

No. ____-____

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

◆

RICHARD GRAMM,

Petitioner,

v.

DEERE & COMPANY,

Respondent.

ON PETITION FOR 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

In light of *SAS Institute Inc. v. Iancu*, 138 S. Ct. 1348 (2018), should this Court grant certiorari, vacate, and remand the Federal Circuit's decision, issued prior to *SAS*, affirming the Patent Trial and Appeal Board's final written decisions of the partially instituted inter partes reviews that did not address all claims as required by *SAS*?

PARTIES TO THE PROCEEDINGS

Petitioner in this Court, patent owner and appellant below, is Richard Gramm. Mr. Gramm's company Headsight, Inc. is also a real party in interest. Pursuant to Rule 29.6, Petitioner states that there is no parent company, and no other company owns 10% or more of Headsight.

Respondent in this Court, appellee below and petitioner in the inter partes reviews, is Deere & Company.

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OPINIONS AND ORDERS BELOW

The order of the U.S. Court of Appeals for the Federal Circuit denying rehearing en banc in combined appeals 2017-1252, -1253 is unreported, and is reprinted in the Appendix at 161a-162a. The panel order affirming without opinion the decisions of the Patent Trial and Appeal Board is reprinted at App. 1a-2a, and appears at 711 F. App'x. 650 (Fed. Cir. Feb. 13, 2018). The opinions and orders partially instituting the two inter partes reviews (IPR2015-898 and IPR2015-899) are unreported. The IPR2015-899 institution decision is reprinted at App. 3a-54a (the IPR2015-898 decision is the same in all relevant respects other than the prior art relied upon). The Board's final written decisions are unreported. The '899 IPR final written decision is reprinted at App. 55a-150a (the '898 IPR final written decision again is the same in all relevant respects).

On July 12, 2018, Petitioner filed a motion with the Federal Circuit to recall its mandate. On July 13, 2018, the Federal Circuit ordered Deere & Company to file a response to Petitioner's motion on or before July 23, 2018.

STATEMENT OF JURISDICTION

The petition for rehearing en banc was denied in the Federal Circuit on April 17, 2018. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISIONS AND REGULATIONS INVOLVED

***35 U.S.C. § 318* — DECISION OF THE BOARD**

(a) FINAL WRITTEN DECISION

If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner and any new claim added under section 316(d).

***35 U.S.C. § 315* — RELATION TO OTHER PROCEEDINGS OR ACTIONS**

(e) ESTOPPEL

(1) Proceedings before the office

The petitioner in an inter partes review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not request or maintain a proceeding before the Office with respect to that claim on any ground that the petitioner raised or reasonably could have raised during that inter partes review.

(2) Civil actions and other proceedings

The petitioner in an *inter partes* review of a claim in a patent under this chapter that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action arising in whole or in part under section 1338 of title 28 or in a proceeding before the International Trade Commission under section 337 of the Tariff Act of 1930 that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that *inter partes* review.

37 C.F.R. § 42.108 — INSTITUTION OF INTER PARTES REVIEW

(a) When instituting *inter partes* review, the Board may authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.

(b) At any time prior to institution of *inter partes* review, the Board may deny some or all grounds for unpatentability for some or all of the challenged claims. Denial of a ground is a Board decision not to institute *inter partes* review on that ground.

(c) *Sufficient grounds.* *Inter partes* review shall not be instituted for a ground of unpatentability unless the Board decides that the petition supporting the ground would demonstrate that there is a reasonable likelihood that at least one of the claims challenged

in the petition is unpatentable. The Board's decision will take into account a patent owner preliminary response where such a response is filed, including any testimonial evidence, but a genuine issue of material fact created by such testimonial evidence will be viewed in the light most favorable to the petitioner solely for purposes of deciding whether to institute an *inter partes* review. A petitioner may seek leave to file a reply to the preliminary response in accordance with §§ 42.23 and 42.24(c). Any such request must make a showing of good cause.

