No. 17-1140

IN THE
Supreme Court of the United States

LEON STAMBLER,

Petitioner,

v.

MASTERCARD INTERNATIONAL INC.,

Respondent.

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

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether Covered Business Method Review violates the Constitution despite this Court's contrary holding in *Oil States Energy Services, LLC* v. *Greene's Energy Group, LLC*, No. 16-712?

2. Whether the Federal Circuit's issuance of Rule 36 summary affirmances in appeals from the Patent and Trademark Office violates 35 U.S.C. § 144 despite this Court's consistent denial of petitions that raise this issue?

CORPORATE DISCLOSURE STATEMENT

Pursuant to this Court's Rule 29.6, Respondent Mastercard International Incorporated is a wholly owned subsidiary of Mastercard Incorporated, a publicly traded corporation. No publicly held company owns 10% or more of Mastercard Incorporated's stock.

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BRIEF IN OPPOSITION

INTRODUCTION

The petition sought vacatur and remand in anticipation of then-pending decisions by this Court. The Court has now decided those cases in a manner that forecloses petitioner's requested relief. The Court should therefore deny review.

STATEMENT

Petitioner Leon Stambler was granted U.S. Patent No. 5,793,302. Pet. App. 2a. Respondent MasterCard International Inc. challenged claims 51, 53, 55, and 56 of that patent, and the Patent Trial and Appeal Board (PTAB) instituted a Covered Business Method Review (CBM) under section 18 of the America Invents Act, Pub. L. No. 112-29. *Ibid.* After briefing and an oral hearing, a three-judge PTAB panel issued a lengthy decision hold-

ing that the challenged claims were unpatentable due to obviousness or anticipation by prior art. *Id.* at 51a-52a.

Petitioner appealed to the United States Court of Appeals for the Federal Circuit. The court of appeals affirmed without opinion in a judgment issued pursuant to Federal Circuit Rule 36. See Fed. Cir. R. 36 (permitting affirmance without opinion in specified circumstances).

REASONS FOR DENYING THE PETITION

The petition sought relief in anticipation of a holding in *Oil States Energy Services, LLC* v. *Greene's Energy Group, LLC*, No. 16-712, that post-grant review of patents by the PTAB violates the Constitution's Article III and Seventh Amendment. This Court held just the opposite, foreclosing petitioner's claim. See *id.*, slip op. (Apr. 24, 2018).

The petition also challenged the Federal Circuit's practice of affirming without opinion in certain appeals from PTAB rulings, seeking relief in light of several pending petitions that raised this issue. The Court has now denied all of those petitions, and petitioner's bid should meet the same fate.

I. PETITIONER'S *OIL STATES* ARGUMENT IS FORECLOSED BY THIS COURT'S DECISION

A. Petitioner first argues that the CBM review employed by the PTAB below extinguished his private property rights without the protection of an Article III court or a jury. Pet. i. Petitioner requests that the Court "h[o]ld" his petition "for the disposition[] in *Oil States* (which should be dispositive of question 1)." Pet. 1.

Petitioner is correct that this Court's *Oil States* decision disposes of his petition. In *Oil States*, the Court squarely held that the America Invents Act's (AIA) provisions for PTAB review of previously issued patents are consistent with Article III and the Seventh Amendment. Slip op., at 1. That holding forecloses any relief here.

B. The Court's *Oil States* decision formally addressed only the AIA's mechanism for "inter partes review," see *ibid.*, while petitioner's case involves CBM review under the AIA. However, as petitioner himself recognizes, "CBM review * * * is materially indistinguishable from the IPR procedure at issue in *Oil States*." Pet. 5; *id.* at 7 (CBM "is procedurally identical to IPR in all relevant respects."). Petitioner is correct: Both procedures involve similar post-grant review by the PTAB that may lead to the PTAB's invalidating a previously issued patent. The Court's rationale for rejecting constitutional challenges to inter partes review applies with full force to CBM review. As petitioner admits, "*Oil States* should therefore control the outcome of this case." Pet. 5.

