be something other than the abstract idea itself."). Additionally, novelty has no relevance within the § 101 analysis. *Intell. Ventures I*, 838 F.3d at (citing *Diamond v. Diehr*, 450 U.S. 175, 188-89, 101 S. Ct. 1048, 67 L. Ed. 2d 155 (1981); *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66, 91, 132 S. Ct. 1289, 182 L. Ed. 2d 321 (2012)).

Because the claims are directed to an abstract idea, the Court searches for an inventive concept sufficient to ensure that the '286 Patent amounts to more than a patent upon ineligible subject matter. *Alice*, 134 S.Ct. at 2355. "If a claim's only 'inventive concept' is the application of an abstract idea using conventional and well-understood techniques, the claim has not been transformed into a

patent-eligible application of an abstract idea." *BSG Tech LLC v. Buyseasons, Inc.*, 899 F.3d 1281, 1290-91 (Fed. Cir. 2018). "What is needed is an inventive concept in the nonabstract application realm." *SAP*, 898 F.3d at 1168. However, no inventive concept can be found within claim 18 of the '551 Patent.

Island's briefings are replete with assertions that claim 18 of the '551 Patent solves a difficult technical problem faced by prior art computers performing fundamental economic and accounting processes for client funds held in aggregate. Despite the effort, Island does not identify a specific improvement to computer functionality. Instead, Island only identifies a specific method of managing aggregate accounts executable by a generic computer. Island's reliance on *BASCOM Glob. Internet Servs., Inc. v. AT&T Mobility LLC* and *Data Engine Techs. LLC v. Google LLC* for commercial success is not persuasive. The claims in *BASCOM* improved network functionality by enabling remote filtration adaptable to individual user preferences. 827 F.3d 1341, 1350 (Fed. Cir. 2016). Similarly, the claims in *Data Engine Techs. LLC v. Google LLC* were directed to retrieving data from three-dimensional spreadsheets improving computer efficiency and were "applauded by the industry for improving computers' functionality as a tool..." 906 F.3d 999, 1008 (Fed. Cir. 2018). In both *BOSCOM* and *Data Engine*, industry praise attached to non-abstract ideas of improving computer functionality. As Island admits, claim 18 of the '551 patent "revolution[ized] ... the cash management industry." Dkt. No. 114 p 30. Island does not argue or otherwise show that claim 18 of the '551 patent revolutionized computer

functionality. Because "cash management" is abstract, claim 18 of the '551 Patent lacks an inventive concept.

### B. Remaining Patents

The above analysis applies with equal force to the remaining claims in suit. The permutations recited in claim 19 of the '821 patent and the additional limitations recited in claim 25 of the '821 patent and claim 1 of the '286 Patent are insufficient to convert the claims into eligible subject matter.

Starting with claim 19 of the '821 Patent, further limiting the first bank institution to include a first bank in its infrastructure and further limiting a different bank to a plurality of different banks does not contribute any indicia of inventive concept to the fundamental economic practices recited therein. Compare '551 Patent 12:25-27 & 30-31, with '821 Patent 14:19-20 & 26-27. Similarly, allocating funds into a first bank before allocating funds into a different bank without reference to a specified amount is an inconsequential permutation from allocating funds with reference to a specified amount. Compare '551 Patent 12:39-49, with '821 14:35-43. Further, claim 25's recitation of the internet as a method to access fund data does not provide an inventive concept to the abstract idea of managing funds. Compare '821 claim 25 15:30-35, with, *e.g.*, *CyberSource Corp. v. Retail Decisions, Inc.*, 654 F.3d 1366, 1370 (Fed. Cir. 2011) (reasoning that the use of the internet to verify a credit card transaction does not meaningfully add to the abstract idea of verifying the transaction). Island does not present any § 101 eligibility

argument specific to distinguishing the '821 Patent from the '551 Patent. Accordingly, claims 19 and 25 of the '821 are also directed to fundamental economic practices deemed abstract without any additional inventive concept.

Claim 1 of the '286 Patent is no different. The additional limitations of determining and applying an interest rate to individual funds held in aggregate, '286 Patent 27:43-48, calculating the respective interest of each individual fund over a period of time, *id.* at 27:49-58, calculating the interest earned by the aggregate FDIC account over the same period of time, *id.* at 27:59-61, and posting the interest earned by individual funds, *id.* at 62-65, are all fundamental economic and accounting activities deemed abstract and do not provide any additional inventive concept over the '551 Patent. Island's reliance on the prosecution history or *Island Intellectual Properties LLC v. Deutche Bank AG*, 2012 U.S. Dist. LEXIS 16413, 2012 WL 386282 **7-8 (S.D.N.Y. Feb. 6, 2012) does not change this conclusion because both predate the *Alice/Mayo* framework and the subsequent developments cited in this report.

## IV. Conclusion

For the reasons discussed above, **IT IS RECOMMENDED** that defendants' motion for summary judgment to invalidate the claims in dispute, namely claim 18 of the '551 Patent, claims 19 and 25 of the '829 Patent, and claim 1 of the '286 Patent, for claiming patent-ineligible subject matter, Dkt. No. 92 as modified by Dkt. No. 182, be **GRANTED**.

*Appendix C*

A party's failure to file written objections to the findings, conclusions, and recommendations contained in this report within 14 days bars that party from *de novo* review by the District Judge of those findings, conclusions, and recommendations and, except on grounds of plain error, from appellate review of unobjected-to factual findings and legal conclusions accepted and adopted by the district court. Fed. R. Civ. P. 72(b)(2); *see Douglass v. United Servs. Auto. Ass'n*, 79 F.3d 1415, 1430 (5th Cir. 1996) (*en banc*).

