

No. 16-626

IN THE
Supreme Court of the United States

GOOGLE INC. AND MOTOROLA MOBILITY LLC,
Petitioners,

v.

ARENDA S.A.R.L., ET AL.,
Respondents.

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

**BRIEF OF PUBLIC KNOWLEDGE AND THE
ELECTRONIC FRONTIER FOUNDATION AS
AMICI CURIAE IN SUPPORT OF PETITIONER**

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INTEREST OF *AMICI CURIAE*

Public Knowledge¹ is a non-profit organization that is dedicated to preserving the openness of the Internet and the public's access to knowledge, promoting creativity through balanced intellectual property rights, and upholding and protecting the rights of consumers to use innovative technology lawfully. Public Knowledge advocates on behalf of the public interest for a balanced patent system, particularly with respect to new and emerging technologies.

The Electronic Frontier Foundation (“EFF”) is a non-profit civil liberties organization that has worked for over 25 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its more than 27,000 dues-paying members have a strong interest in helping the courts ensure that intellectual property law serves the public interest.

Public Knowledge and the Electronic Frontier Foundation have previously served as *amici* in patent cases. *E.g.*, *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923 (2016); *Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014); *Nautilus, Inc. v. Biosig Instruments, Inc.*, 134 S. Ct. 2120 (2014); *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014).

¹Pursuant to Supreme Court Rule 37.2(a), all parties received appropriate notice of and consented to the filing of this brief. Pursuant to Rule 37.6, no counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of the brief. No person or entity, other than *amici*, their members, or their counsel, made a monetary contribution to the preparation or submission of this brief.

SUMMARY OF ARGUMENT

Having recently corrected the doctrine of patentable subject matter eligibility in *Alice*, it is now time for this Court to turn its attention through the looking-glass to the remarkable backwardness of the doctrine of obviousness.

Under 35 U.S.C. § 103, a patent may not issue on an invention that would have been obvious to a person having ordinary skill in the relevant art at the time the patent was sought. This condition of patentability ensures that patents reward only those inventions that benefit society by going above and beyond the degree of ordinary knowledge; it ensures that patents go only to “the things which are worth to the public the embarrassment of an exclusive patent,” as Jefferson wrote.²

This Court’s decision in *KSR International Co. v. Teleflex Inc.* comported with that statutory purpose by ensuring that the common sense of the person of ordinary skill was included in the calculus of obviousness. *See* 550 U.S. 398, 420 (2007). But since that case, Federal Circuit decisions have warped the doctrine backwards. This Court should grant certiorari to set the course of obviousness straight again.

1. The degree to which the obviousness doctrine has become inverted may be seen in the consequences of the interpretive rules that the Federal Circuit announced and applied in this case. Rather than rewarding the most worthy ideas, those rules actually render the least worthy ideas more likely to be found patentable.

²Letter from Thomas Jefferson, to Isaac McPherson (Aug. 13, 1813), available at URL *supra* p. iv, reprinted in 3 *The Founders’ Constitution* art. 1, § 8, cl. 8, doc. 12 (Philip B. Kurland & Ralph Lerner eds., 1987).

First, the appellate court held that an argument on common sense must be substantiated by record evidence. Besides being contrary to *KSR*, this pronouncement makes the most obvious ideas the hardest to prove obvious, because obvious ideas are highly unlikely to be published in the technical literature.

Second, the court held in this case that a certain idea was not common sense because another idea would have been better. The strange implication is that bad ideas will not be within the realm of common sense, meaning that bad ideas will be easier to patent than good ideas.

Both of these absurd results demonstrate how far the doctrine of obviousness has been turned backward.

2. This misreading of § 103 facilitates the ongoing problem of patent litigation abuse. It is known that individuals and firms make a business out of buying questionable patents and asserting them for quick profits. This tactic works because the cost of invalidating the asserted patent is high enough to make settlement preferable.