5 U.S.C. § 706 — SCOPE OF REVIEW

To the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action. The reviewing court shall—

(2) hold unlawful and set aside agency action, findings, and conclusions found to be—

(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

(C) in excess of statutory jurisdiction, authority, or limitations, or short of statutory right

STATEMENT OF THE CASE

Richard Gramm, the named inventor of U.S. Patent No. 6,202,395, and his company Headsight, Inc., sued Deere & Company in the Northern District of Indiana, on March 21, 2014, for infringement of the '395 Patent.

On March 20, 2015, Deere filed two petitions for inter partes review ("IPR"), against the '395 Patent. The two IPR petitions were virtually identical, with the only differences between them being certain prior art combinations relied upon not relevant to this Petition.¹ Both petitions asserted that all claims of the patent are invalid as obvious under 35 U.S.C. § 103.

On September 23, 2016, the Board instituted review of claims 1-11 and 27-34, but declined to institute review of claims 12-26 of the '395 Patent. App. 35a-42a, 45a-46a, 50a-51a. Petitioner's district court case was stayed. At the time, the Patent Office asserted the power under its own regulation 37 C.F.R. § 42.108 (a) to institute an IPR on less than all of the claims and grounds challenged in a

¹ One element of all of the '395 Patent's claims is a plastic header housing. The difference between Deere's IPR petitions was that the '898 petition relies on a Deere parts catalog and a Deer advertisement to show the header housing in the prior art, while the '899 petition relies on prior art U.S. Patent No. 5,761,893 (Lofquist) to show an essentially identical header housing.

petition. After an administrative trial proceeding, the Board issued two final written decisions on September 22, 2016, determining that claims 1-11 and 27-34 were invalid for obviousness under section 103. The final written decisions did not address non-instituted claims 12-26.

Two months after the Board's final written decisions in the IPRs, Deere filed a request for ex parte reexamination with the Patent Office on non-instituted claims 12-26, i.e., taking a second bite at the apple. The Patent Office granted Deere's request (Reexam No. 90/013,868), and found claims 12-26 of the '395 Patent unpatentable under section 103. App. 151a-156a. The reexamination is currently on appeal before the Board. App. 157a-160a,

Because the Board's final written decisions did not address the non-instituted claims 12-26, Petitioner cannot avail himself of the estoppel provisions of the AIA, specifically 35 U.S.C. § 315(e)(1) & (2). Had claims 12-26 been determined not-invalid in the final written decisions, which is most likely given that the Board had already decided that Deere's arguments were unpersuasive when deciding not to institute the IPRs on those claims, Deere would have been estopped from taking a second bite at the apple in the ex parte reexamination. In that event, Deere would have been estopped from challenging the validity of claims 12-26 in the civil action "on any ground that the

petitioner raised or reasonably could have raised during that inter partes review.”

Mr. Gramm timely appealed to the Federal Circuit from the Board’s final written decisions in the two IPRs. On February 13, 2018, the Federal Circuit affirmed the IPR decisions under its Rule 36, without issuing an opinion. App. 1a-2a. Gramm filed a petition for rehearing en banc, which was denied by the court in April 17, 2018. App. 161a-162a.

At all times during these proceedings before the Board and the Federal Circuit, both the court and the agency interpreted and applied 35 U.S.C. § 318(a) to allow the Board to institute an IPR on only some of the claims and grounds asserted against a patent in a petition for IPR. *See Synopsis, Inc. v. Mentor Graphics Corp.*, 814 F.3d 1309, 1315 (Fed. Cir. 2016). As noted above, the Patent Office promulgated its own regulation to this effect.

On April 24, 2018, this Court, in *SAS Institute Inc. v. Iancu*, reversed the Federal Circuit and adopted a reading of section 318(a) completely opposite to what the Federal Circuit and Board relied upon in deciding against Mr. Gramm and invalidating claims 1-11 and 27-34 of his ’395 Patent, without addressing in the order Deere’s failure to present a convincing invalidity case against claims 12-26. 138 S. Ct. 1348, 1354 (2018). *SAS* requires that the Board ***must*** issue a final

written decision as to each of the claims challenged in an IPR petition.