**SIGNED this 28th day of September, 2022**.

/s/ Roy S. Payne
ROY S. PAYNE
UNITED STATES MAGISTRATE JUDGE

**APPENDIX D — OPINION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, MARSHALL DIVISION, FILED MAY 20, 2020**

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS,
MARSHALL DIVISION

NO. 2:21-CV-00273-JRG

ISLAND INTELLECTUAL PROPERTY, LLC,

*Plaintiff,*

v.

TD AMERITRADE, INC, TD AMERITRADE CLEARING, INC., TD AMERITRADE COMPANY, TD AMERITRADE HOLDING CORP, AND THE CHARLES SCHWAB CORPORATION,

*Defendants.*

May 20, 2022, Decided;
May 20, 2022, Filed

**CLAIM CONSTRUCTION MEMORANDUM OPINION AND ORDER**

Plaintiff Island Intellectual Property, LLC, asserts claims from five United States patents against Defendants TD Ameritrade, Inc., TD Ameritrade Clearing, Inc., TD

Ameritrade Company, TD Ameritrade Holding Corp., and The Charles Schwab Corporation. Generally, the patents relate to banking and account management. Four of the patents concern "computerized banking techniques" or "account transaction processing." U.S. Patent 7,519,551 at 1:16-17; U.S. Patent 7,680,734 at 1:13-14; U.S. Patent 7,933,821 at 1:15-16; U.S. Patent 8,311,916 at 1:21-22. The fifth patent concerns "flexile interest allocation." U.S. Patent 7,509,286 at 1:23-25.

The parties dispute the scope of four terms from these patents. Having considered the parties' briefing, along with arguments of counsel during a April 13, 2022 hearing, the Court resolves the disputes as follows.

## I. BACKGROUND

Generally, these patents purport to solve a "problem" caused by a federal law that, at the time of the earliest effective filing date, prevented banks from paying interest on funds held in certain demand accounts. *See* '551 Patent at 1:21-23. "Demand account" funds can be with-drawn by the depositor without prior notice, although federal regulations defined the term more narrowly for purposes of the interest prohibition. *See generally id.* at 1:30-52 (noting, for example, "a 'demand deposit' includes any deposit for which the depositor is authorized to make more than six fund 'transfers' during any month"). The prohibition on paying interest dated back to the Banking Acts of 1933 and 1935, when Congress sought to encourage more local lending by smaller banks and discourage speculative lending by larger banks. *See* R. Alton Gilbert,

*Appendix D*

*Requiem for Regulation Q: What It Did and Why It Passed Away*, Federal Reserve Bank of St. Louis (Feb. 1986), at 22.[1]

In U.S. Patent 6,374,231, which is related to the patents but not at issue in the proceeding, the inventors taught circumventing this interest-prohibition problem using an aggregate insured money market account linked to multiple demand accounts. This permitted funds to be transferred from those accounts to a money market account where interest could be earned. *See generally* '551 Patent at 1:63-2:15.

However, according to the '551 Patent, this workaround had drawbacks. In particular, it required "significant funds" to comply with applicable banking regulations. *Id.* at 2:16-18. As the patent explains, "[t]his may be difficult in the case of smaller, community-based banks, as these institutions depend upon such funds as a source for loans. Moreover, some bank clients are not comfortable with arrangements that transfer client funds to unfamiliar third parties." *Id.* at 2:19-23.

Generally, the patents teach another workaround of the prohibition on interest-bearing demand accounts by "allow[ing] a banking institution to retain client deposits on the bank's balance sheets while, at the same time, providing the client . . . with interest on their account balances." '551 Patent at [57]. According to the '551

1. https://research.stlouisfed.org/publications/review/1986/02/01/requiem-for-regulation-q-what-it-did-and-why-it-passed-away/.

Patent, the method transfers funds from individual client demand accounts to a pooled insured deposit account and then distributes the interest from that pooled account to individual clients. *Id.* From time to time, the method calculates a net amount of individual client deposits and withdrawals from the demand accounts to determine the amount of funds to be deposited or withdrawn from the pooled account. *Id.* The method then determines whether to deposit or withdraw funds from the pooled deposit account to each of the individual client demand accounts. *Id.* The method then updates a database for each client's deposit and withdrawal activities. *Id.; see also* '916 Patent at [57]. The '821 Patent is directed to a database that can be used to implement the method or system. '821 Patent at [57].

The '286 Patent has a slightly different focus than the other patents and relates to FDIC insurance coverage and flexible interest allocation. As the patent explains, the FDIC insurance coverage limit applies to the total of all accounts held by an individual at a particular financial entity. '286 Patent at 1:49-58. However, funds held in different financial entities but owned by same person are insured separately from each other. *Id.* Thus, as a general matter, three different accounts held by an individual at one institution is less protected than three accounts held by that same individual at three different institutions for the same aggregate amount of money, if the accounts total more than the FDIC insurance limit.

To address this issue, the '286 Patent teaches having a single entity act as agent to manage the funds of multiple

ownership interests in aggregate money-market deposit accounts (MMDAs) in one or more "supporting financial entities." *Id.* at 2:20-38. Each supporting entity holds a single MMDA that is paired with a single direct-deposit account in the same name. When necessary to fully insure all deposited funds, the agent uses multiple MMDA-DDA pairs in different supporting entities. The agent manages client funds so that each client's ownership interest at any one supporting entity never exceeds the FDIC-insurance limit. In addition, the method calculates interest based on the aggregate amount of funds held by a client across all accounts, rather than simply on an account-by-account basis. *See generally id.* at 2:39-60.

