

No. 17-111

**In the
Supreme Court of the United States**

PAICE LLC. AND THE ABELL FOUNDATION, INC.,

Petitioners,

v.

FORD MOTOR COMPANY,

Respondent.

**On Petition for a Writ of Certiorari to the
United States Court of Appeals
for the Federal Circuit**

**REPLY BRIEF IN SUPPORT OF
PETITION FOR WRIT OF CERTIORARI**

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RULES 14.1(b) AND 29.6 STATEMENT

All parties are identified in the caption of this petition.

Paice LLC is a privately held limited liability corporation, and no publicly held corporation owns 10% or more of its stock.

The Abell Foundation is a private foundation, and no publicly held corporation owns 10% or more of its stock.

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STATUTES

35 U.S.C. § 102 2

ARGUMENT

Ford is wrong in both its arguments that the Constitutional issue here has been waived, and that GVR is not appropriate in this appeal, which is controlled wholly by *Oil States* and which will have proceeded under an unconstitutional, *ultra vires* proceeding if *Oil States* is reversed. Ford's opposition ultimately fails to unsettle Petitioners' grounds for requesting that this Court issue a GVR upon a finding that the *inter partes* review (IPR) process is unconstitutional in *Oil States*. Petitioners did not forfeit their right to raise the constitutional defect undermining the Patent Trial & Appeal Board's (PTAB) ability to cancel issued claims. And the facts at hand fit squarely with those of *Oil States*, making GVR the most appropriate vehicle to address the constitutional defect that Petitioners raise.

A. Petitioners Did Not Forfeit Their Right to Challenge the PTAB's Power to Cancel Issued Claims

Ford is wrong on its waiver arguments because the law does not require prior objection where such objection would have been futile, and because Petitioners' objection here goes to the Constitutionally-limited subject matter jurisdiction of the PTAB, which could not be waived.

On the first point, Ford's opposition fails to grapple with the futility doctrine set forth, for example, in *Beard v. General Services Admin.*, 801 F.2d 1318, 1321 (Fed. Cir. 1986). The PTAB as an agency was required to follow its commands from Congress, and

could not find its own enabling legislation unconstitutional. Indeed, it was bound by Federal Circuit precedent (discussed next) finding IPR to be Constitutional, and it has handled scores of IPRs without any mention to the contrary. Ford argues that the PTAB has expertise to handle patent matters (Ford Br. at 11), but that is beside the point because this is a Constitutional issue and not a technological patent issue the PTAB regularly considers such as patentability over the prior art (*e.g.*, compliance with 35 U.S.C. § 102 or 103).

Raising the issue with the Federal Circuit was futile for similar reasons. Specifically, the court already had binding precedent in *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015), holding the IPR process constitutional.¹ Ford's suggestion that Petitioners should have sought *en banc* rehearing is equally misplaced because the Federal Circuit has indicated that it would not hear the Constitutionality of IPRs *en banc*. *See, e.g., Cascades Projection LLC v. Epson Am., Inc.*, 864 F.3d 1309, 1310 (Fed. Cir. 2017). Absent some wish to waste resources of the Federal Circuit and the parties (a practice that certainly should not be encouraged), there was no point or end in raising the issue earlier.

Moreover, the challenge here is to the PTAB's constitutionally-proscribed subject matter jurisdiction—which is not waivable. It is axiomatic that challenges to a court's or agency's basic power to hear a case can never be forfeited or waived. *Gonzalez v. Thaler*, 565

¹ *See South Corp. v. U.S.*, 690 F.2d 1368 (Fed. Cir. 1982) (holdings of prior Federal Circuit panels are binding on later panels).

U.S. 134, 141 (2012) (“Subject-matter jurisdiction can never be waived or forfeited. The objections may be resurrected at any point in the litigation, and a valid objection may lead a court midway through briefing to dismiss a complaint in its entirety.”); *Arbaugh v. Y&H Corp.*, 546 U.S. 500, 501 (2006) (“subject-matter jurisdiction, because it involves a court’s power to hear a case, can never be forfeited or waived.”); *Freytag v. C.I.R.*, 501 U.S. 868, 896–97 (1991) (“Since such a jurisdictional defect deprives not only the initial court but also the appellate court of its power over the case or controversy, to permit the appellate court to ignore it because of waiver would be to give the waiver legitimating, as opposed to merely remedial, effect, *i.e.*, the effect of approving, *ex ante*, unlawful action by the appellate court itself.”).

Here, Petitioners challenge the PTAB’s power to cancel issued patent rights on the basis that an issued patent is a private property right that cannot be revoked by a non-Article III forum. In other words, Petitioners challenge the very power of the Patent Office to adjudicate the IPR proceedings from which Petitioners’ appeal arises. And as this Court recognized in *United States v. L. A. Tucker Truck Lines, Inc.*, a defect depriving an agency “of power or jurisdiction” must result in the order being “set aside as a nullity” even “in the absence of timely objection.” 344 U.S. 33, 38 (1952).² Thus, Ford’s waiver arguments are inapposite to the challenge here.

² See also *R.R. Yardmasters of Am. v. Harris*, 721 F.2d 1332, 1338 (D.C. Cir. 1983) (“In *Tucker Truck Lines*, the appellee challenged only the examiner’s, but not the Commission’s, power to act. In

B. *A GVR is the Most Appropriate Vehicle to Address the Defect Undermining the PTAB’s Cancellation of Issued Claims*

Ford’s suggestion that a GVR is inappropriate is untenable because the facts here perfectly match those in *Oil States*. “A GVR is appropriate when ‘intervening developments . . . reveal a reasonable probability that the decision below rests upon a premise that the lower court would reject if given the opportunity for further consideration, and where it appears that such a redetermination may determine the ultimate outcome’ of the matter.” *Wellons v. Hall*, 558 U.S. 220, 225 (2010) (citing *Lawrence v. Chater*, 516 U.S. 163, 167 (1996)). As Ford notes in its brief, “*Oil States* [is] another case challenging the constitutionality of the *inter partes* review proceeding,” Ford Br. at 14, and given Petitioners’ similar disposition, this case will rise or fall depending on this Court’s holding in *Oil States*.³ If IPR proceedings are unconstitutional in *Oil States*, they are unconstitutional everywhere, including here. And thus, wiping out IPRs would, to a certainty (not just a “reasonable probability”), require a

the present case, in contrast, the appellee contends that the National Mediation Board had no power to act at all at a time when there were two vacancies on the Board. This challenge presents a question of power or jurisdiction and is open to the appellee even if not initially asserted before the Board.”)

³ Ford’s other efforts to disparage Petitioners and their patent are not only irrelevant but incorrect. Petitioners’ patents are homegrown and the result of years of Paice’s research and development. Not surprisingly, Ford fails to mention the years of work that Paice did for Ford prior to Ford launching its first hybrid electric vehicles.

different result at the agency (an immediate dismissal) for this case—something even Ford does not dispute.

Ford asserts that “Paice’s petition . . . does not explain in any meaningful way how, if *Oil States* goes its preferred way, a different result would follow in this case” (Ford Br. at 15)—but the result is clear, *i.e.*, the PTAB would have to dismiss this unconstitutional IPR. A clearer case for GVR could not be made.

CONCLUSION

Upon a finding that *inter partes* review is unconstitutional in *Oil States*, the petition for writ of certiorari should be granted, the judgment should be vacated, and the case should be remanded to the Federal Circuit for further consideration in light of this Court’s opinion.

Respectfully submitted,

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