

No. A-_____

In the Supreme Court of the United States

Capella Photonics, Inc.,

Applicant,

v.

Cisco Systems, Inc., *et al.*,

Respondents.

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

**APPLICATION TO THE HONORABLE
CHIEF JUSTICE JOHN G. ROBERTS, JR.
AS CIRCUIT JUSTICE TO EXTEND TIME TO FILE A
PETITION FOR A WRIT OF CERTIORARI**

ROBERT GREENE STERNE

Counsel of Record

JASON D. EISENBERG

WILLIAM H. MILLIKEN

Sterne, Kessler, Goldstein & Fox, PLLC

1100 New York Avenue, N.W.

Washington, D.C. 20005

(202) 772-8555

rsterne@sternekessler.com

Counsel for Applicant

STATEMENT PURSUANT TO RULE 29.6

Pursuant to Supreme Court Rule 29.6, Applicant Capella Photonics, Inc. states that it has no parent corporation and no publicly held company owns 10% or more of its stock.

TABLE OF CONTENTS

| | |
|---|-----------|
| TABLE OF AUTHORITIES..... | <i>ii</i> |
| BACKGROUND..... | 1 |
| REASONS FOR GRANTING EXTENSION OF TIME..... | 7 |
| CONCLUSION | 9 |

TABLE OF AUTHORITIES

Cases

| | |
|---|---------|
| <i>Anacor Pharm., Inc. v. Iancu</i> , 889 F.3d 1372 (Fed. Cir. 2018) | 2 |
| <i>C.R. Bard, Inc. v. U.S. Surgical Corp.</i> , 388 F.3d 858 (Fed. Cir. 2004) | 5 |
| <i>Cuozzo Speed Techs., LLC v. Lee</i> , 136 S. Ct. 2131 (2016) | 4, 5 |
| <i>In re Smith Int’l, Inc.</i> , 871 F.3d 1375 (Fed. Cir. 2017) | 5 |
| <i>In re Wertheim</i> , 646 F.2d 527 (C.C.P.A. 1981) | 3 |
| <i>Mathews v. Eldridge</i> , 424 U.S. 319 (1976) | 4 |
| <i>Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC</i> , 138 S. Ct. 1365 (2018) | 4, 6, 7 |
| <i>PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC</i> , 815 F.3d 747 (Fed. Cir. 2016) | 5 |
| <i>Paice LLC v. Ford Motor Co.</i> , 22 F. App’x 1015 (Fed. Cir. 2018) | 6 |
| <i>Progressive Cas. Ins. Co. v. Liberty Mut. Ins. Co.</i> , 625 F. App’x 552 (Fed. Cir. 2015) | 2 |
| <i>Rodale Press, Inc. v. F.T.C.</i> , 407 F.2d 1252 (D.C. Cir. 1968) | 2, 4 |
| <i>Rovalma S.A. v. Bohler-Edelstahl GmbH & Co. KG</i> , 856 F.3d 1019 (Fed. Cir. 2017) | 2 |
| <i>SAS Inst., Inc. v. ComplementSoft, LLC</i> , 825 F.3d 1341 (Fed. Cir. 2016), <i>rev’d on other grounds</i> , 138 S. Ct. 1348 (2018) | 2 |

| | |
|---|---|
| <i>Warner-Jenkinson Co. v. Hilton Davis Chem. Co.</i> , 520 U.S. 17 (1997) | 4 |
|---|---|

| | |
|--|---|
| <i>Yellow Freight Sys., Inc. v. Martin</i> , 954 F.2d 353 (6th Cir. 1992) | 2 |
|--|---|

Statutes

| | |
|----------------------------|---|
| 5 U.S.C. § 554(b)(3) | 1 |
|----------------------------|---|

| | |
|-------------------------|---|
| 5 U.S.C. § 556(d) | 1 |
|-------------------------|---|

| | |
|---------------------------|---|
| 28 U.S.C. § 1254(1) | 1 |
|---------------------------|---|

| | |
|----------------------|---|
| 35 U.S.C. § 144..... | 6 |
|----------------------|---|

Rules

| | |
|----------------------------|---|
| 37 C.F.R. § 42.100(b)..... | 4 |
|----------------------------|---|

| | |
|------------------------|---|
| Sup. Ct. R. 13.5 | 1 |
|------------------------|---|

