

No. 18-88

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**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

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

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## ARGUMENT

This Court’s opinion in *SAS Institute, Inc. v. Iancu*, 138 S. Ct. 1348 (2018), completely reversed a previously-settled position of the Federal Circuit on how IPRs must be conducted, *see Synopsys, Inc. v. Mentor Graphics Corp.*, 815 F.3d 1309, 1314-17 (Fed. Cir. 2016),<sup>1</sup> and in the process threw out a key Patent Office rule, 37 C.F.R. § 42.108, which together had formed an insurmountable barrier to the relief Gramm now seeks. The Patent Trial and Appeal Board (PTAB) and the Federal Circuit ruled against Gramm under the obsolete case law and ultra vires regulation. Gramm is entitled to a remand that requires the PTAB to incorporate into its final written decisions claims 12-26, for which the PTAB determined in its institution decisions that Deere failed to present any credible case of invalidity. Including a determination that claims 12-26 were not shown to be invalid in the final written decisions would trigger the estoppel provisions of 35 U.S.C. § 315(e) before the Patent Office and in any

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<sup>1</sup> The Federal Circuit itself wrote in its initial SAS opinion that, “SAS’s argument, however, is foreclosed by our recent decision in *Synopsys*.” *SAS Institute, Inc. v. ComplementSoft, LLC*, 825 F.3d 1341, 1352 (Fed. Cir. 2016) (citation omitted).

civil action. Accordingly, Gramm contends that the still-pending reexamination of those claims is then avoidable. Additionally, Deere would be barred in the district court case from asserting any ground of invalidity it raised, or reasonably could have, in the IPRs. Nothing in Deere's opposition remotely rebuts Gramm's showing that GVR is appropriate. In *Lawrence v. Chater*, 116 S. Ct. 604 (1996), the Court actually did grant GVR, and on less compelling grounds. Contrary to Deere's arguments in opposition, the factors satisfied in *Lawrence* are even more easily met by Gramm. Deere's other protestations also ring false, and rely on too-cutely curated cullings from, or blatant misreadings of, the myriad recent court and agency decisions implementing *SAS*.

Like numerous other defective final written decisions since *SAS* issued, the incomplete final written decisions in these two IPRs should be remanded to the Federal Circuit, and ultimately the PTAB. There can be no reasonable dispute that under *SAS* the issuance of those decisions only addressing claims 1-11 and 27-35 of the '395 Patent, but not claims 12-26, violated 35 U.S.C. § 318(a).

**I. GRAMM’S REQUEST FOR GVR SATISFIES THE *LAWRENCE* FACTORS.**

Although *Lawrence* does not set forth a rigid test for a GVR, its discussion of the standard has carried forward at least in part through subsequent GVR orders and dissents. The main threshold is that this Court “often ‘GVRs’ a case . . . when we believe that the lower court should give further thought to its decision in light of an opinion of this Court that (1) came after the decision under review and (2) changed or clarified the governing legal principles in a way that could possibly alter the decision of the lower court.” *E.g., Flowers v. Mississippi*, 136 S. Ct. 215 (2016) (Thomas, J., Alito, J., Alito dissenting). *Lawrence* suggests a third factor, as well, that the “equities of the case” should be considered. These factors all strongly urge the use of GVR here.

**A. *SAS* Is an “Intervening Development” that Radically Altered the Framework on which Final Written Decisions Reviewed by the Federal Circuit Are Premised.**

The decisions below rest on the faulty premise, under now-defunct Patent Office rule 42.108 and the overruled *Synopsis* decision, 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 and which are challenged by the petitioner *after the institution stage*.” 814 F.3d at 1315 (emphasis added). The Federal Circuit itself reiterated in 2016 that any assertion that it was error for a final written decision not to address every claim initially challenged in an IPR petition “is foreclosed by . . . *Synopsis*.” *SAS*, 825 F.3d at 1352.

Indeed, in another 2016 decision, the Federal Circuit held it lacked jurisdiction to review a decision not to institute IPR on a particular ground:

We have no authority, however, to review the Board’s decision to institute IPR on some but not all grounds. “Denial of a ground is a Board decision not to institute on that ground.” 37 C.F.R. § 42.108 (b). We thus lack jurisdiction to review the Board’s decision not to institute IPR on the Payne-based ground, which includes its decision not to consider the Payne-based ground in its final written decision.

*Shaw Indus. Grp. v. Automated Creel Sys.*, 817 F.3d 1293, 1299 (Fed. Cir. 2016), *cert. denied*, 137 S. Ct.

374 (2016). As the Federal Circuit has noted multiple times since *SAS*, “any attempt to argue against partial institution would have been futile under the Board’s regulations and our precedent.” *BioDelivery Sciences Int’l, Inc. v. Acquisitive Therapeutics, Inc.*, 2018 WL 3625151 (Fed. Cir., July 31, 2018), quoting *Polaris Indus. Inc. v. Artic Cat, Inc.* 724 F. App’x 948, 949-50 (Fed. Cir. 2018).