The five patents are directly or indirectly related to one another. The '551 Patent, '821 Patent, and '916 Patent share the same lineage and disclosure. '916 Patent at [63]. The '286 Patent and '734 Patent both issued from applications claiming the benefit of the '340 Application, but have different disclosures. '286 Patent at [63]; '734 Patent at [63]. Each patent issued from an application directly or indirectly claiming the benefit of application no. 09/176,340, which the Patent Office issued as U.S. Patent 6,374,231. '551 Patent at [63].

The parties dispute the scope of four terms from the patents. They differ on the proper construction for three terms—"banking institution," "aggregated deposit account," and "a database." In their briefing, Defendants challenge the other term—"on a regular basis"—as indefinite, but the parties reached consensus on that term during the hearing.

*Appendix D*

## II. LEGAL STANDARDS

### A. Generally

"'[T]he claims of a patent define the invention to which the patentee is entitled the right to exclude.'" *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir. 2005) (en banc) (quoting *Innova/Pure-Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1115 (Fed. Cir. 2004)). As such, if the parties dispute the scope of the claims, the court must determine their meaning. *See, e.g.*, *Verizon Servs. Corp. v. Vonage Holdings Corp.*, 503 F.3d 1295, 1317 (Fed. Cir. 2007); *see also Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 390, 116 S. Ct. 1384, 134 L. Ed. 2d 577 (1996), *aff'g*, 52 F.3d 967, 976 (Fed. Cir. 1995) (en banc).

Claim construction, however, "is not an obligatory exercise in redundancy." *U.S. Surgical Corp. v. Ethicon, Inc.*, 103 F.3d 1554, 1568 (Fed. Cir. 1997). Rather, "[c]laim construction is a matter of [resolving] disputed meanings and technical scope, to clarify and when necessary to explain what the patentee covered by the claims . . . ." *Id.* A court need not "repeat or restate every claim term in order to comply with the ruling that claim construction is for the court." *Id.*

When construing claims, "[t]here is a heavy presumption that claim terms are to be given their ordinary and customary meaning." *Aventis Pharms., Inc. v. Amino Chems. Ltd.*, 715 F.3d 1363, 1373 (Fed. Cir. 2013) (citing *Phillips*, 415 F.3d at 1312-13). Courts must

therefore "look to the words of the claims themselves . . . to define the scope of the patented invention." *Id.* (citations omitted). "[T]he ordinary and customary meaning of a claim term is the meaning that the term would have to a person of ordinary skill in the art in question at the time of the invention, i.e., as of the effective filing date of the patent application." *Phillips*, 415 F.3d at 1313. This "person of ordinary skill in the art is deemed to read the claim term not only in the context of the particular claim in which the disputed term appears, but in the context of the entire patent, including the specification." *Id.*

Intrinsic evidence is the primary resource for claim construction. *See Power-One, Inc. v. Artesyn Techs., Inc.*, 599 F.3d 1343, 1348 (Fed. Cir. 2010) (citing *Phillips*, 415 F.3d at 1312). For certain claim terms, "the ordinary meaning of claim language as understood by a person of skill in the art may be readily apparent even to lay judges, and claim construction in such cases involves little more than the application of the widely accepted meaning of commonly understood words." *Phillips*, 415 F.3d at 1314; *see also Medrad, Inc. v. MRI Devices Corp.*, 401 F.3d 1313, 1319 (Fed. Cir. 2005) ("We cannot look at the ordinary meaning of the term . . . in a vacuum. Rather, we must look at the ordinary meaning in the context of the written description and the prosecution history."). But for claim terms with less-apparent meanings, courts consider "'those sources available to the public that show what a person of skill in the art would have understood disputed claim language to mean[,] [including] the words of the claims themselves, the remainder of the specification, the prosecution history, and extrinsic evidence concerning

relevant scientific principles, the meaning of technical terms, and the state of the art.'" *Phillips*, 415 F.3d at 1314 (quoting *Innova*, 381 F.3d at 1116).

### B. Indefiniteness

"[A] patent is invalid for indefiniteness if its claims, read in light of the specification delineating the patent, and the prosecution history, fail to inform, with reasonable certainty, those skilled in the art about the scope of the invention." *Nautilus, Inc. v. Biosig Instruments, Inc.*, 572 U.S. 898, 901, 134 S. Ct. 2120, 189 L. Ed. 2d 37 (2014). "A patent must be precise enough to afford clear notice of what is claimed," but that consideration must be made while accounting for the inherent limitations of language. *Id.* at 908-09. "Indefiniteness must be proven by clear and convincing evidence." *Sonix Tech. Co. v. Publ'ns Int'l, Ltd.*, 844 F.3d 1370, 1377 (Fed. Cir. 2017).

## III. THE LEVEL OF ORDINARY SKILL IN THE ART

The level of ordinary skill in the art is the skill level of a hypothetical person who is presumed to have known the relevant art at the time of the invention. *In re GPAC*, 57 F.3d 1573, 1579 (Fed. Cir. 1995). In resolving the appropriate level of ordinary skill, courts consider the types of and solutions to problems encountered in the art, the speed of innovation, the sophistication of the technology, and the education of workers active in the field. *Id.* Importantly, "[a] person of ordinary skill in the art is also a person of ordinary creativity, not an automaton." *KSR Int'l Co. v. Teleflex Inc.*, 550 U.S. 398, 421, 127 S. Ct. 1727, 167 L. Ed. 2d 705 (2007).