By demanding intricate evidentiary showings of each and every element of a patent claim rather than permitting resort to common sense, the Federal Circuit further raises that already-high cost of proving invalidity. The consequence, naturally, is that asserters of questionable patents are boosted in their ability to issue demands. The patent system is not intended to countenance this kind of opportunistic behavior, and it is a truly upside-down situation where a central doctrine of that system actually facilitates such behavior.

3. The Federal Circuit's obviousness ruling contradicts the most basic purpose of the patent system. That purpose, stated in the Constitution, is "to promote the progress of science and useful arts."

Yet by making the most obvious ideas the hardest to invalidate and by making bad ideas less obvious than good ones, the obviousness doctrine now does the opposite of that purpose. It encourages the filing of patents on useless ideas or minor improvements that contribute little or nothing to the storehouse of knowledge. It causes real inventors and entrepreneurs to flee their activities when faced with assertion of these supposedly valid patents on ordinary activities. And it tells the world that this patent system is not about progress or science, but about clever legal strategies.

The situation has become so backward that even the basic roles of judicial authority are distorted. In 2012, a prominent commentator, well-respected in the patent community, called to continue the “work left to be done by the Federal Circuit to finally overrule the Supreme Court’s *KSR* decision.”³

Only in a mirror world can an appellate court overrule the Supreme Court of the United States. It is this Court that emphatically has the duty to say what the law is. *Marbury v. Madison*, 5 U.S. (1 Cranch) 137, 177 (1803). This Court did so in *KSR*, and it is time to reinstate that case to its proper place. Certiorari should be granted.

³Gene Quinn, *Killing Industry: The Supreme Court Blows Mayo v. Prometheus*, IPWatchdog (Mar. 20, 2012), URL *supra* p. v.

ARGUMENT

I. THE RIGID OBVIOUSNESS JURISPRUDENCE OF THIS CASE ACTUALLY MAKES THE LEAST WORTHY IDEAS MORE PATENTABLE

A United States patent is intended as a special reward to those who invent something that goes beyond the level of ordinary skill. Yet in disregarding *KSR* and inventing unsupported rules of obviousness, the Federal Circuit turns this fundamental principle on its head, rendering ideas less worthy of reward more likely to be patentable.

The decision here exemplifies this topsy-turvy consequence in at least two ways. First, the court's rigid rule demanding documentary evidence of common sense renders the most obvious ideas the hardest to prove obvious. Second, the pattern of the opinion's reasoning suggests that bad ideas will be less likely obvious than good ideas.

A. THE DECISION RENDERS THE MOST OBVIOUS IDEAS HARDEST TO INVALIDATE

The Court of Appeals announced a rule that “require[s] record evidence to support an assertion” of common sense. *Arendi S.A.R.L. v. Apple, Inc.*, 832 F.3d 1355, 1362 (Fed. Cir. 2016) (Pet. App. 13a) (quoting *K/S HIMPP v. Hear-Wear Techs., LLC*, 751 F.3d 1362, 1365 (Fed. Cir. 2014)). This documentary evidence requirement upends *KSR*'s basic purpose in referencing common sense—namely rejecting the Federal Circuit's “overemphasis on the importance of published articles.” *See* 550 U.S. at 412. But the Federal Circuit's rule does more: The unintended consequence of this stringent requirement is that the most obvious elements of a claim become the hardest to prove obvious.

“In many fields it may be that there is little discussion of obvious techniques or combinations,” this Court has said. *Id.* at 419. Scientific journals, for example, will only publish papers “on important topics of broad significance and long-range interest.” *Inst. of Elec. & Elecs. Eng’rs, Proceedings of the IEEE: Information for Authors* (Nov. 26, 2013), URL *supra* p. iv; accord *Nature Guide to Authors: Editorial Process* (June 2010), URL *supra* p. v (“The principal criteria for publication . . . are that they: report original scientific research [and] are of outstanding scientific importance . . .”).