Other Authorities

| | |
|---|---|
| Notice of Proposed Rulemaking, 83 Fed. Reg. 21221 (May 9, 2018) | 8 |
|---|---|

To the Honorable John G. Roberts, Jr., as Circuit Justice for the United States Court of Appeals for the Federal Circuit:

Capella Photonics, Inc. respectfully requests that the time to file a Petition for a Writ of Certiorari in this matter be extended for sixty days to and including September 7, 2018. The Court of Appeals issued its opinion on February 12, 2018, *see* Appx0003, and denied Capella's Petition for Rehearing on April 9, 2018, *see* Appx0001. Absent an extension of time, the Petition would therefore be due on July 9, 2018. Capella is filing this Application at least ten days before that date. *See* Sup. Ct. R. 13.5. This Court would have jurisdiction over this case under 28 U.S.C. § 1254(1).

BACKGROUND

This case presents important and recurring questions regarding the Patent Trial and Appeal Board's conduct of *Inter Partes* Reviews and the Federal Circuit's appellate review of those proceedings.

1. The provisions of the Administrative Procedure Act governing agency adjudications require that “[p]ersons entitled to notice of an agency hearing shall be timely informed of . . . the matters of fact and law asserted,” 5 U.S.C. § 554(b)(3), and that a party be “entitled to present his case . . . by oral or documentary evidence, to submit rebuttal evidence, and to conduct such cross-examination as may be required for a full and true disclosure of the facts,” 5 U.S.C. § 556(d). The Courts of Appeals, including the Federal Circuit, have long interpreted these provisions to mean that “an agency may not change theories in midstream without

giving [a party to an agency proceeding] reasonable notice of the change.” *Rodale Press, Inc. v. F.T.C.*, 407 F.2d 1252, 1256 (D.C. Cir. 1968). Put differently, an agency may not issue a decision in an adjudication that rests on a ground that was not raised in the “pleading” that gave rise to the adjudication—or at the very least, if the agency does so, it must first give the affected party notice and a meaningful opportunity to respond. *See Rovalma S.A. v. Bohler-Edelstahl GmbH & Co. KG*, 856 F.3d 1019, 1029 (Fed. Cir. 2017); *Yellow Freight Sys., Inc. v. Martin*, 954 F.2d 353, 357–58 (6th Cir. 1992); *Rodale*, 407 F.2d at 1256–57.

The Federal Circuit has typically hewed to this line of precedent, *see, e.g., Rovalma*, 856 F.3d at 1029; *SAS Inst., Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1351–52 (Fed. Cir. 2016), *rev’d on other grounds*, 138 S. Ct. 1348 (2018)—but not always. Several times since Congress’s establishment of the IPR process, the Federal Circuit has given short shrift to the APA’s notice and opportunity-to-respond requirements, thereby creating an inter- and intra-circuit split regarding the proper import of those provisions. *See, e.g., Anacor Pharm., Inc. v. Iancu*, 889 F.3d 1372, 1382 (Fed. Cir. 2018); *Progressive Cas. Ins. Co. v. Liberty Mut. Ins. Co.*, 625 F. App’x 552, 556–57 (Fed. Cir. 2015). And, perhaps as a result of the Federal Circuit’s inconsistent application of these procedural requirements, the Board has repeatedly disregarded them. *See, e.g., Alarm.com Inc. v. Vivint, Inc.*, IPR2015-01965 (P.T.A.B. Mar. 29, 2017) (premising obviousness finding on claim-construction issue that had not been briefed and upon which the parties had submitted no evidence), *appeal pending*, No. 17-2112 (Fed. Cir.).

In this case, the Federal Circuit again departed from longstanding precedent concerning the procedural requirements applicable to agency adjudications. After briefing in this IPR had closed, and after Petitioner Cisco's expert had already been deposed, Cisco suddenly "recognized that it had not shown in the Petition" that one of its key prior-art references actually qualified as prior art. Appx0022.