In the wake of *SAS*, the Federal Circuit is routinely vacating final written decisions in partially-instituted IPRs, and remanding to the Board for additional proceedings consistent with *SAS*. Furthermore, the Federal Circuit has held correctly, multiple times, that due to this significant change in controlling law, waiver does not apply. Finally, this is a situation where the Petitioner has suffered substantial harm due to the earlier misapplication of section 318(a).

REASONS FOR GRANTING THE PETITION

- A. This Court should grant review, vacate, and remand in light of SAS for the Federal Circuit and Board to apply the correct reading of 35 U.S.C. § 318(a).**

On the same day as the issuance of the mandate and prior to the time for appellate review running in these proceedings, this Court issued its opinion in *SAS Institute, Inc. v. Iancu*. The decision significantly changed the law controlling the institution, conduct, and outcomes of IPRs, and consequently the impact of the final agency decisions in IPRs on parallel and future related proceedings.

Until *SAS*, the controlling law allowed the Board to issue a “partial institution” decision in response to a petition for IPR. The Board could exclude some claims and grounds asserted in a petition for IPR from consideration in an IPR if one is instituted, and from its final written decision. Section 318(a) states that “the [Board]” shall issue a final written decision with respect to the patentability of any patent claim challenged under by the petitioner” In implementing the § 318(a), the Patent Office promulgated rule 37 C.F.R. § 42.108, which expressly empowered the Board to “authorize the review to proceed on all or some of the challenged claims and on all or some of the grounds of unpatentability asserted for each claim.”

In response to a petition for IPR filed by Synopsis on September 26, 2012, the Board instituted review on some but not all of the challenged claims, and issued a final written decision addressing only the instituted claims. *See Synopsis*, 814 F.3d at 1313. Synopsis appealed and argued that the Board erred by not addressing all of the challenged claims in its final order. The Federal Circuit examined section 318(a) and determined that “the statute cannot be read to impose such a requirement.” *Id.* at 1314-15. The court went on to conclude that “the text of § 318(a) demonstrates that the Board need only issue a final written decision with respect to claims on which inter partes review has been initiated” *Id.* Furthermore, “[a]t the same time, the statute is quite clear that the PTO can choose whether to institute inter partes review on a claim by claim basis.” *Id.*

In *SAS*, this Court reversed the Federal Circuit’s interpretation of section 318(a), holding that “when § 318(a) says the Board’s final written decision ‘shall’ resolve the patentability of ‘any patent claim challenged by the petitioner,’ it means the Board *must* address *every* claim the petitioner has challenged.” *SAS*, 138 S. Ct. at 1354 (emphasis in original). Importantly, the Court “s[aw] that Congress chose to structure a process in which it’s the petitioner, not the [Board], who gets to define the contours of the proceeding.” *Id.* at 1355-56 (“The rest of the statute confirms, too, that the petitioner’s petition, not the Director’s discretion, is supposed to

guide the life of the litigation.”). The *SAS* opinion cited 5 U.S.C. § 706(2)(A) & (C) in characterizing the Board’s regulation and actions as “not in accordance with law” or “in excess of statutory jurisdiction, authority, or limitations”—in other words, ultra vires acts. *SAS*, 138 S. Ct. at 1359; *cf.*, *e.g.*, *Northwest Envtl. Advocates v. United States Envtl. Prot. Agency*, 537 F.3d 1006, 1019-22 (D.C. Cir. 2008) (holding the EPA acted ultra vires in promulgating regulations outside the scope authorized by statute).