Similarly, patent documents cannot be expected to disclose obvious concepts. The patent specification includes useful details about inventions, *see* 35 U.S.C. § 112(a), but “a patent need not teach, and preferably omits, what is well known in the art.” *Hybritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1384 (Fed. Cir. 1986) (citing *Lindemann Maschinenfabrik GmbH v. Am. Hoist & Derrick Co.*, 730 F.2d 1452, 1463 (Fed. Cir. 1984)).

Indeed, the Patent Office discourages unnecessary information in patent applications. *See* U.S. Patent & Trademark Office, *Manual of Patent Examining Procedure* § 2164.05(a) (9th ed. Nov. 2015) (quoting *Hybritech*, 802 F.2d at 1384); *id.* § 608.01, ¶ 6.31 (“lengthy specification” will not be thoroughly examined); 37 C.F.R. § 1.16(s) (surcharge for long applications).

Not surprisingly, then, the prior art literature will rarely publish obvious ideas, leaving a void of the very documentation that the Federal Circuit demands.

This is a truly backward construction of obviousness under § 103 that is irreconcilable with *KSR*. There, this Court recognized that many ideas are nothing more than “known options within [the artisan’s] technical grasp” and

so not patentable. *KSR*, 550 U.S. at 402–03. Yet “known options” are the ones least likely to be recorded in the record of prior art, meaning that under the Federal Circuit’s revived documentary evidence rule those “known options” will often be deemed, counterintuitively, not well known and thus nonobvious. Such a result is untenable as a matter of law, harmful to the aims of the patent system, and in desperate need of this Court’s correction.

B. THE DECISION RENDERS BAD IDEAS MORE LIKELY PATENTABLE THAN GOOD IDEAS

Besides making more obvious ideas less susceptible to obviousness challenges, the decision of the Court of Appeals also unintentionally renders bad ideas preferable to good ideas *vis à vis* patentability. This is because the appellate court’s reasoning rests on an assumption that an element of a patent claim will not be obvious as common sense if there is a better alternative to that element.

The patent in this case is directed essentially to a three-step process of (1) identifying information in a document, (2) searching for a related record in a database, and (3) performing an appropriate action based on the result of the search. *See Arendi*, 832 F.3d at 1357–58 (Pet. App. 2a–3a). Stated differently, the patent generally describes using information as a key to look up other information that is then used to do something.⁴

The prior art reference asserted against the patent was an earlier patent referred to as “Pandit,” which disclosed (1) identifying a telephone number in an email doc-

⁴Eligibility under 35 U.S.C. § 101 is not at issue here, *cf. Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347 (2014), because this case arises from *inter partes* review, under which subject matter eligibility may not be challenged, *see* 35 U.S.C. § 311(b).

ument and (3) performing an action of adding an entry to an address book. *See id.* at 1358–59 (Pet. App. 5a–6a). Pandit arguably did not disclose (2) performing a database search for the telephone number, and the question of the case was whether “it would be ‘common sense’ to a person of ordinary skill in the art to search for the telephone number that is detected.” *Id.* at 1359 (Pet. App. 6a). Petitioners and the Patent Trial and Appeal Board agreed that conducting a search for a telephone number would be common sense, because in the ordinary course of adding a new entry to a telephone book one would naturally check first to see if the entry was already there. *See id.* at 1359–60 (Pet. App. 7a–8a).

The Federal Circuit’s explanation for rejecting that conclusion is revealing of that court’s surprising view on the extent of the realm of common sense. According to the court, searching an address book by *telephone number* would not be common sense because searching by *name* would be superior. In avoiding duplicate address book entries, said the court, “searching for a telephone number would not be sufficient to achieve that goal” for two reasons. First, a telephone number search “would simply result in the display of any pre-existing entries that already contain the telephone number,” a result that the court seemed to find less than useful.⁵ *See id.* at 1365 (Pet. App. 20a). Second, if the address book contained an entry for the person with no associated telephone number, searching by phone number would not identify the duplicate; “[o]nly a search for ‘John Smith’ could be re-

⁵The Federal Circuit did not explain why it would be not useful to see other address book entries with the same telephone number; indeed, counsel to this brief would personally find that feature useful.

lied upon to determine whether ‘John Smith’ is in the database.”⁶ *See id.* at 1366 (Pet. App. 21a).

