

No. 16-1102

IN THE
Supreme Court of the United States

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG
ELECTRONICS AMERICA, INC., AND SAMSUNG
TELECOMMUNICATIONS AMERICA, LLC,

Petitioners,

v.

APPLE INC.,

Respondent.

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

**BRIEF OF PUBLIC KNOWLEDGE, THE
ELECTRONIC FRONTIER FOUNDATION, AND
ENGINE ADVOCACY AS *AMICI CURIAE* IN
SUPPORT OF THE PETITION**

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INTEREST OF *AMICI CURIAE*

Public Knowledge¹ is a non-profit organization 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. As part of this mission, Public Knowledge advocates on behalf of the public interest for a balanced patent system, particularly with respect to new, emerging technologies.

The Electronic Frontier Foundation (EFF) is a non-profit civil liberties organization with more than 35,000 active members that has worked for more than 25 years to protect consumer interests, innovation, and free expression in the digital world. EFF and its members have a strong interest in promoting balanced intellectual property policy that serves both public and private interests.

Engine Advocacy has worked with the White House, Congress, federal agencies, and state and local governments to discuss policy issues, write legislation, and introduce the tech community to Washington insiders. Engine Advocacy conducts research, organizes events, and spearheads campaigns to educate elected officials, the entrepreneur community and the general public on issues vital to fostering technological innovation.

¹Pursuant to Supreme Court Rule 37.3(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

Certiorari should be granted on the first two questions presented, relating to the standards for obviousness and permanent injunctions under the patent laws.²

1. With respect to obviousness, this Court has long affirmed that minor variations upon an invention or predictable combinations of several inventions—those variations or combinations that would be “obvious . . . to a person having ordinary skill in the art,”—are not worthy of a patent monopoly. 35 U.S.C. § 103; *see KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 417–18 (2007). Yet the Federal Circuit has disregarded this Court’s venerable and logical precedents, instead creating new limitations on the obviousness doctrine. Those unwarranted limitations permit for patents on even the most simplistic subject matter to remain in force.

This erroneous interpretation of the patent obviousness doctrine causes harm to a wide range of entities and constituencies, including the United States government, the nascent 3D printing industry, the pharmaceutical industry, Main Street non-technology businesses, and small startups and consumer-innovators. These groups have previously faced and likely will continue to face patents of truly questionable merit, patents that almost certainly would be invalid were it not for the Federal Circuit’s cramped interpretation of obviousness. Reviewing that interpretation on writ of certiorari will be of great importance to these and many more industries.

²Certiorari should also be granted on the third question presented, which relates to a plain and egregious error on the part of the Federal Circuit with respect to the determination of patent infringement.

The procedural nature of patent litigation today further highlights the urgent need to revisit obviousness. Under legislation enacted in 2011, many challenges to patent validity go through a specialized procedure called *inter partes* review. That procedure largely focuses on obviousness challenges, and in particular disallows challenges to patentable subject matter eligibility based on this Court's recent decisions. Obviousness is thus critical to *inter partes* review's intended purpose of cleaning up the mass of improperly granted patents.

2. Certiorari should also be granted on the Federal Circuit's interpretation of the standard for permanent injunctions. *eBay Inc. v. MercExchange, LLC* held that injunctions in patent cases must be granted under the same four-element test that is applied for permanent injunctions in all other cases. *See* 547 U.S. 388, 391 (2006). Yet the Federal Circuit has ignored this Court's decision and established new rules that grant injunctions far more frequently in patent cases than others. In particular, with respect to the fourth factor regarding whether an injunction would be in the public interest, the Federal Circuit declared that injunctions in patent cases "nearly always" favor the public interest.

This evisceration of the traditional injunction test is especially unwarranted, as this brief explains, given the longstanding importance of the public interest to patent rights. This Court has long held that the patent monopoly is strictly cabined by the public interest, and that patent rights and remedies must ultimately serve that public interest. For the Federal Circuit to reverse course and say that a particular patent remedy "nearly always" serves the public interest is to ignore centuries of this Court's carefully balanced patent jurisprudence.

Furthermore, a rigid rule that an injunction “nearly always” favors the public interest collides directly with this Court’s numerous recent cases rejecting the Federal Circuit’s strict rules in favor of a more flexible, balanced approach. The Federal Circuit’s rule regarding permanent injunctions is no less erroneous, confirming the need for review on certiorari.