Petitioner does not contend that his constitutional claim could survive a negative holding in *Oil States*. As petitioner notes, multiple petitions challenging CBM review were held by the Court pending the outcome in *Oil States*. Pet. 6 (collecting cases). The Court has now denied certiorari in all of those cases. See *Linkgine, Inc.* v. *VigLink, Inc.*, No. 17-558 (cert. denied Apr. 30, 2018); *TransPerfect Global, Inc.* v. *Iancu*, No. 17-535 (same); *Integrated Claims Sys., LLC* v. *Travelers Lloyds of Tex. Ins. Co.*, No. 17-330 (same). The same result should follow here.

C. Finally, the Court in *Oil States* noted that the petitioner there did "not challenge the retroactive application of inter partes review, even though that procedure was not in place when its patent issued." Slip op., at 17. Thus, the Court affirmed the court of appeals without addressing the retroactivity question. *Ibid.* Likewise, the petition here raises no retroactivity argument with respect to the CBM review procedure.

As petitioner predicted, *Oil States* is indeed dispositive of his first question presented, and the petition should therefore be denied.

II. THE COURT SHOULD NOT REVIEW THE OFT-DENIED CHALLENGE TO THE FEDERAL CIRCUIT'S PRACTICE OF AFFIRMANCE WITHOUT OPINION

A. Petitioner next requests that his petition "be held" for the disposition of several petitions challenging the Federal Circuit's practice of affirming without opinion in certain cases. Pet. i, 1, 8. Petitioner requests that "[i]f any dispositions are favorable to Petitioner," the Court should grant him relief in light of those decisions. Pet. 1.

Petitioner identifies four petitions challenging the Federal Circuit's affirmance-without-opinion practice: *Petter Invs. dba Riveer* v. *Hydro Eng'g*, No. 17-1055; *C-Cation Tech., LLC* v. *Arris Grp., Inc.*, No. 17-617; *Integrated Claims Sys.*, No. 17-330; and *Celgard, LLC* v. *Matal*, No. 16-1526. See Pet. 1, 8-9. The Court has since denied certiorari in all of those cases. Consequently, there is no reason to grant petitioner's principal request to hold this petition, and it should be denied.

B. Petitioner alternatively argues the Court should grant plenary review and address his challenge on the merits. Pet. 9. But he makes no attempt to differentiate his petition from the ones the Court has denied that presented this identical question. The petition here should meet the same fate as those that went before.

Petitioner's entire substantive argument on this point consists of two pages of policy arguments, with only two citations to authority—one to 35 U.S.C. § 144 and one to *SEC* v. *Chenery Corp.*, 318 U.S. 80 (1943). See Pet. 8-11. Petitioner's contentions lack merit.

1. Section 144 does not require the court of appeals to issue an opinion in every appeal from the PTAB. The statute requires that the Federal Circuit "review the decision" on the record before the agency and addresses how the Federal Circuit should give notice of dispositions in appeals from the USPTO such that the court's decision

in a matter must govern any further proceedings in the agency. It specifies that, upon determination of an appeal from the USPTO, the Federal Circuit "shall issue to the Director its mandate and opinion, which shall be entered of record in the Patent and Trademark Office and shall govern the further proceedings in the case." 35 U.S.C. § 144. Although the statute thus requires that any mandate and opinion must be sent to the agency and made part of the agency record, it does not direct the court to generate an opinion in every case. The Federal Circuit satisfied the statute here, where the agency's actions on review were affirmed, and no formal reasoning was necessary to govern any "further proceedings."

That understanding of Section 144 is supported by longstanding principles concerning courts' control over their operations. Congress has authorized the courts of appeals to "prescribe rules for the conduct of their business," so long as those rules are consistent with statutory requirements and with the federal rules of procedure and evidence. 28 U.S.C. § 2071(a). This Court has recognized that "[t]he courts of appeals should have wide latitude in their decisions of whether or how to write opinions," and that this principle is "especially true with respect to summary affirmances." *Taylor* v. *McKeithen*, 407 U.S. 191, 194 n.4 (1972) (per curiam). Courts of appeals have often exercised that authority through rules that authorize unpublished summary dispositions. See 1st Cir. R. 36.0(a); 2d Cir. R. 32.1.1; 5th Cir. R. 47.6; 7th Cir. R. 32.1; 10th Cir. R. 36.1. The deeply rooted tradition that appellate courts may establish their own procedures concerning when to issue opinions counsels strongly against reading Section 144 to contain an implicit prohibition on the use of summary affirmances without accompanying opinions.