Putting aside this oddly fact-based weighing of the merits of names and telephone numbers,⁷ the Federal Circuit’s determination depends on an underlying premise: A practice such as telephone number searching will not be common sense if there is an alternate practice that offers better results. In other words, good ideas may be common sense, but bad ideas will never be.⁸

This remarkable assumption turns the basic nature of patents completely around. While patents are intended to encourage the best ideas, the Federal Circuit’s reasoning suggests that inventors are better off seeking to patent suboptimal solutions, since those will more likely survive obviousness scrutiny.⁹ This again is a result that undermines both *KSR* and the fundamental purposes of the patent system.

⁶This logic seems factually wrong. If a database contained an entry with the correct phone number for “Jack Smith” or a misspelled “John Smtih,” then only a search for the phone number could be relied upon to determine whether John Smith is in the database.

⁷One must also put aside the fact that Pandit discussed an alternate invention that identified names rather than phone numbers. *See* U.S. Patent No. 5,859,636 col. 2, ll. 25–32 (issued Jan. 12, 1999). Thus, if name-based searching is common sense, then Pandit’s name-based embodiment renders the patent at issue obvious. That alternate and simpler route to obviousness was not contemplated in the Federal Circuit’s opinion, despite having been briefed.

⁸*But see In re Gurley*, 27 F.3d 551, 553 (Fed. Cir. 1994) (“A known or obvious composition does not become patentable simply because it has been described as somewhat inferior to some other product . . .”).

⁹A seemingly suboptimal choice may be nonobvious if it produces a useful unexpected result, *see, e.g., In re Mayne*, 104 F.3d 1339, 1343–44 (Fed. Cir. 1997), but no such unexpected result was asserted here, and the Federal Circuit’s *sua sponte* factfinding cannot substitute for evidence of such, *see id.* at 1344.

II. AN ARTIFICIALLY RAISED BAR TO PROVING OBVIOUSNESS ONLY EXACERBATES THE ONGOING PROBLEM OF LITIGIOUS ABUSE OF POOR QUALITY PATENTS

It is widely agreed that the Patent Act’s obviousness test is essential to eliminating bad patents and the abusive litigation tactics associated with them.¹⁰ But by lowering the § 103 bar to patentability, the Federal Circuit’s decision in this case does the opposite, creating unnecessary public costs and harming innovation.

This Court has noted the practice of abusive patent litigation, one that often targets small businesses and startups, and one that “can impose a ‘harmful tax on innovation.’” *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1930 (2015) (quoting Lois Greisman, Fed. Trade Comm’n); see also *id.* at 1932 (Scalia, J., dissenting) (noting “*in terrorem* power of patent trolls”).

Patent litigation abuse persists because the costs of defending against such a suit can overwhelm the merits of the case. Merely seeking an attorney opinion on a patent can cost up to \$100,000, and defending a suit may run in the millions. See *Halo Elecs., Inc. v. Pulse Elecs., Inc.*, 136 S. Ct. 1923, 1937 (2016) (Breyer, J., concurring) (quoting *amici*); Saurabh Vishnubhakat, *What Patent Attorney Fee Awards Really Look Like*, 63 Duke L.J. Online 15, 18 (2014), URL *supra* p. v. Abusive patent asserters often make settlement demands that emphasize the cost of litigation, a practice that one court has described as having “indicia of extortion.” *Eon-Net LP v.*

¹⁰Even those who take an expansive view of patentability call for strict application of the “high obstacle” of § 103. *CLS Bank Int’l v. Alice Corp. Pty., Ltd.*, 717 F.3d 1269, 1335 (Fed. Cir. 2013) (Rader, C.J., additional reflections).