ARGUMENT

I. CERTIORARI SHOULD BE GRANTED ON THE OBVIOUSNESS QUESTION

The first question presented in the petition deals with the proper standard for whether an invention is obvious and thus unpatentable under 35 U.S.C. § 103 and this Court’s precedents, particularly *KSR International Co. v. Teleflex Inc.*, 550 U.S. 398 (2007).

Amici have previously explained how the Federal Circuit’s obviousness doctrine backwardly works to “actually render the least worthy ideas more likely to be found patentable.” Brief of Public Knowledge et al. at 2, *Google, Inc. v. Arendi SARL*, No. 16-626, 2017 WL 1040877 (Dec. 1, 2016) (mem.). This unexpected result contradicts the basic purpose of patents, namely “to promote the progress of science and useful arts.” U.S. Const. art. I, § 8, cl. 8.

The present case explicitly confirms the trend that *amici* predicted: One commentator explains that the Federal Circuit’s opinion “perversely makes it harder to prove obviousness of the worst claims.” Mark Hanne-*mann et al., Fed. Circ. Radically Changes the Law of Obviousness*, Law360 (Oct. 9, 2016), URL *supra* p. v; see *Apple Inc. v. Samsung Elecs. Co.*, 839 F.3d 1034, 1075

(Fed. Cir. 2016) (en banc) (Pet. 81a) (Dyk, J., dissenting) (Federal Circuit decision “will make proof of obviousness far more difficult,” which is “inconsistent with the Supreme Court’s decisions”).

Rather than revisiting the merits of the Federal Circuit’s erroneous obviousness decisions, *amici* focus instead on the substantial impact those errors will have. Certiorari should be granted on the obviousness question because the Federal Circuit’s repeated errors in interpreting obviousness create enormous harm for a wide number of businesses and people, especially given the procedural nature of patent litigation today.

A. ERRONEOUS OBVIOUSNESS LAW HARMS NUMEROUS CONSTITUENCIES

Obviousness under § 103 holds such importance to patent law that it has been described as “the defining feature of invention,” “the ultimate condition of patentability,” and “the heart of the patent law.”³ That importance means that the obviousness doctrine affects a wide range of people, businesses, and industries. Correction of the law of obviousness is thus an extraordinarily important matter worthy of this Court’s consideration, as the Federal Circuit’s incorrect obviousness standard imposes massive costs on vast constituencies.

Among many, five significant groups and industries are considered below with respect to the obviousness

³John F. Duffy, *Inventing Invention: A Case Study of Legal Innovation*, 86 Tex. L. Rev. 1, 2 (2007); *Nonobviousness—The Ultimate Condition of Patentability* (John F. Witherspoon ed., 1980); Fed. Trade Comm’n, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy* ch. 4, at 2 (2003), available at URL *supra* p. v.

doctrine: the federal government, the 3D printing industry, the pharmaceutical industry, non-technology-focused goods and services industries, and consumers and small businesses.

1. THE FEDERAL GOVERNMENT

The United States government has faced the impact of obvious patents. Correct enunciation of the obviousness standard consequently affects the entire nation and the citizenry. Indeed, as the following examples show, the wrong standard even compromises national security.

In *Honeywell International, Inc. v. United States*, the Federal Circuit validated a patent on night vision goggles designed to filter light based on colors. *See* 609 F.3d 1292, 1301 (Fed. Cir. 2010). Although the government proffered numerous references showing prior-existing night-vision devices filtering various-colored light, the Federal Circuit held that the patent specified “passing perceptible *red* light,” the recitation of that color rendering the patent valid. *Id.* at 1299 (emphasis added); *cf. id.* at 1306 (Mayer, J., dissenting) (observing that adjusting for red light would have been obvious in view of airplane cockpit design).