Here, the parties generally agree on the level of skill in the art at the time of invention. Island contends a skilled artisan "would be a person with knowledge of financial or banking services that provide financial transactions in accordance with legal requirements, and the qualification of such an individual could be obtained by having a Bachelor's degree and working on design, implementation, development, and/or sale of such financial or banking services for at least three years." Dkt. No. 54 at 3 (quoting Zatkovich Decl., Dkt. No. 54-31 ¶ 27). Defendants contend a skilled artisan would have had "at least a bachelor's degree in business or finance with coursework that covers banking, as well as at least three years of experience in the field of computerized banking techniques, including account transaction processing[.]" Dkt. No. 55 at 7 (citing Kursh Decl., Dkt. No. 55 at 9-10).

Despite the differences in their proposed levels of ordinary skill, the parties agree that resolving these differences may not be necessary to arrive at the correct construction for the dispute terms. Dkt. No. 54 at 3; Dkt. No. 55 at 7. The Court agrees with that sentiment.

*Appendix D*

## IV. THE DISPUTED TERMS

### A. "banking institution" ('551 Patent, Claims 1, 11, 17, 27, 33; '821 Patent, Claim 19; '734 Patent, Claims 1, 5, 8, 12)

| Plaintiff's Construction | Defendants' Construction |
|---|---|
| "an organization which comprises at least a bank, and may include other financial institutions such as a broker dealer within its infrastructure" | "an institution that is chartered as a bank under the laws of the United States or any State in the United States, or that meets the definition of 'bank' in 12 U.S.C. § 1813(a)" |

This term appears in different contexts within the claims. In some claims, deposit accounts are held in banks of banking institutions. For example, Claim 1 of the '551 Patent recites "maintaining a plurality of FDIC-insured and interest-bearing aggregated deposit accounts, each aggregated deposit account held *in a different respective bank of a different respective banking institution*." '551 Patent at 9:54-59 (emphasis added); *see also* '821 Patent at 14:14-20 (referring to accepting funds "for deposit in the names of the respective clients at a first banking institution that includes a first bank in its infrastructure"). Other claims omit this bank-of-a-banking-institution concept and simply require a "banking institution." *See, e.g.*, '551 Patent at 11:12-16 (reciting, in Claim 11,

a method "for managing funds . . . accepted for deposit in respective client accounts held in the names of the respective different clients at a first banking institution"); '734 Patent at 6:22-31 (requiring funds to be "held in one or more FDIC insured banking institutions").

The parties dispute whether "banking institution" *includes* , but is not limited to a bank, or whether it *is* a bank. Island relies primarily on language submitted late during prosecution, which explains "the term 'banking institution' as used in these claims is to be interpreted broadly and includes an organization which comprises at least a bank and may include other financial institutions such as a broker dealer within its infrastructure." Dkt. No. 54 at 4 (quoting Second Supp. Am., Dkt. No. 54-7 at 14-15). Island also cites excerpts from the specification explaining entities that hold client accounts may be banks, savings institutions, brokerage firms, or any other entity where financial transactions take place. *Id.* (citing '551 Patent at 8:7-9; '821 Patent at 8:6-8).

Defendants, on the other hand, contend the claim language and specification both show a "banking institution" must be a bank. The claims, they say, require FDIC-insured accounts at the "banking institution," and FDIC insurance is only available for bank accounts. Dkt. No. 55 at 8. From the specifications, Defendants cite excerpts explaining a purpose of the invention is "to allow a banking institution to retain client deposits on the bank's balance sheet" and hold funds at an insured deposit account at the client's banking institution. *Id.* at 9 (citing '551 Patent at [57], 2:63-67, 3:7-14).

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Courts presume different words in the claims have different meanings. *Applied Med. Res. Corp. v. U.S. Surgical Corp.*, 448 F.3d 1324, 1333 n.3 (Fed. Cir. 2006) ("[T]he use of two terms in a claim requires that they connote different meanings[.]"); *CAE Screenplates Inc. v. Heinrich Fiedler GmbH & Co. KG*, 224 F.3d 1308, 1317 (Fed. Cir. 2000) ("In the absence of any evidence to the contrary, we must presume that the use of these different terms in the claims connotes different meanings."). Thus, where the same claim refers to both a "bank" and a "banking institution"—especially where the former composes the latter—the Court presumes these terms mean different things.

Defendants' construction, on the other hand, leads to an awkward interpretation of the claim language—"a bank of a bank" in some claims, and "a bank having a bank within its infrastructure" in others. Defendants suggest this interpretation is reasonable because a bank can own another bank, but the Court rejects that interpretation as irrelevant to the inventions' purpose. The specification provides no reason or necessity for two banks, one of which owns the other, in the claimed methods. Moreover, a skilled artisan (as defined by Defendants) would not expect a second bank from the claim language. Thus, between the two proffered constructions, Island's is more reasonable.

Here, Defendants have not overcome the presumption that "bank" and "banking institution" have different meanings. That said, "organization" in Island's construction is too broad. The Court construes "banking institution" as "a financial entity which comprises at least a bank."