Flagstar Bancorp, 653 F.3d 1314, 1326 (Fed. Cir. 2011); see Fed. Trade Comm’n, *Patent Assertion Entity Activity* 90 (2016), available at URL *supra* p. iv.

The rigid approach to obviousness applied in this case will only increase these costs. As explained above, the most obvious features are the ones that are often the most difficult to prove obvious from prior art literature. The Federal Circuit’s documentary evidence rule, which demands the most intensive searching for the most obvious features, thus unduly raises the costs of invalidating patents. This can put the cost of defense out of reach of small businesses, and it enhances the strategy of demanding settlements based on litigation costs.

Furthermore, applicants for patents may exploit the Federal Circuit’s misguided obviousness jurisprudence by filling their patent claims with trivial features, in an effort to raise the costs of proving invalidity—indeed, such exploitation is happening already. Consider one patent, directed to a certain “security apparatus” for financial transactions.¹¹ The patent has *four hundred and twenty-four claims*, nearly all of which do nothing more than recite different kinds of financial transactions all well known to anyone.¹²

Suppose a defendant found a research article teaching all parts of these claims in the context of financial transac-

¹¹U.S. Patent No. 7,096,003 (issued Aug. 22, 2006); see *Joao Bock Transaction Sys., LLC v. Jack Henry & Assocs., Inc.*, 292 F.R.D. 167 (D. Del. 2013) (considering the patent).

¹²See, e.g., ’003 Patent cl. 23 (“wherein the banking transaction is a check clearing transaction”); *id.* cl. 29 (transaction is “at least one of a clearing transaction, an account charging transaction, and a charge-back transaction”); *id.* cl. 114 (transaction is “at least one of a point-of-sale transaction, a telephone order, and a mail order”); *id.* at 287 (transaction is “a savings account transaction”).

tions generally, but not specifically mentioning a “point-of-sale transaction.” It is difficult to believe that the invention, becomes nonobvious and patentable merely when applied to a well-known type of transaction. But under the apparent import of the Federal Circuit’s decision here, one would have to find evidence sufficient to connect the invention to point-of-sale transactions—and further evidence for all of the features of those 424 patent claims, evidence likely too mundane to be found easily in the literature—before the patent could be invalidated for obviousness. The burden and expense of such exhaustive searching is not justified where the claims add plainly obvious, even mundane details.

Ultimately, the Federal Circuit’s rule rewards gamesmanship and encourages abusive filing and assertion of weak dependent claims. It will also encourage abusive patent asserters to further target small entities who lack the resources to engage in the unnecessary prior art searching that *Arendi* requires. These troubling practical implications demonstrate the urgent need for this Court to grant certiorari in this case.

III. CERTIORARI IS NECESSARY TO REBALANCE THE INCENTIVE STRUCTURE OF PATENT LAW

Central to all aspects of patent law, including obviousness, is the requirement of balance: the promotion of innovation and progress depends just as much on what is *not* patentable as on what is patentable. But *Arendi*’s mistaken conception of common sense strikes at the heart of and upsettingly topples this balance. Accordingly it falls to this Court to enunciate where equilibrium correctly lies.

A. THE OBVIOUSNESS DOCTRINE IS INTENDED TO MAINTAIN A BALANCED PATENT SYSTEM

The patent system is intended to “promote the progress of science and useful arts.” U.S. Const. art. I, § 8, cl. 8. But excessively strong patent rights “might stifle, rather than promote, the progress of useful arts.” *KSR*, 550 U.S. at 427. Indeed, “sometimes *too much* patent protection can impede . . . the constitutional objective” of the patent laws. *Lab. Corp. of Am. Holdings, v. Metabolite Labs, Inc.*, 548 U.S. 124, 126–27 (2006) (Breyer, J., dissenting from dismissal of certiorari).