And in *SecurityPoint Holdings, Inc. v. United States*, the patent concerned a method of returning security checkpoint trays from the end of the X-ray scanner to the front. *See* 129 Fed. Cl. 25, 29 (2016). The novel feature was nothing more than collecting the trays on a cart at the end of the scanner and “moving said tray cart to said proximate end [i.e., the front] of said scanning device.” *Id.* The government vigorously contended that the “ordinary creativity of the skilled artisan” would have led to the simple use of tray-carrying carts in the specified man-

ner, but the Court of Federal Claims, applying Federal Circuit law, found that expectation of common sense to be “a bridge too far.” *Id.* at 41. As with the case on petition here, the court relied on secondary considerations to justify holding the patent valid—among other things, reaching the remarkable conclusion that shifting trays on a cart produced “unexpected results.” *Id.* at 43–44; *see also Uship Intellectual Props., LLC v. United States*, 714 F.3d 1311 (Fed. Cir. 2013) (U.S. Postal Service accused of infringing patent on “printing a shipping label” and “validating receipt” of a parcel based on the label).

The patent system should not grant twenty-year monopolies on simple ideas like checkpoint tray carts, or minor variations like filtering red light as opposed to other colors. Yet under the current state of the law, the United States stands charged with liability for using these simple ideas. Taxpayer dollars are wasted as tribute to owners of these patents, and national security is compromised as the government expends resources on litigation rather than defense. These far-reaching ramifications indicate the importance of resolving the correct standard of obviousness in patent law.

2. THE 3D PRINTING INDUSTRY

Additive manufacturing, also known as “3D printing,” is an emerging field that is potentially revolutionary in applications. Generally speaking, 3D printing is a set of technologies for using computer-controlled machinery to manufacture parts or devices. (A helpful visualization is a machine that performs an action akin to icing a cake, except rather than extruding frosting it deposits melted plastic, layer upon layer, to construct objects.) *See* Michael Weinberg, *It Will Be Awesome If They Don't*

Screw It Up: 3D Printing, Intellectual Property, and the Fight over the Next Great Disruptive Technology 3–5 (2010), available at URL *supra* p. viii.

The promise of 3D printing is remarkable. Personalized medical implants and prosthetics can be custom-made to fit individual patients. Owners of machines can manufacture replacement parts on the fly. Manufacturers can quickly prototype new ideas at much lower costs, dramatically reducing research and development cycles. And creative individuals and businesses can use the flexibility of the technology to explore ideas such as 3D-printed clothing, 3D-printed houses, and even 3D-printed food. *See id.* at 5; Mark A. Lemley, *IP in a World Without Scarcity*, 90 N.Y.U. L. Rev. 460, 474 (2015).

This new technology intersects directly with the obviousness doctrine of patent law. A great advantage of 3D printing is that it enables any user not only to produce copies of a 3-dimensional design, but also to modify the design the design or combine it with others. *See* Lemley, *supra*, at 502–03. Obviousness, the doctrine that deals with modifications or combinations of inventions, determines the extent to which patent law and licensing will regulate this creative activity. *See KSR*, 550 U.S. at 417.

Already obviousness is becoming the centerpiece of one corner of 3D printing: the feedstock, the material deposited to compose the 3D-printed object. It is easy to imagine combinations or variations of materials used in 3D printing, such as plastics, metals, organic cells, or even foods. The question of what materials or combinations of materials are obvious under the patent law has been widely debated in the 3D printing community.

Amicus Electronic Frontier Foundation has opposed several 3D printing patent applications, including one di-

rected to the use of chocolate as the printing material; an attorney for the organization suggested that “If you let people get patents on every material that has those properties, you’re going to occupy 3D printing.” Leo Mirani, *3D Printing Chocolate Is a Cool Idea, and Someone Is Trying to Patent It*, Quartz (Apr. 24, 2013), URL *supra* p. vi; see Julie Samuels, *EFF and Partners Challenge Six 3D Printing Patent Applications*, Electronic Frontier Found. (Apr. 12, 2013), URL *supra* p. vii.

And in view of “the large selection of natural and man-made materials available” in 3D printing and a concern for “limiting overly broad and innovation-constricting IP claims,” one author has published a combinatorial listing of the range of possibilities for 3D printing feedstock. Joshua M. Pearce, *A Novel Approach to Obviousness: An Algorithm for Identifying Prior Art Concerning 3-D Printing Materials*, 42 World Pat. Info. 13 (2015).

