

No.

In the Supreme Court of the United States

UNILOC USA, INC., AND UNILOC LUXEMBOURG S.A.,
PETITIONERS

v.

SEGA OF AMERICA, INC., ET AL.

*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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QUESTION PRESENTED

Whether inter partes review under the Patent Act violates Article III and the Seventh Amendment by allowing Article I judges to adjudicate the validity of an issued patent that (i) has since expired and (ii) is relevant only in infringement litigation between private parties.

II

PARTIES TO THE PROCEEDING BELOW AND RULE 29.6 STATEMENT

Petitioners are Uniloc USA, Inc., and Uniloc Luxembourg S.A., the appellants below and the patent owners in the proceedings before the Patent Trial and Appeal Board.

Respondents are SEGA of America, Inc., Ubisoft, Inc., Kofax, Inc., and Cambium Learning Group, Inc., the appellees below and the petitioners in the proceedings before the Patent Trial and Appeal Board. Perfect World Entertainment, Inc., was also an appellee below and a petitioner before the Patent Trial and Appeal Board, but it withdrew from the appeal below and is no longer a party to these proceedings.

Uniloc USA, Inc., and Uniloc Luxembourg S.A. have no parent corporations, and no publicly held company owns 10% or more of either party's stock.

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Uniloc USA, Inc., and Uniloc Luxembourg S.A. respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The opinion of the court of appeals (App., *infra*, 1a-13a) is not published in the Federal Reporter but is available at 2017 WL 4772565. The final written decision of the Patent Trial and Appeal Board (App., *infra*, 16a-69a) is unreported but available at 2016 WL 932971.

JURISDICTION

The judgment of the court of appeals was entered on October 23, 2017. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).¹

CONSTITUTIONAL PROVISION INVOLVED

The Seventh Amendment of the United States 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 reexamined in any court of the United States, than according to the rules of the common law.

STATEMENT

1. In 2011, Congress enacted the Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284. The AIA created a process called inter partes review. This new mechanism “allows a third party to ask the U.S. Patent and Trademark Office to reexamine the claims in an already-issued patent and to cancel any claim that the agency finds to be unpatentable in light of prior art.” *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2136 (2016). Even though this review process involves granted patents, it is conducted in agency proceedings before Article I judges.

2. Petitioners own U.S. Patent No. 5,490,216 (the ‘216 patent), which has provided one of the most successful

¹ Pursuant to this Court’s Rule 14.1(e)(v), petitioners state that the government was properly notified at the outset of the appeal below, and elected not to intervene before the court of appeals. Petitioners further note that 28 U.S.C. 2403(a) may apply, and this petition will be served on the Solicitor General.

means of protecting software and combating piracy over the last two decades.

In 1992, Frederic “Ric” Richardson, one of Australia’s most prolific inventors, sought patent protection on the software-activation system that eventually became the ’216 patent. C.A. J.A. 3019-3026. Richardson was in search of a technical solution to combat the widespread problem of casual copying that was plaguing the music and software industries. *Id.* at 3045. His breakthrough came with the idea of a “licensee unique ID”—a special registration number generated by mathematically combining user data, software data, and computer-hardware data.

The concept was simple and brilliant: by employing an identical algorithm on the user’s computer and a registration server, and combining information unique to the user into a single “unique ID,” companies could license their software to individuals without branding individual copies with hardwired registration numbers, or preventing users from trying software in a demonstration mode before purchase. The technology has been licensed by industry giants IBM and Microsoft, and is today the most widely used anti-piracy software activation system in the world. C.A. J.A. 3077; see also C.A. J.A. 504.

With the patent’s success has come scrutiny. Its validity has been tested and upheld in litigation against powerful institutional defendants (see, *e.g.*, *Uniloc USA, Inc. v. Microsoft Corp.*, 632 F.3d 1292 (Fed. Cir. 2011)), and it has faced repeated challenges in post-grant reviews (see, *e.g.*, App., *infra*, 18a). It has overcome attacks involving over 150 prior-art references (C.A. J.A. 503-504), and it has been upheld against the very art that the agency ultimately found invalidating in this case.

3. Petitioners sued respondents for patent infringement. App., *infra*, 18a. In response, respondents sought inter partes review of all claims of the ’216 patent. *Id.* at

4a, 17a. Despite the patent having already expired (*id.* at 22a, 76a), the Patent Trial and Appeal Board (Board) instituted review (*id.* at 70a-95a), and later joined the proceeding with another case raising the same issues (*id.* at 96a-105a). After briefing and a hearing, the Board issued a final written decision invalidating all claims of the '216 patent as anticipated or obvious. *Id.* at 1a, 16a-69a.

The Federal Circuit affirmed in an unpublished decision. App., *infra*, 1a-13a. In addition to challenging the Board's decision on the merits, petitioners argued that inter partes review violates Article III and the Seventh Amendment, especially as applied to an *expired* patent. Pet. C.A. Opening Br. 47-48; Pet. C.A. Reply Br. 26-29. The panel failed to address petitioners' constitutional arguments.

REASONS FOR GRANTING THE PETITION

1. Contrary to the Federal Circuit's entrenched views, inter partes review is unconstitutional under Article III and the Seventh Amendment. Under inter partes review, third parties are permitted to litigate the validity of a granted patent before Article I judges, even where (as here) the patent *has since expired*. This effectively permits Article I judges to adjudicate purely private disputes that no longer implicate any public rights. Expired patents have no prospective force; the only live controversy involves infringement litigation over past conduct between private actors. Put simply: the Board's action will only resolve third-party litigation seeking monetary damages—exactly the kind of dispute the Constitution reserves to Article III courts. See, *e.g.*, *Stern v. Marshall*, 564 U.S. 462, 484 (2011). Aside from its dispositive effect in that private litigation, the Board's decision is entirely academic.

In such circumstances, Congress's decision to vest judicial power outside the judicial branch violates Article III, and its decision to permit agencies to extinguish vested property rights without a jury trial violates the Seventh Amendment.

2. This case raises similar questions as *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, cert. granted, No. 16-712 (argued Nov. 27, 2017). If the Court concludes in *Oil States* that inter partes review is unconstitutional, then the same process is a fortiori unconstitutional here. The Court should accordingly hold this petition pending its decision in *Oil States* and then dispose of the petition as appropriate in light of that decision.

In the alternative, the Court should grant this petition outright to decide the same constitutional questions as applied to an expired patent.

CONCLUSION

The petition for a writ of certiorari should be held pending this Court's decision in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, No. 16-712, and then disposed of as appropriate in light of that decision; in the alternative, the petition should be granted.

Respectfully submitted.

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