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**B. "on a regular basis" ('734 Patent, Claims 1, 8)**

| Plaintiff's Construction | Defendants' Construction |
|---|---|
| "Regularly; occurring in regular time intervals or patterns, e.g. daily, weekly, monthly, on a business day." | Indefinite. |

These claims are directed to computer-implemented methods "for managing a plurality of client accounts for a plurality of clients." The method includes the step of "determining . . . *on a regular basis* one or more net transactions as sums of said deposits to and withdrawals from said client accounts." '734 Patent at 6:38-40 (Claim 1); *see also id.* at 7:42-44 (Claim 8). From that "determining" step, the claimed methods decide "whether to deposit funds to or withdraw funds from said one or more FDIC-insured and interest-bearing aggregated deposit accounts." '734 Patent at 6:38-40 (Claim 1); *see also id.* at 7:45-48 (Claim 8).

Despite their briefing, the parties now agree on the proper scope of "on a regular basis." Defendants once claimed Island's construction was unclear about whether "on a regular basis" was limited to time, or whether it could be transaction-based. However, during the hearing, the parties agreed that a "regular basis" could be based on time intervals or some other pattern, which aligns with the Court's understanding of the term. Moreover, the parties agreed that "plain and ordinary meaning" is

sufficient for this term. *See generally* H'rg Tr., Dkt. No. 67 at 48:13-51:5. Accordingly, the Court will instruct the jury to give this term its plain and ordinary meaning. The term is not indefinite.

**C. "aggregated deposit account" ('551 Patent, Claims 1, 6, 11, 17, 18, 23, 27, 33; '821 Patent, Claims 19, 21, 23; '916 Patent, Claims 1, 2, 5, 6, 8, 13; '286 Patent, Claim 1; '734 Patent, Claims 1, 5, 8, 12, 15, 16)**

| Plaintiff's Construction | Defendants' Construction |
|---|---|
| "a deposit account which holds funds for a plurality of different clients and not multiple accounts of the same client being aggregated" | Plain and ordinary meaning. |

The parties agree an "aggregated deposit account" can hold funds for multiple clients, but Defendants dispute whether an account holding only funds from one client is within the term's scope. They allege Island's position is inconsistent with the claim language. Dkt. No. 55 at 21. Island contends the applicants coined the term, Dkt. No. 54 at 15, and that Defendants' position is nonsensical in the context of the patents, which aim to "obtain FDIC insured, interest-bearing accounts" with insurance that may exceed the FDIC limit, *id.* at 17. Moreover, to the extent the plain and ordinary meaning of the term might align with Defendants' position, Island alleges the

applicants disclaimed aggregating multiple accounts of the same customer in the prosecution history. *Id.* at 16.

The alleged disclaimer appears in the prosecution history of the '734 Patent. At the time of the relevant rejection, the independent claims of the underlying application read as they issued. The examiner rejected those claims based in part on a Merrill Lynch marketing document, asserting the document disclosed the "accessing . . . a database" limitations of the claims. *See* Amendment Under 37 C.F.R. 1.11 (Nov. 3, 2009), Dkt. No. 54-20 at 9. In their response, the applicants stressed the cited portion of the document used "aggregated" twice, both times referring only "to aggregating balances **held** in different accounts of the same account holder . . . **Not** aggregating funds of different account holders to be held in the same account." *Id.* at 10 (emphasis in original). The applicants further explained the cited portion of the document "**says nothing about large aggregated** deposit accounts **holding** the funds of **many different clients aggregated in** the respective large aggregated account." *Id.* (emphasis in original). The examiner issued a notice of allowance shortly thereafter, citing the applicants' remarks in the reasons for allowance. Notice of Allowance (Dec. 11, 2009), at 2.

This amounts to clear and unmistakable disclaimer, and Defendants do not contend otherwise with respect to the '734 Patent. *See* Dkt. No. 55 at 20. Instead, they assert the statement on which Island relies is not part of the chain of applications that led to the four other patents. *Id.* Thus, the Court must decide the extent to which this disclaimer applies to claims of the other patents at issue.

*Appendix D*

"Disclaimer during the prosecution of one patent applies to other patents in the same family when the patents are directly related, such as through a parent-child relationship." *Capital Machine Co. v. Miller Veneers, Inc.*, 524 Fed. App'x 644, 649 n.1 (Fed. Cir. 2013). "If the patents at issue are familial, but not directly related, the question whether disclaimer applies will depend on the facts of the case." *Id.*; *see also Microsoft Corp. v. Multi-Tech Sys., Inc.*, 357 F.3d 1340, 1349 (Fed. Cir. 2004) (concluding a statement made during prosecution of one patent is relevant to an understanding of the common disclosure in sibling patents).

Here, the Office granted the '551 Patent from application no. 10/071,053, which is the earliest application at issue in this proceeding. The '734 Patent was granted from application no. 10/305,439, which was a continuation in part of the '053 Application, so the '734 Patent is a "child" of the '551 Patent. The '286 Patent and '821 Patent are siblings to the '734 Patent, each being a "child" of the '551 Patent. The '916 is a "grandchild" of the '551 Patent, and shares a common disclosure with both the '551 Patent and the '821 Patent. Given the similar subject mat-ter and claims, as well as the incorporation by reference of the '551 Patent's disclosure by the '821 Patent, '916 Patent, and '734 Patent,[2] the Court concludes on this record the disclaimer should apply to all claims at issue.