It is a disappointing statement on obviousness law that this author found it worthwhile to publish an article listing the feedstock combinations that 3D printing engineers would find obvious. *KSR*, which looked to the “background knowledge” and “common sense” of skilled artisans in determining obviousness, obviates the need for that article to exist. 550 U.S. at 418, 421. But the Federal Circuit’s refusal to embrace *KSR* poses a threat to new technologies, a threat that forces actual innovators to waste time publishing obvious ideas.

Feedstock is only one dimension of this multifaceted industry. Once 3D printing achieves the widespread reach that computer software enjoys today, one can imagine an explosion of patents on predictable ideas, mirroring today’s software patents. An overly narrow application of obviousness, applied to that new field of patents,

would stifle the innovative opportunity that 3D printing encourages. The proper standard of obviousness thus bears great importance to this emerging industry.

3. PHARMACEUTICALS

Obviousness has significant implications for the pharmaceutical industry as well, as drug patents regularly run up against obviousness challenges. Indeed, organizations such as AARP and the Generic Pharmaceutical Association have said that “Allowing patents on obvious improvements to existing drugs and medical treatments burdens the public with excessive health care costs.” Motion and Brief of AARP et al. at 1, *Apotex, Inc. v. Sanofi-Synthelabo*, 558 U.S. 990 (Aug. 27, 2009) (No. 09-117) (tbl.); see Brief of the Generic Pharmaceutical Association, *Google*, 2017 WL 1040877 (Dec. 9, 2016).

The practice of “evergreening” demonstrates the importance of obviousness in the pharmaceutical industry. This practice involves pharmaceutical developers obtaining patents on minor or insignificant changes to known medicines, in order to extend the effective lifetime of patent protection. See, e.g., Reed F. Beall et al., *Is Patent “Evergreening” Restricting Access to Medicine/Device Combination Products?*, PLOS ONE, Feb. 24, 2016, URL *supra* p. iv.

Evergreening ought to be near impossible under a properly functioning standard of obviousness, as insubstantial changes to the formulation of a drug would not be patentable over the original, existing compound. But absent rigorous enforcement of the obviousness bar, evergreening enables pharmaceutical companies to charge monopoly prices and prevent the entry of lower-cost generics.

The recent phenomenon of rapidly increasing drug prices is undoubtedly tied to evergreening and, by extension, to the obviousness doctrine of patents. For example, the EpiPen epinephrine autoinjector was approved for sale in 1987. Two decades (coincidentally, one patent term length) later, Mylan Pharmaceuticals obtained a patent on a slightly improved EpiPen, and subsequently raised the price from \$100 in 2007 to \$608 today. *See* Carolyn Y. Johnson & Catherine Ho, *How Mylan, the Maker of EpiPen, Became a Virtual Monopoly*, Wash. Post (Aug. 25, 2016), URL *supra* p. vi; Logan Albright, *Is the US Patent Office to Blame for the EpiPen Price Hike?*, Conservative Rev. (Aug. 30, 2016), URL *supra* p. iv.

Despite the sixfold price increase, at least one analysis suggested that the “improved” EpiPen was “the same core device” as the original, now-unpatented version. Ben Popken, *Mylan’s Upgraded EpiPen Torn Apart By Experts*, NBC News (Sept. 30, 2016), URL *supra* p. vii. Mylan’s patent on minor improvements to a decades-old device thus effectively granted the company a monopoly on old technology, to the detriment of consumers’ pocket-books and possibly their lives.⁴

⁴Generic manufacturers cannot make the unpatented EpiPen instead and avoid the improvement patent, because doctors are likely unwilling to prescribe anything other than the most recent iteration of a drug—whether or not that most recent iteration is an actual and valuable improvement—based on industry standard of care practices and risk aversion to medical malpractice liability. *See, e.g.*, Judith G. Edersheim & Theodore A. Stern, *Liability Associated with Prescribing Medications*, 11 Primary Care Companion to J. Clinical Psychiatry 115, 116 (2009) (recommending that doctors “keep[] up with the latest clinical prescribing information”). This is as it should be. Doctors ought to prescribe the best medicine they know of, and it should be up to patent law to decide whether the improvement is obvious or merits the monopoly pricing of patent protection.

Rising drug prices as a policy matter are of course a matter for legislatures to solve. But to the extent that a mistaken interpretation of patent obviousness doctrine has given rise to increased drug prices, that policy effect indicates the urgency for this Court to correct that mistaken interpretation.