“The balance between the interest in motivating innovation and enlightenment . . . and the interest in avoiding monopolies that unnecessarily stifle competition . . . has been a feature of the federal patent laws since their inception.” *Pfaff v. Wells Elecs., Inc.*, 525 U.S. 55, 63 (1998). Patent jurisprudence aims toward “the larger object of securing patents for valuable inventions without transgressing the public domain.” *Bilski v. Kappos*, 130 S.Ct. 3218, 3227 (2010) (Kennedy, J., op.).

By prohibiting patents on obvious inventions, § 103 is central to that balance. Obviousness reflects “a congressional determination that the purposes behind the Patent Clause are best served by free competition and exploitation of . . . that which may be readily discerned from publicly available material.” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150 (1989); see also *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966). In other words, Congress has sought to advance the progress of science by allocating patent protection only to inventions of worth, while reserving “the work of the skillful mechanic” to the public domain of free competition. *Hotchkiss v. Greenwood*, 52 U.S. 248, 267 (1851).

B. THE UNBALANCED PATENT RULES APPLIED BELOW DISCOURAGE CREATIVITY AND INNOVATION

Contrary to this long line of precedential reasoning, the Federal Circuit's obviousness rules unsettle the balance between inventor incentives and the rights of the public. Most obviously, by creating a doctrine that makes the most obvious ideas the hardest to invalidate and that renders suboptimal ideas less obvious than optimal ones, the Federal Circuit favors for patentability purposes those ideas that are the least likely to advance the boundaries of science and useful arts.

Indeed, patent applicants already take advantage of these backward obviousness rules to obtain patents of little societal value. Not long ago, the company Amazon obtained a patent relating to photographing objects against a white background. White-background photography was conclusively in the prior art, so the patent claims also included mundane features such as the camera-object distance and the number of background lamps—features that conferred no benefit to the invention, but that were so unremarkable that the Patent Office could not find documentary evidence of those features. *See* Charles Duan, *How Amazon Got a Patent on White-Background Photography: Bad Laws, Not Bad Examiners, Create Obvious Patents*, *Ars Technica* (June 10, 2014), URL *supra* p. iv. The patent contributed no substantial knowledge and pushed no frontiers of science, but under Federal Circuit law it could not be rejected.

More worrying, though, is what the appellate decision says about the public's creative capacity. As described above, the Federal Circuit found that searching an address book by telephone number would not be within the

scope of common sense, because a person of ordinary skill in the art would only search an address book by name. According to that reasoning, the person of ordinary skill seeking to solve a problem would try the most reasonable solution, and nothing else.

This is a disappointingly dim view of the skills of ordinary people. It disregards this Court's admonition that the skilled artisan is "not an automaton," *KSR*, 550 U.S. at 421, by assuming that the skilled artisan would robotically try one idea and then give up. It ignores that modern advances in technology make tasks like address book searching fast and easy, so that an ordinary person would naturally try multiple solutions rather than solely the one that appellate judges deem best.

And it denigrates the contributions of real inventors and ordinary workers, who are forced to pay patent licenses or even to suffer injunctions for using ideas that ought to be in the common currency. When actual small entrepreneurs are faced with threat of patent assertion—a threat made likely by the abundance of improper patents—no small number of them stop their own productive work. See Colleen Chien, *Startups and Patent Trolls*, 17 *Stan. Tech. L. Rev.* 461, 474–76 (2014).

When patents contribute no useful knowledge themselves but rather stop actual innovators in their tracks, patents serve exactly the opposite purpose of their constitutional intent. This exemplifies how reversed the obviousness doctrine of patent law has become, and how necessary it is for this Court to reverse that retrograde trend.

CONCLUSION

For the foregoing reasons, this Court should grant the petition for certiorari.

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