However, even without disclaimer, the Court would arrive at the same construction for this term. Each of

2. The '286 does not incorporate any applications or patents by reference.

the patents explains their inventions provide a system for managing accounts for multiple clients using a single insured deposit account. *See, e.g.*, '734 Patent at 2:19-37 ("this invention provides a system for managing a plurality of accounts for multiple clients"); '551 Patent at 1:66-2:1 (characterizing the '340 Application as describing a system for managing a plurality of accounts for multiple clients); *id.* at 2:4-7 ("The system provides an aggregate insured money market deposit account at a bank or savings institution that is not necessarily an institution at which any of the client accounts are held."); *id.* at 2:63-67 (noting the invention aims "to provide a banking method that manages a plurality of demand accounts for multiple clients whose funds are held in an aggregate insured deposit account"); '286 Patent at 2:4-7 (explaining the inventors "conceived an implemented arrangements whereby a single [legal entity] acts as an agent of numerous individuals or other ownership interests"); *id.* at 2:20-22 ("this invention provides systems and methods for managing a plurality of Clients of one or Customer financial entities"). Defendants, on the other hand, cite nothing from the intrinsic evidence suggesting the "aggregation" concerns something other than accounts of multiple clients. Indeed, they recognize the "basic idea" of the inventions is "one entity administering the accounts of many, many people, and you aggregate them all together." H'rg Tr., Dkt. No. 67 at 23:7-9.

Thus, even in the absence of disclaimer, the intrinsic record confirms the correct construction of "aggregated deposit account" is "deposit account which holds funds for a plurality of different clients." As such, a deposit account holding only funds of one client does not fall within the scope of this term as used in the claims.

**D. "electronic database" ('551 Patent, Claims 1, 11, 18, 27; '916 Patent, Claims 1, 6; '821 Patent, Claims 19, 21; '286 Patent, Claim 1; '734 Patent, Claims 1, 8, 15, 16)**

| Plaintiff's Construction | Defendants' Construction |
|---|---|
| "Database" means "an organized collection of information stored in one or more computerized files" | a single electronic database |

Each of these claims generally recites maintaining and updating "a database." *See, e.g.*, '551 Patent at 9:60-61 (reciting, in Claim 1, the step of "maintaining or having maintained an electronic database, on one or more computer-readable media"), 10:15-17 ("updating or having updated the electronic database based on the transfers to and withdrawals in the plurality of aggregated deposit accounts"); '916 Patent at 9:55-56 (reciting, in Claim 1, the step of "accessing, using one or more computers, one or more electronic databases"), 10:48-51 ("updating or having updated, using the one or more computers, the one or more electronic databases based at least in part on the allocation of client funds to or from the plurality of aggregated deposit accounts").

The parties' briefing reveals two disputes about this term. First, Defendants objected to Island's construction for "database" as overly broad. Dkt. No. 55 at 24 (arguing "[a] database could be stored in or comprise computerized files, but that is not a definitional characteristic"). Second,

the parties dispute whether "a database" or "an electronic database" is limited to a single database, as Defendants suggest, or whether it means "one or more databases." In support of the latter, Island cites *Baldwin Graphic Sys., Inc. v. Siebert, Inc.*, 512 F.3d 1338 (Fed. Cir. 2008) for the rule that "a" or "an" can mean "one or more."

As to the first issue—the propriety of Island's construction—Defendants are correct. A database is more than just an organized collection of computerized information. Rather, a database is arranged to accomplish some purpose, such as "for ease and speed of retrieval" or "to permit a user to store and retrieve related information." Dkt. No. 54 at 20 (citing dictionary definitions). In other words, a database requires more than just organization, it requires some structure. Indeed, Island acknowledged as much during the hearing, which obviates the need for any construction of "database." H'rg Tr., Dkt. No. 67 at 70:12-71:12.

Concerning the second issue, Defendants do not dispute the applicability of *Baldwin*'s general rule if they cannot show the intrinsic record necessitates a departure from it. Dkt. No. 55 at 24. Attempting to show such a necessity, they make two arguments. First, relying on *Motorola Mobility, LLC v. I.T.C.*, 553 Fed. App'x 971 (Fed. Cir. 2014), Defendants assert the claim language is nonsensical if the same database is not used to track deposits and withdrawals for each client. *Id.* at 23-24. Second, the applicants' use of "one or more databases" elsewhere in the claims and patents clearly shows intent to limit "a database" to only one. *Id.* at 26-27.

Neither of these arguments is persuasive. For one, Defendants make no showing that the use of "one or more" in some cases and "a" or "an" in others necessitates a departure from the general rule. Regarding *Motorola Mobility*, the claim language at issue was fundamentally different from the language at issue here. Specifically, the claim recited a "subscriber unit" (e.g., a smartphone) comprising, among other limitations, a processor system programmed to

> maintain an application registry comprising a list of all software applications that are currently accessible to the subscriber unit; and
>
> in response to a change in accessibility of an application, update the application registry; and
>
> control the transmitter *to communicate the change* to the fixed portion of the wireless communication system.