4. RETAIL, SALES, AND SERVICE INDUSTRIES

Even companies outside the technology sector are strongly affected by obvious patents. Industries such as retail sales, restaurants, hospitality, and even real estate are finding themselves at the mercy of patents that are questionable from an obviousness standpoint.

Assertions of questionable patents on obvious concepts have plagued the goods and services industries over the last few years. In testimony to Congress, counsel for J.C. Penney remarked on assertions of patents on “broad concepts and general business methods (such as operating a retail business ‘online’), covering the use of technology in all areas of e-commerce and mobile retailing,” patents that are “especially damaging to Main Street businesses.” *H.R. ___, the Targeting Rogue and Opaque Letters Act (TROL Act): Hearing Before the Subcomm. on Commerce, Manufacturing and Trade of the H. Comm. on Energy and Commerce, 114th Cong. 4 (2015)* (statement of Diane Letteleir), URL *supra* p. vi.

Some three dozen food establishments, from Arby’s to Wegmans, were sued for infringing a patent on menu displays. *In re DietGoal Innovations, LLC (’561) Patent Litig.*, 999 F. Supp. 2d 1380, 1381 n.2 (J.P.M.L. 2014). A company called Shipping & Transit holds patents supposedly covering shipping notifications, asserting them against FedEx, UPS, major retailers, and even municipi-

pal transit authorities. *See* Ruth Simon & Loretta Chao, *America’s Biggest Filer of Patent Suits Wants You to Know It Invented Shipping Notification*, Wall St. J. (Oct. 27, 2016), URL *supra* p. vii; Joe Mullin, *A New Target for Tech Patent Trolls: Cash-Strapped American Cities*, Ars Technica (Mar. 15, 2012), URL *supra* p. vi.⁵

The patentable subject matter eligibility doctrine cannot resolve all these cases. A company named Savannah IP has asserted a patent against home builders and construction companies. The patent in question essentially covers using dehumidifiers to dry wood. John O’Brien, *Company Patents Drying Process, Deemed a “Troll” by National Home Builders Group*, Wash. Examiner (May 1, 2014), URL *supra* p. vii. While this patent almost certainly covers obvious ideas, it is not the sort of software patent that this Court dealt with in *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014), or *Bilski v. Kappos*, 561 U.S. 593 (2010).

Certainly there may be nonobvious inventions that affect these industries, but the examples above suggest that the primary concern for Main Street businesses is widespread assertion of patents on simple ideas. Obviousness is central to addressing the ongoing concerns of abusive patent assertion against these businesses.

5. SMALL BUSINESSES AND CONSUMERS

Of course, the most prominent effect of patents that improperly survive obviousness scrutiny is that they interfere with small, innovative businesses and overall con-

⁵In the interest of disclosure, *amicus* EFF currently represents parties in litigation against Shipping & Transit. *See* First Amended Complaint, *Triple7Vaping.com, LLC v. Shipping & Transit, LLC*, No. 16-cv-80855 (S.D. Fla. Dec. 20, 2016) (Doc. 55).

sumer welfare. The unquestionable conclusion of years of research by now is that abusive assertion of patents costs the economy billions of dollars, shuts down small companies' lines of work, and decreases incentives for innovation. *See, e.g.*, James Bessen & Michael J. Meurer, Essay, *The Direct Costs from NPE Disputes*, 99 Cornell L. Rev. 387, 408 (2014) (estimating direct cost of non-practicing-entity patent assertion at \$29 billion in 2011); Colleen Chien, *Startups and Patent Trolls*, 17 Stan. Tech. L. Rev. 461, 475 & fig.1 (2014).

Obvious patents on simple concepts are the fuel that feed the fire of patent abuse, because those patents by definition cover the ordinary activities in which all sorts of people and entities are likely to engage. *See, e.g.*, U.S. Patent No. 6,771,381 (issued Aug. 3, 2004) (asserted against users of computer scanner devices); U.S. Patent No. 6,199,076 (issued Mar. 6, 2001) (asserted against Internet audio broadcasters); U.S. Patent No. 5,838,906 (issued Nov. 17, 1998) (alleged to cover “interactive” Internet content).⁶

And obviousness impacts innovation by small entities in another important way. A key element of the modern innovation economy is the “consumer-innovator,” that is, an ordinary user of consumer-grade products who devises unexpected uses for or useful modifications upon those products. Consumer-driven innovation constitutes a \$20 billion market today. Eric von Hippel et al., *The Age of the Consumer-Innovator*, MIT Sloan Mgmt. Rev., Fall 2011, at 27, 30 tbl., available at URL *supra* p. v. And it is precisely this “ordinary innovation” that Justice

⁶These patents were owned by three notorious patent assertion entities, namely MPHJ Technology Investments LLC, Personal Audio LLC, and Eolas Technologies, Inc., respectively.