2. Contrary to petitioner's policy arguments, the question presented is also one of limited practical signifi-

cance. A Rule 36 summary affirmance is not meaningfully different from a nonprecedential opinion stating that the decision of the agency is affirmed for reasons outlined in the agency's decision. The Federal Circuit authorizes summary affirmance only when "an opinion would have no precedential value" and no reversible error has been identified. See Fed. Cir. R. 36. Thus, when a Rule 36 summary affirmance is used to reject a legal challenge that is reviewed de novo, the summary affirmance communicates the court's judgment that the agency committed no legal error, see Fed. Cir. R. 36(d) and (e) (authorizing summary affirmance where "a judgment or decision has been entered without an error of law" or when "the decision of an administrative agency warrants affirmance under the standard of review in the statute authorizing the petition for review"). The use of Rule 36 to reject a factual challenge would similarly communicate that the court found no clear error in the underlying factual finding. See Fed. Cir. R. 36(a) (permitting summary affirmance under Rule 36 if the decision below "is based on findings that are not clearly erroneous"). An opinion that stated such a conclusion explicitly would add nothing to what is already implicit in the court's Rule 36 judgment.

3. Petitioner contends that the Federal Circuit issues too many summary affirmances and that this practice impedes the development of the law and distorts the guidance given to litigants and the PTAB. Petitioner is mistaken. Summary orders are among the tools that courts may use to resolve their cases even though such decisions do not provide precedential guidance. See *McKeithen*, 407 U.S. at 194 n.4. While the Federal Circuit has used Rule 36 affirmances more frequently as the number of appeals from USPTO decisions has skyrocketed, that increase does not suggest that the court is breaching its duty to articulate the law. The Federal

Circuit issues Rule 36 judgments—after giving cases "the full consideration of the court," *United States Surgical Corp.* v. *Ethicon, Inc.*, 103 F.3d 1554 (Fed. Cir.), *cert. denied*, 522 U.S. 950 (1997)—only if it concludes that an opinion would not meaningfully serve the purposes that petitioner highlights. In any event, petitioner identifies no workable means by which this Court could assess whether the Federal Circuit is issuing Rule 36 judgments in an inordinate number of appeals.

4. Nor is there any reason to believe that Rule 36 judgments provide cover for the Federal Circuit to violate the principle enunciated in *Chenery*. That court is familiar with the demands of *Chenery* and has vacated PTAB decisions that cannot be supported by the agency record. See *In re Nuvasive, Inc.*, 842 F.3d 1376, 1382, 1385 (Fed. Cir. 2016) (vacating in view of *Chenery* for further "findings and explanations," noting "we cannot 'reasonably discern' the PTAB's reasoning"). Petitioner offers mere speculation that the Federal Circuit is affirming PTAB rulings on grounds other than those stated by the agency. Rule 36(d), which petitioner invokes, allows affirmance of agency action without opinion only under the relevant "standard of review"—which necessarily incorporates administrative-law principles like *Chenery*.

Petitioner's related worry that PTAB judges will understand summary affirmances as blessing every aspect of a PTAB decision—including alternative grounds that may not have been the basis of the Federal Circuit's decision—is undercut by the fact that Rule 36 affirmances expressly lack precedential value. Petitioner presents no cause to fear that the Federal Circuit will allow legal errors to become entrenched at the PTAB instead of issuing a corrective, reasoned opinion. Finally, the Federal Circuit's practice of issuing summary affirmances is no more obstructive of this Court's certiorari review than

that of the several other circuits that have long issued affirmances without opinion. See p. 5, *supra.*

This Court has regularly denied challenges to the Federal Circuit's use of summary dispositions under Rule 36, and the same result is warranted here.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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