*Motorola Mobility*, 553 Fed. App'x at 973 (emphasis added). Relying partly on *Baldwin*'s general rule, the patentee argued this language did not require communication of *every* change in accessibility, and that communication of only some changes was sufficient to infringe. *Id.* at 974-75. However, the appellate court rejected that argument because "the claim uses 'and' and not 'or' to describe what must occur in response to 'a change in accessibility,'" which was the only antecedent basis for "the change." *Id.* at 975. Thus, the court concluded "the change that causes an update to the application registry must be the

same change that is communicated to the fixed portion of the wireless network." *Id.* The court also noted this construction was consistent with various other aspects of the specification. *Id.*

Whereas *Motorola Mobility* related to the programming of a processor system, the claims here simply recite "a database," and construing the term as "one or more databases" in line with the general rule presents no issues as to the conjunctive or disjunctive nature of the other claim limitations. For example, Claim 1 of the '551 Patent recites "maintaining . . . an electronic database . . . containing information on funds held by each client," '551 Patent at 9:60-62, and "updating . . . the electronic database based on the transfers to and withdrawals in the plurality of aggregated deposit accounts," *id.* at 10:15-17. There is no reason why the general rule could not apply, in which case these limitations would effectively read "maintaining . . . [one or more] electronic database[s] . . . containing information on funds held by each client," and "updating . . . the [one or more] electronic database[s] based on the transfers to and withdrawals in the plurality of aggregated deposit accounts." Not only is this interpretation reasonable in light of the disclosures, Defendants present no *technical* reason why the same objective of updating deposits and withdrawals, along with clients' relative shares of aggregate accounts, would not be accomplished by organizing the clients' information into "one ore more" databases.

In short, the Court disagrees with Defendants that the claims require a single database that satisfies the

method steps recited in the claims. Defendants have not shown the claims, specification, or prosecution history necessitate a departure from the general rule that "a" or "an" can mean "one or more." Accordingly, the Court construes "a database" and "an electronic database" as "one or more databases" and "one or more electronic databases," respectively.

## V. CONCLUSION

| Term | The Court's Construction |
|---|---|
| "banking institution" ('551 Patent, Claims 1, 11, 17, 27, 33; '821 Patent, Claim 19; '734 Patent, Claims 1, 5 8, 12) | "a financial entity which comprises at least a bank" |
| "on a regular basis" ('734 Patent, Claims 1, 8) | Plain and ordinary meaning |
| "aggregated deposit account" ('551 Patent, Claims 1, 6, 11, 17, 18, 23, 27, 33; '821 Patent, Claims 19, 21, 23; '916 Patent, Claims 1, 2, 5, 6, 8, 13; '286 Patent, Claim 1; '734 Patent, Claims 1, 5, 8, 12, 15, 16) | "deposit account which holds funds for a plurality of different clients" |
| "a[n electronic] database" ('551 Patent, Claims 1, 11, 18, 27; '916 Patent, Claims 1, 6; '821 Patent, Claims 19, 21; '286 Patent, Claim 1; '734 Patent, Claims 1, 8, 15, 16) | "one or more [electronic] databases" |

The Court **ORDERS** each party not to refer, directly or indirectly, to its own or any other party's claim-construction positions in the presence of the jury. Likewise, the Court **ORDERS** the parties to refrain from mentioning any part of this opinion, other than the actual positions adopted by the Court, in the presence of the jury. Neither party may take a position before the jury that contradicts the Court's reasoning in this opinion. Any reference to claim construction proceedings is limited to informing the jury of the positions adopted by the Court.

**So ORDERED and SIGNED this 20th day of May, 2022**.

/s/ Rodney Gilstrap
RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE

## APPENDIX E — ORDER OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS, MARSHALL DIVISION, DATED APRIL 12, 2022

UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS,
MARSHALL DIVISION

CIVIL ACTION NO. 2:21-CV-00273-JRG

ISLAND INTELLECTUAL PROPERTY LLC,

*Plaintiff,*

v.

TD AMERITRADE, INC., TD AMERITRADE CLEARING, INC., TD AMERITRADE TRUST COMPANY, TD AMERITRADE HOLDING CORP., THE CHARLES SCHWAB CORPORATION,

*Defendants.*

April 12, 2022, Decided;
April 12, 2022, Filed

**ORDER**

Before the Court is Defendants TD Ameritrade, Inc., TD Ameritrade Clearing, Inc., TD Ameritrade Trust Company, TD Ameritrade Holding Corp., and The Charles Schwab Corporation's ("Defendants") Motion to Dismiss

the Complaint for Failure to State a Claim Under Fed. R. Civ. P. 12(b)(6) (the "Motion"). For the reasons stated herein, the Court is of the opinion that the Motion should be and hereby is **DENIED WITHOUT PREJUDICE**.

Plaintiff Island Intellectual Property LLC ("Island") filed its complaint against Defendants on July 20, 2021, asserting that Defendants infringe U.S. Patent Nos. 7,519,551 (the "'551 Patent"), 7,933,821 (the "'821 Patent"), 8,311,916 (the "'916 Patent"), 7,509,286 (the "'286 Patent"), 7,680,734 (the "'734 Patent") (collectively, the "Asserted Patents"). (Dkt. No. 1). The '551 Patent, '734 Patent, '821 Patent, and '916 Patent generally disclose inventions relating to "computerized banking techniques" or "novel system[s] . . . in the field of account transaction processing." ('511 Patent at 1:16-17; '734 Patent at 1:13-14; '821 Patent at 1:15-16; '916 Patent at 1:21-22). The '286 Patent generally discloses an invention relating to methods of obtaining "FDIC insured, interest-bearing accounts with interest rates that can be flexibly assigned." ('286 Patent at 1:23-25).

Defendants argue that this case should be dismissed because the claims of the Asserted Patents are invalid for failure to claim patent-eligible subject matter under 35 U.S.C. § 101. (Dkt. No. 25 at 18-28). Defendants first allege that claim 1 of the '551 Patent is representative of all asserted claims. (*Id.* at 19). Defendants then argue that the Asserted Patents are "directed to the unpatentable accounting concept of tracking client funds and account balances that are swept into interest-earning deposit accounts in order to work around federal banking

regulations on interest-bearing deposit accounts." (*Id.* at 3). Defendants argue that all of the twenty-eight asserted claims boil down to no more than a series of five steps and contain no inventive concept because they merely require the recited abstract accounting concept to be performed electronically. (*Id.* at 20, 22-27).