Recognizing this as a “significant change in the law,” the Federal Circuit immediately began to grant motions to remand appeals before it from partially-instituted IPRs, for the Board to apply the correct reading of section 318(a) as handed down by this Court. *See, e.g., Adidas AG v. Nike, Inc.*, slip op. at 3-4 (Fed. Cir. July 2, 2018) (citing three other remand orders in May 2018); *Broad Ocean Techs., LLC v. Nidec Motor Corp.*, 2018 WL 2979928, *1 (Fed. Cir. June 14, 2018). In the process, the Federal Circuit understands *SAS* to require that the Board address each ground asserted by the petitioner in an IPR petition, as well as each challenged claim, as “[e]qual treatment of claims and grounds for institution purposes has pervasive support in *SAS*.” *Adidas*, slip op. at 4 (quoting *PGS Geophysical AS v. Iancu*, slip op. at 7 (Fed. Cir. May 30, 2018)).

As in *Synopsis*, here Deere filed IPR petitions against all claims of Gramm’s ’395 Patent, but the

Board only instituted review of some claims (1-11 and 27-34). In its institution decisions, the Board ruled that Deere failed to establish a reasonable likelihood of prevailing on the grounds asserted against claims 12-26. The final written decisions do not address claims 12-26. This in effect denied Mr. Gramm a final order upholding the validity of his claims 12-26, and precluded him from the opportunity to benefit from such an order in other proceedings. Had the final orders incorporated the reasoning of the institution decision regarding claims 12-26, section 315(e) would estop Deere from further challenging those claims before the Patent Office (including the currently pending ex parte reexamination) or in court on any ground Deere raised or reasonably could have raised in the IPRs.

There can be no doubt from the remand orders issuing from the Federal Circuit for similarly-situated parties to partially-instituted IPRs, that were Mr. Gramm's appeal still before that court, he likewise would be entitled to such remand. Indeed, in the *Broad Ocean* appeal, the Federal Circuit ordered a remand in response to a petition for panel rehearing, after previously affirming the Board's final written decision in a Rule 36 Judgement, the same as it did here. *See Broad Ocean*, 2018 WL 2979928 at *1. Because SAS was decided after Mr. Gramm's petition for rehearing was denied, but while Petitioner retains his timely right to seek redress from this Court, the outcome for Mr. Gramm should be no different. This Court should grant

certiorari, vacate the judgment below, and remand for the Federal Circuit in turn to order further Board consideration consistent with SAS.

B. Petitioner suffered real, significant harm when the Federal Circuit and Board applied the incorrect reading of section 318(a) and only partially-instituted IPRs.

Petitioner's interest in a remand is not merely academic, good cause and exceptional circumstances support the relief sought. The misreading below of section 318(a) has caused, and continues to cause, substantial harm and prejudice to Mr. Gramm by depriving him of recourse to the estoppel provisions of section 315(e) with respect to claims 12-26 of his '395 Patent. *See id.* (IPR petitioner Broad Ocean was granted a remand for the Board to address the claims that were not shown to be unpatentable), *Adidas* (same), *Ulthera, Inc. v DermaFocus LLC*, slip op. at 2 (Fed. Cir. May 25, 2018) (same).

When the IPR provisions work together as intended, "a patent owner benefits from complete decisions because following a final written decision on a claim, the petitioner, its real-parties-in-interest, and those in privity with the petitioner are largely barred from challenging that claim's validity. *See* 35 U.S.C. § 315(e)." *Polaris Indus. Inc. v. Artic Cat, Inc.*, 724 F. App'x. 948, 949 (Fed. Cir. 2018). Subdivision (1) of section 315(e) bars an IPR petitioner from asserting against any claim a ground of invalidity, in

any Patent Office proceeding, “that the petitioner raised or could have raised during that inter partes review”; while section 315(e)(2) extends that same estoppel to civil actions or other proceedings.

In its *Polaris* remand order, the Federal Circuit emphasized that the patent owner “may seek remand to obtain these benefits [of § 315(e)] because the Board’s existing final written decisions do not address all challenged claims or all grounds.” *Polaris*, 724 F. App’x. at 949. Similarly in *Ulthera*, the Federal Circuit recognized that prompt issuance on remand of a final written decision as to all challenged claims “will ensure later on that there is no dispute or concern in the parallel district court proceedings regarding the scope of estoppel under 35 U.S.C. § 315(e)(2).” *Ulthera*, slip op. at 3.