Kennedy deemed “not the subject of exclusive rights under the patent laws,” because “otherwise patents might stifle, rather than promote, the progress of useful arts.” *KSR*, 550 U.S. at 427.

An obviousness doctrine that disallows patent monopolies on simple, predictable combinations or modifications of known things thus advances a sizeable and important marketplace of innovation by consumers and small entities, again revealing the serious importance of correctly establishing that doctrine.

B. OBVIOUSNESS PLAYS AN EXCEPTIONALLY IMPORTANT ROLE IN CONTEMPORARY PATENT ADJUDICATION

While obviousness is described as the most important of the requirements for patentability, it is certainly not the only one. In particular, subject matter eligibility under 35 U.S.C. § 101 has taken on much prominence in view of several of this Court’s recent decisions. *See Alice*, 134 S. Ct. 2347; *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 566 U.S. 10 (2012). Certainly these newly clarified limits on patentable subject matter are important to preventing the public harms of improperly granted patents.

But the recent subject matter eligibility decisions do not obviate the need to correct the standard of obviousness under § 103, because the procedural structure of contemporary patent adjudication means that subject matter eligibility is often left unadjudicated.

Although patent validity is traditionally tested in litigation before district courts, more and more challenges to patent validity come before the Patent Trial and Appeal Board through the administrative process of *inter partes*

review, a process introduced in 2011 as part of the America Invents Act. See Pub. L. No. 112-29, sec. 6, 125 Stat. 284, 299 (2011), *codified at* 35 U.S.C. § 311.

Indeed, as of March last year, the Federal Circuit was docketing more appeals from the Board than from district courts, indicating the explosive popularity of this new avenue for challenging patent validity. Jason Rantanen, *Federal Circuit Now Receiving More Appeals Arising from the PTO Than the District Courts*, Patently-O (Mar. 2, 2016), URL *supra* p. vii. This is not surprising, given that a body of trained patent examiners is “a particularly appropriate venue for making validity determinations in a cost-effective and technically sophisticated environment.” Joe Matal, *A Guide to the Legislative History of the America Invents Act: Part II of II*, 21 Fed. Cir. B.J. 539, 601 (2012) (quoting Senate hearing testimony).

But notably, *inter partes* review is limited to questions of anticipation and obviousness. See 35 U.S.C. § 311(b). Patentable subject matter eligibility under § 101 may not be decided under this proceeding. Thus, obviousness is the dominant issue in *inter partes* review proceedings, and the increasing use of that proceeding means increasing importance of the obviousness doctrine.⁷

Within the current procedural structure of patent validity challenges, the doctrine of obviousness takes on an even more prominent role in the patent system. This again compounds the urgency of establishing a correct test for obviousness under patent law.

⁷The standard for anticipation under 35 U.S.C. § 102 bears much less importance than the standard for obviousness, both because anticipation is a simpler test (requiring the prior art and the patent claims to be identical) and because exact anticipation occurs far less frequently.

II. CERTIORARI SHOULD BE GRANTED ON THE INJUNCTION QUESTION

The question presented with regard to the standard for permanent injunctions in patent cases should also be granted. In *eBay Inc. v. MercExchange, LLC* this Court rejected the Federal Circuit’s property-like rule of granting automatic injunctions upon findings of infringement, favoring the traditional four-factor test that scholars characterize as a “liability rule.” 547 U.S. 388, 391–92 (2006); see Mark A. Lemley, *Contracting Around Liability Rules*, 100 Cal. L. Rev. 463, 471 (2012).