Island responds that it would be improper to dismiss the Asserted Patents for failure to claim patent-eligible subject matter at the 12(b)(6) stage. (Dkt. No.38 at 14-27). First, Island argues that Defendants have failed to meet their burden to show that claim 1 of the '551 Patent is representative of all asserted claims. (*Id.* at 17-18). Specifically, Island argues that the five Asserted Patents are properly viewed as three "Affiliated Bank Patents," one "Tiered Interest Rate Patent," and one "Debit Card Patent" that contain distinct specifications and address narrow inventions within the broader field of cash management. (*Id.*) (citing Dkt. No. 1 at ¶¶ 28-42 (regarding the Affiliated Banking Patents), 43-50 (regarding the Tiered Interest Rate Patent), 51-60 (regarding the Debit Card Patent)). Next, Island argues that the Asserted Patents are not directed towards an abstract idea and instead cover a "technology-based solution that improves upon the prior art." (*Id.* at 20-21). Finally, Island argues that the Asserted Patents each involve "previously unknown technological solution[s] to a technological problem involving the unique combination of unconventional and non-routine computer processes" related to computerized banking and account management techniques. (*Id.* at 24) (citing Dkt. No. 1 at ¶¶ 28-60).

The parties additionally dispute whether claim construction is necessary to fully understand the inventive concept and scope of the claim terms in the Asserted Patents. (Dkt. No. 39-1). Island asserts that the Court would benefit from claim construction because "Defendants' improperly attempt to convert the inventions claimed in the [Asserted Patents] into a single abstract idea by reading out nearly every limitation of the claims." (Dkt. No. 38 at 27; *see also* Dkt. No. 39-1 at 2-4). Specifically, Island argues that Defendants' allegations that claim 1 of the '551 Patent is representative must fail because such an assertion reads out terms such as "debit and/or credit transaction" and "interest allocation procedure" which are only found in the '286 Patent. (Dkt. No. 38 at 18). Defendants respond by noting that it in some cases "it is possible and proper to determine patent eligibility under 35 U.S.C. § 101 on a Rule 12(b)(6) motion" and that Island has not sufficiently shown how claim construction would inform the Court's analysis. (Dkt. No. 40 at 10; *see also* Dkt. No. 39-1 at 4-5) (quoting *Genetic Techs. Ltd. v. Merial L.L.C.*, 818 F.3d 1369, 1373 (Fed. Cir. 2016)).

The Court is persuaded that claim construction could be of benefit in addressing the issues of eligibility of the Asserted Patents in this case. This Court has previously noted that "[w]hile handling the issue of section 101 eligibility at the pleading stage is permissible, those issues are often inextricably tied to claim construction." *Pheonix Licensing, LLC v. CenturyLink, Inc.*, 2015 WL 5786582, at *3 (E.D. Tex. Sept. 30, 2015) (noting that "the need for claim construction is especially apparent . . . where Defendants dispute the meaning of various terms among

the various claims [they] purport to be representative of all Asserted Patents"). Here, Island and Defendants dispute the proper construction of three limitations within claim 1 of the '551 Patent—the single claim that Defendants assert is representative of all Asserted Patents and twenty-eight asserted claims. (Dkt. No. 59-1 at 1 (disputing the construction of "banking institution"), 10 (disputing the construction of "aggregated deposit account"), 19 (disputing the construction of "a[n electronic] database")). In light of the parties' claim construction disputes regarding the purportedly representative claim, the Court is of the opinion that the Motion should be and hereby is **DENIED WITHOUT PREJUDICE** to its refiling should Defendants desire to do so after the Court issues its claim construction order. (*See MyMail, Ltd. v. ooVoo, LLC*, 934 F.3d 1373, 1375 (Fed. Cir. 2019) (finding that the "district court erred by failing to address the parties' claim construction dispute before" determining patent eligibility)).

**So ORDERED and SIGNED this 12th day of April, 2022**.

/s/ Rodney Gilstrap
RODNEY GILSTRAP
UNITED STATES DISTRICT JUDGE

**APPENDIX F — DENIAL OF REHEARING OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT, FILED JULY 22, 2024**

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

2023-1318, 2023-1441

ISLAND INTELLECTUAL PROPERTY LLC,

*Plaintiff-Appellant*

v.

TD AMERITRADE, INC., TD AMERITRADE CLEARING, INC., TD AMERITRADE TRUST CO., TD AMERITRADE HOLDING CORP., THE CHARLES SCHWAB CORPORATION,

*Defendants-Appellees.*

Appeals from the United States District Court for the Eastern District of Texas in No. 2:21-cv-00273-JRG-RSP, Chief Judge J. Rodney Gilstrap.

**ON PETITION FOR PANEL REHEARING AND REHEARING EN BANC**

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

Per Curiam.

1. Circuit Judge Newman did not participate.

*Appendix F*

**ORDER**

Island Intellectual Property LLC filed a combined petition for panel rehearing and rehearing en banc. US inventor, Inc. requested leave to file a brief as amicus curiae which the court granted. The petition was referred to the panel that heard the appeal, and thereafter the petition was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

It Is Ordered That:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue July 29, 2024.

FOR THE COURT

/s/ Jarrett B. Perlow
Jarrett B. Perlow
Clerk of Court

July 22, 2024 Date