The accrued and prospective harm to Petitioner from the absence of a complete final written decision is far greater than that complained of by the parties in these other matters. Currently, notwithstanding that the Board concluded that Deere failed to establish a reasonable likelihood of invalidating claims 12-26 in its IPR petitions, Mr. Gramm has spent over a year-and-a-half, at significant cost, fighting an ex parte reexamination brought by Deere shortly after the Board’s final written decisions in the IPRs. In its ex parte reexamination request, Deere challenged claims 12-26 on the same grounds as in the IPRs, but swapped out one of the four asserted prior art references for another prior art

reference using the Board's final written decisions in the IPRs as a roadmap, in order to take a second bite at the apple.² The Patent Office gave Deere its second bite at the apple by granting the ex parte reexamination (Reexam No. 90/013,868) and found claims 12-26 unpatentable under 35 U.S.C. § 103. Gramm has timely appealed the Patent Office's ex parte reexamination to the Board. App. 157a-160a. In addition, if the district court stay is lifted, absent a remand, Mr. Gramm and Headsight will have to defend against the same or similar invalidity contentions yet again in that litigation. Section 315(e) should protect patent holders in Mr. Gramm's position from repeated validity challenges by the same party. Petitioner therefore is entitled to a remand, to pursue the benefits of estoppel.

C. Mr. Gramm has not waived his right to final written decisions from the Board that address all of the claims or grounds raised in Deere's IPR petitions.

Mr. Gramm has not waived his right to the relief sought in light of *SAS*, by not raising it until now. Prior to that decision, both Federal Circuit

² In the IPRs, Deere relied on U.S. Patent No. 4,211,057 (Dougherty) as teaching a spring to satisfy the "biasing means" of claims 12-26, an argument the Board refused to adopt. App. 36a-42a. In its ex parte reexamination request, Deere deleted Dougherty and inserted U.S. Patent 4,723,608 (Pearson) for the purpose of allegedly teaching a spring essentially identical to Dougherty's spring. App. 156a.

caselaw and the Patent Office rules stood as barriers to Mr. Gramm challenging the “partial institution” rulings and exclusion from the final written decisions that deprived Gramm of the estoppel protections of section 315(e) with respect to claims 12-26 of the ’395 patent. Longstanding precedent of this Court holds that a party is not required to make a futile argument to preserve an issue except for a “known right or privilege.” *Curtis Publishing Co. v. Butts*, 388 U.S. 130, 142-43 (1967).

Consistent with this, the Federal Circuit “[i]n several cases since *SAS*” has “found waiver inapplicable to a prompt remand request due to the significant change in the law.” *Adidas*, slip op. at 3-4 (citations omitted); *Broad Ocean*, 2018 WL 2979928 at *1. Indeed, the Federal Circuit has explicitly acknowledged that, “[p]rior to the Supreme Court’s decision in *SAS*, any attempt to argue against partial institution would have been futile under the Board’s regulations and our precedent. *Polaris*, slip op. at 4 (citations omitted).

Without a remand, Mr. Gramm could be the only patent owner in a pending appeal who does not receive the benefits of the *SAS* decision to have all claims in the IPR petitions against his patent decided by the Board. *See Harper v. Virginia Dept. of Taxation*, 509 U.S. 86, 97 (1993) (stating “[o]ur approach to retroactivity heeds the admonition that ‘[t]he Court has no more constitutional authority in civil cases than in criminal cases to disregard

current law or to treat similarly situated litigants differently.”). Accordingly, Mr. Gramm’s request for a remand in light of *SAS*, which is still within his time to seek a writ of certiorari in this Court, is both appropriate and timely, and should be granted.

CONCLUSION

For the reasons set forth above, the petition for a writ certiorari should be granted, the decision below vacated, and this matter should be remanded for further proceedings consistent with *SAS v. Iancu*.

Respectfully submitted,

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