Specifically, Cisco's Petition had relied on a patent ("Smith") with a filing date that post-dated the filing date of the patents-in-suit; Cisco's theory was that Smith was entitled to claim the priority date of an earlier-filed provisional application ("the '683 provisional") because material upon which Cisco was relying in its obviousness argument was carried through from the '683 provisional to Smith. But as Cisco belatedly recognized (after the record should have been closed), that was not sufficient to qualify Smith as prior art. Under longstanding Federal Circuit precedent, Cisco was *also* required to show that the '683 provisional *provided written description support for the claims of Smith*. See, e.g., *In re Wertheim*, 646 F.2d 527, 537 (C.C.P.A. 1981).

The Board permitted Cisco to supplement the record with additional evidence in an effort to make the required showing, but it denied Capella the opportunity to submit any additional evidence of its own—and then it found the claims of Capella's patent obvious based on a combination of references that included Smith. That was a clear violation of the APA—a classic example of an agency "chang[ing] theories in midstream" without allowing the affected party a meaningful opportunity to

respond, *Rodale*, 407 F.2d at 1256—and the Federal Circuit erred in allowing it to stand.

This Court’s review is necessary in order that the Court may clarify the procedural requirements applicable in agency adjudications and confirm that they apply to the Board just as they apply to every other federal agency. The Federal Circuit’s and the Board’s inconsistent treatment of these requirements is reason enough to warrant certiorari review. *See, e.g., Warner-Jenkinson Co. v. Hilton Davis Chem. Co.*, 520 U.S. 17, 21 (1997) (granting review to resolve a “significant disagreement” within the Federal Circuit). But on top of that, the decision below, and other decisions like it, have blessed what amounts to a deprivation of property without due process of law. It is well settled that a patent, once granted, conveys “a specific form of a property right,” *Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC*, 138 S. Ct. 1365, 1375 (2018), and it is also well settled that an individual may not be deprived of a property right in an agency proceeding without being afforded a “meaningful opportunity” to argue that the deprivation is inconsistent with the governing statute, *Mathews v. Eldridge*, 424 U.S. 319, 348–49 (1976). Review is thus also warranted to ensure that IPRs afford patent owners and petitioners alike the procedural protections mandated by the APA and the Constitution.

2. In IPR proceedings, the Board construes patent claim terms to have their “broadest reasonable construction in light of the specification of the patent.” 37 C.F.R. § 42.100(b); *see also Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131,

2142 (2016) (upholding the Board’s use of the “broadest reasonable construction” (BRI) standard). The Federal Circuit has repeatedly held that under the BRI standard, the Board may not reach constructions that are unreasonably broad or inconsistent with the specification. *See, e.g., In re Smith Int’l, Inc.*, 871 F.3d 1375, 1383 (Fed. Cir. 2017) (broadest reasonable interpretation of claim must be “an interpretation that corresponds with what and how the inventor describes his invention in the specification”); *PPC Broadband, Inc. v. Corning Optical Commc’ns RF, LLC*, 815 F.3d 747, 752 (Fed. Cir. 2016).

Multiple Federal Circuit panels, however, including the panel below, have affirmed Board decisions premised on claim constructions that are *both* unreasonably broad *and* inconsistent with the specification. In this case, the specifications of the patents-in-suit repeatedly state that fiber collimators, *and only fiber collimators*, serve as the claimed “ports.” Indeed, according to the very first sentence of the “Summary of the Invention,” “[t]he present invention . . . employ[s] an array of fiber collimators serving as an input port and a plurality of output ports.” Appx0065, 0087; *see C.R. Bard, Inc. v. U.S. Surgical Corp.*, 388 F.3d 858, 864 (Fed. Cir. 2004) (recognizing that statements contained in the “Summary of the Invention” section “are more likely to support a limiting definition of a claim term” because such statements generally “describe the invention as a whole”). Moreover, in one of the patents, the *claims themselves* teach that “fiber collimators[] provid[e] an input port for a multi-wavelength optical signal and a plurality of output ports.” Appx0092–93. The Board, however, construed the term “port” in the patents-in-suit

to encompass both fiber collimators and circulators. Appx0017–19. The Federal Circuit’s blessing of that unreasonably broad construction added to a disquieting trend of cases in which the Court of Appeals has affirmed Board decisions based on insupportable interpretations of claims. *See, e.g., Paice LLC v. Ford Motor Co.*, 722 F. App’x 1015, 1027 (Fed. Cir. 2018) (O’Malley, J., dissenting in part).