But the Federal Circuit has all but ignored *eBay*, with scholarship showing statistically significant evidence that “the Federal Circuit is generally inclined toward a property rule rather than a liability rule”—an appellate court’s repudiation of this Court’s mandate. Ryan T. Holte & Christopher B. Seaman, *Patent Injunctions on Appeal: An Empirical Study of the Federal Circuit’s Application of eBay*, 92 Wash. L. Rev. 145, 202 (2017). This error, exemplified in the Federal Circuit’s remarkable reversal of a district court’s discretionary denial of an injunction here, warrants correction.

At least two points render this error of exceptional importance. First, the Federal Circuit’s decision effectively removed the public interest factor of the injunction test, in a way that conflicts not just with *eBay* but also with centuries of this Court’s precedents. Second, that holding regarding the public interest factor is a bright-line rule of the sort that this Court has repeatedly rejected; that holding should be similarly rejected here.⁸

⁸*Amici* also agree with Petitioner that Federal Circuit erred in failing to require a causal nexus in the injunction analysis.

A. THE APPELLATE DECISION CONFLICTS WITH CENTURIES OF JURISPRUDENCE ON THE PUBLIC INTEREST ROLE OF PATENTS

The Federal Circuit erred by creating a bright-line rule that “the public interest *nearly always* weighs in favor” of patentees. *Apple Inc. v. Samsung Elecs. Co.* (“*Apple I*”), 809 F.3d 633, 647 (Fed. Cir. 2015) (Pet. 181a) (emphasis added); *cf. id.* at 663 (Pet. 216a) (Prost, J., dissenting) (majority’s view will “categorically bias the public interest factor”). This Court has consistently held for centuries that the public interest is always a limitation on patent rights, not a reason for broadening them. The Federal Circuit’s bold statements diametrically contradict that established law.

This Court has long recognized the public interest to be a value intertwined with patent law and its protections of exclusivity. This is because “the federal patent laws must determine not only what is protected, but also what is free for all to use.” *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 151 (1989). More importantly, advancement of the public interest underlies the very constitutional basis for patents: “the primary purpose of our patent laws is not the creation of private fortunes for the owners of patents, but is ‘to promote the progress of science and the useful arts.’” *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 510 (1917) (quoting U.S. Const. art. I, § 8, cl. 8); *see also id.* at 511 (“This court has never modified this statement of the relative importance of the public and private interests involved in every grant of a patent.”); *Mercoïd Corp. v. Mid-Continent Inv. Co.*, 320 U.S. 661, 666 (1944) (“The patent is a privilege. But it is a privilege which is conditioned by a public purpose.”); *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470,

480 (1974) (promotion of progress is “stated objective” of the patent power); *Crown Die & Tool Co. v. Nye Tool & Mach. Works*, 261 U.S. 24, 35 (1923) (“The sole reason and purpose of the constitutional grant to Congress to enact patent laws is to promote the progress of science and useful arts . . .”).

Any rights or privileges conferred upon a patentee are circumscribed by the public interest. “The Congress in the exercise of the patent power may not overreach the restraints imposed by the stated constitutional purpose. Nor may it enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby.” *Graham v. John Deere Co.*, 383 U.S. 1, 5–6 (1966). This Court has specifically critiqued overemphasis on the exclusive nature of patents: “the limited and temporary monopoly granted to inventors was never designed for their exclusive profit or advantage; the benefit to the public . . . was . . . doubtless the primary object in granting and securing that monopoly.” *Kendall v. Winsor*, 62 U.S. (21 How.) 322, 327–28 (1859).

The function of the public interest as a limitation on patent rights underlies the relevant fourth factor of *eBay*, which requires courts to consider whether “the public interest would not be disserved by a permanent injunction.” 547 U.S. at 391. As Justice Kennedy observed in concurrence, the nature of many patent cases today means that often “an injunction may not serve the public interest.” *Id.* at 397 (Kennedy, J., concurring); *see also Apple I*, 809 F.3d at 663 (Pet. 217a) (Prost, J., dissenting).

It is thus concerningly problematic that the Federal Circuit presumed that “the public interest nearly always weighs in favor of protecting property rights.” The opinion merely concludes that “the public generally does not

benefit when competition comes at the expense of a patentee's investment-backed property right," *Apple I*, 809 F.3d at 647 (Pet. 181a), without any analysis of why the public interest factor ought to be characterized that way. That short-circuiting of the mandatory analysis of the public interest factor is wrong under the law.

Had the Federal Circuit performed a complete analysis of the public interest factor, it would have found an abundance of information regarding the public interest in a competitive market for the smartphone devices at issue in this case. Internet access is the gateway to essential public services like tax filing and 911 emergency rescue. And for many Americans, smartphones are the sole avenue to Internet access: 56% of adults living in poverty have only their phones to access the Internet, for example. See Comments of Public Knowledge at 2–3, *In re Certain Consumer Elecs.*, Inv. No. 337-TA-932 (Int'l Trade Comm'n Nov. 13, 2015) (citing sources).

Enjoining one of the largest manufacturers from selling smartphones could thus have serious consequences for low-income Americans' ability to access basic public services and information. The Federal Circuit's decision cuts off consideration of these dire consequences, despite their obvious importance to the public interest.⁹

To assume that the public interest "nearly always" favors an injunction, all but ignoring issues like consumer choice and competition, is to "enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby" as *Graham* warned against. This substantial error should be corrected.

⁹To what extent these concerns affect the determination of the public interest factor is not at issue; the point is that the Federal Circuit's rule cuts off that determination prematurely.

B. THE ANNOUNCED INJUNCTION RULE IS YET ANOTHER ATTEMPT TO CREATE A RIGID RULE WHERE FLEXIBILITY IS MANDATED

The Federal Circuit’s striking statement that the public interest “nearly always” favors patentees further demands review on certiorari because it creates a bright line rule for analysis of injunctive relief, in the midst of a wave of this Court’s rulings washing away such bright line rules.

Most pertinent to the present case, this Court has explicitly disapproved of rigid rules in the very context of injunctive relief. In *eBay*, the Court considered this Court’s former “general rule that courts will issue permanent injunctions against patent infringement absent exceptional circumstances.” *See* 547 U.S. at 391. The Court explicitly invalidated this “general rule,” finding it inconsistent with the text of the Patent Act and “the long tradition of equity practice.” *Id.* at 391–92.

In other contexts, this Court has also rejected rigid rules. *Octane Fitness, LLC v. Icon Health & Fitness, Inc.* overturned the Federal Circuit’s two-part test for exceptional cases under the 35 U.S.C. § 285 attorney fee shifting statute, finding the test “overly rigid,” one that “superimposes an inflexible framework onto statutory text that is inherently flexible.” *See* 134 S. Ct. 1749, 1756 (2014). Similarly, in *KSR*, the Court held that a strict application of the teaching, suggestion, or motivation test “addressed the question of obviousness in a manner contrary to [the Patent Act].” 550 U.S. at 407. *KSR* added that “[r]igid preventative rules that deny fact finders recourse to common sense . . . are neither necessary under our case law nor consistent with it.” 550 U.S. at 421.

Of particular note, this Court has specifically criticized the use of new patent rules that are not grounded in the statutory text. Besides the examples above, *Medtronic, Inc. v. Mirowski Family Ventures, LLC* considered a rule that the burden of proof shifted from patentee to accused infringer in declaratory judgment suits when the accused infringer was a licensee. *See* 134 S. Ct. 843, 849 (2014). The Court held that the Declaratory Judgment Act provides no support for shifting this burden. *See id.* at 849–51. Indeed, the Court suggested that shifting the burden would “recreate[] the dilemma that the Declaratory Judgment Act sought to avoid.” *Id.* at 851. And of particular significance to the present petition, the Court relied on “general public interest considerations” to find that they “do not favor a change in the ordinary rule imposing the burden of proving infringement upon the patentee.” *Id.* at 852.

There is no statutory basis for a bright line rule that the public interest “nearly always” favors an injunction; instead, the Patent Act provides for injunctions “in accordance with the principles of equity.” 35 U.S.C. § 283; *see eBay*, 547 U.S. at 391–92. And given that this Court has repeatedly disapproved of unwarranted “rigid,” “general,” or “categorical” rules, the Federal Circuit’s categorical public interest rule here cannot be justified.

This Court should reject the Federal Circuit’s simplistic public interest analysis. It should ensure that future determinations properly conform with this Court’s flexible precedent requiring that rights given to patentees are within the public interest. Accordingly, it should grant the petition for certiorari.

CONCLUSION

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

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