This Court’s intervention is warranted to clarify that the claim constructions applied in IPR proceedings must be *reasonable in light of the claims and the specification*. Claim terms cannot be construed in the abstract; if it were otherwise, the term “port” in the patents-in-suit could reasonably mean a sea port, or the left side of a boat, or a type of fortified wine, or a computer input. But of course that would be absurd. This case presents an ideal opportunity for this Court to reaffirm one of the basic tenets of claim construction—an area about which the modern Court has said very little—and to correct the erroneous course charted by some panels of the Board and the Federal Circuit.

3. Finally, this case also presents the question whether the Federal Circuit’s widespread practice of rendering judgments without opinions in appeals from the Patent Office violates 35 U.S.C. § 144, which provides that the Federal Circuit “shall issue to the Director [of the Patent Office] its mandate *and opinion*” in such appeals (emphasis added). This statutory requirement is there for good reason. This Court’s recent decision upholding the constitutionality of the *Inter Partes* Review process suggested that appellate review of Board proceedings acts as a constitutionally required safeguard of patent owners’ rights. *See Oil States*, 138

S. Ct. at 1379 (“[B]ecause the Patent Act provides for judicial review by the Federal Circuit, we need not consider whether inter partes review would be constitutional without any sort of intervention by a court at any stage of the proceedings.”) (citations and quotation marks omitted). The Federal Circuit’s practice of routinely issuing judgments without opinions in IPR appeals subverts this safeguard and thus threatens to deprive patent owners of their property without constitutionally sufficient process.

REASONS FOR GRANTING THE EXTENSION OF TIME

1. The decision to seek this Court’s review in any case is a serious one, worthy of careful and extended consideration. Capella completed its internal deliberations made its final decision to file a petition for a writ of certiorari only within the past three weeks.

2. Counsel for Capella have several conflicting deadlines in the coming months that will make it difficult for counsel to prepare by July 9 a petition that meets the standards of Capella, its counsel, and the Court. Specifically, counsel are currently engaged in (i) preparation for oral argument in an appeal before the Federal Circuit Court of Appeals for the Federal Circuit, *see Vivint, Inc. v. Alarm.com Inc*, No. 2017-2112 (Fed. Cir.); (ii) briefing on a motion to dismiss in case before the United States District Court for the District of New Jersey, *see Corcept Therapeutics, Inc. v. Teva Pharmaceuticals USA, Inc.*, No. 2:18-cv-03632 (D.N.J.); (iii) briefing on a complex motion for summary determination in an investigation before the United States International Trade Commission, *see Certain Road*

Construction Machines and Components Thereof, Inv. No. 337-TA-1088; and (iv) briefing and argument in numerous IPR proceedings before the Board, among other professional obligations.

3. Additionally, counsel for Capella have brought on from within their law firm additional counsel with Supreme Court expertise to assist in preparing Capella's petition for certiorari (and, if necessary, Capella's briefs on the merits). An extension of time is necessary in order for those counsel to familiarize themselves with the record and the relevant legal authorities.

4. Finally, an extension of time is warranted because the U.S. Patent and Trademark Office has announced a proposed rule change that could alter the nature and scope of the relief that Capella may request from this Court. On May 9, 2018, the PTO announced, and solicited public comment on, a proposal "to replace the . . . BRI[] standard for construing unexpired patent claims in [IPR] proceedings with a standard that is the same as the standard applied in federal district courts." Notice of Proposed Rulemaking, 83 Fed. Reg. 21221, 21221 (May 9, 2018). Depending on whether and how the PTO moves forward with this proposal, the rulemaking has the potential to alter the relief that Capella may seek in its petition for a writ of certiorari.

5. No meaningful prejudice would arise from the extension, as this Court would hear oral argument and issue its opinion in this case in the October 2018 Term regardless of whether an extension is granted.

CONCLUSION

For these reasons, Capella respectfully requests that the time to file a Petition for a Writ of Certiorari in this matter be extended sixty days to and including September 7, 2018.

Respectfully submitted,

ROBERT GREENE STERNE
Counsel of Record
JASON D. EISENBERG
WILLIAM H. MILLIKEN
Sterne, Kessler, Goldstein & Fox,
PLLC
1100 New York Avenue, N.W.
Washington, D.C. 20005
(202) 772-8555
rsterne@sternekessler.com
Counsel for Applicant