Deere strangely suggests that “Gramm has been content with the non-institution of claims 12-26 until now.” Deere Opp. at 3, 14. To the extent that this sounds like an attempt at some sort of waiver argument, it is refuted by *Synopsis*, *Polaris*, and *BioDelivery*. To the contrary, only now post-*SAS* does Gramm have an ability to seek a remedy for the misapplication of § 318(a).

As the robust post-*SAS* activity cited in Gramm’s petition and Deere’s opposition proves, *SAS* was a dramatic “intervening development” that the lower court and PTAB could not have considered until *SAS*. This Court in *SAS* wiped out the premise that allowed the partially-instituted IPRs against Gramm’s ’395 Patent to proceed to final written decisions without addressing all of the challenged

claims. In an essentially-identical case shortly after *SAS*, the Federal Circuit held that “a party does not waive an argument that arises from a significant change in the law,” and concluded that a patentholder similarly situated to Gramm was entitled to a remand so seek the benefits of § 315(e). *Polaris Indus. Inc. v. Artic Cat, Inc.* 724 App’x 948, 949 (Fed. Cir. 2018). Gramm likewise is entitled to GVR to obtain proper final written decisions and to effectuate the estoppel provisions of § 315(e).

Deere interposes two other arguments on this issue. First, Deere points out that the Federal Circuit denied Gramm’s concurrent motion to recall the mandate. But, as with its initial rule 36 judgment without opinion, the lower court did not offer any explanation for its order. Among other things, Gramm emphasized that it was filing this petition for certiorari, which makes it quite likely that the lower court simply chose to wait for guidance from this Court on the issue. Deere, in response, made procedural arguments that had nothing to do with *SAS*. In particular, Deere cited the availability of certiorari as a reason for the lower court to deny Gramm’s motion to recall the mandate.

*See* Deere Opp. to Mot. to Recall Mandate 8-9. Nothing about the order indicates that the Federal Circuit fully reconsidered the issue and determined that Gramm’s case is uniquely undeserving of a remand based upon *SAS*.

Deere next contends that “remands have not been as routine as Gramm claims.” Deere Opp. at 9 & n.2. But Deere’s only examples of denials of remands are inaccurately recounted. In *PGS Geophysical AS v. Iancu*, although it involved three partially-instituted IPRs, the parties settled while before the Federal Circuit. Subsequently, the patent owner and the PTO Director, who intervened, requested that the appeal proceed without any remand or relief under *SAS*. *See* 891 F.3d 1354, 1359 (Fed. Cir. 2018). The court ruled that it need not address the non-instituted claims sua sponte. *See id.* at 1357. Similarly, in *BASF Corp. v. Iancu*, the court observed that, “[i]mportantly, [patent owner] BASF does not seek the Board’s evaluation of the non-instituted claims.” 2018 WL 3456307, \*4, Fed. Cir., July 17, 2018 (emphasis in original). Thus, Deere’s two best examples were decided on entirely different grounds, distinguishable from Gramm’s request.

**B. The “Ultimate Outcome” Here Would Necessarily Change in Light of *SAS*.**

Deere wrongly frames the second consideration as whether the Federal Circuit’s affirmance that claims 1-11 and 27-34 are invalid would change.<sup>2</sup> That misses the holding of *SAS*. If Deere’s framing were accurate, the Federal Circuit would not have remanded any IPR decisions based upon *SAS*. The “litigation” at issue here is the two IPRs sought by Deere, which were only partially-instituted by the PTAB. The “ultimate outcome” of that litigation is the two final written decisions that did not address all of the challenged claims. *See SAS*, 138 S. Ct. at 1354. *SAS* and subsequent remand orders make clear that, once challenged by either party, the outcome of an incomplete final written decision *must* change to comply with the correct reading of § 318(a). This Court left no ambiguity in ruling 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.

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<sup>2</sup> Deere interjects multiple other arguments in section II of its opposition, pp. 10-13, that are addressed in part II, *infra*.



at 1354 (emphasis in original). Because this factor also is satisfied, GVR is appropriate.

**C. The “Equities of the Case” Strongly Favor Gramm Given Deere’s Unfair and Manipulative Litigation Strategy.**

In discussing the “equities of the case,” *Lawrence* warns against rewarding “an unfair or manipulative litigation strategy.” 116 S. Ct. at 607. Not only has Gramm been harmed by being denied the benefit of the § 315(e) estoppel provisions, despite successfully defending his ’395 Patent claims 12-26 at the institution stage in the PTAB, Gramm’s civil suit seeking damages for Deere’s infringement of the ’395 Patent would no longer be stayed, and he would get his day in court to seek redress for Deere’s infringement of his patented invention. *See Ulthera, Inc. v. DermaFocus LLC*, No. 2018-1542, slip op. at 3 (Fed. Cir. May 25, 2018).

For its part, Deere aggressively exploited the loophole in the American Invents Act (AIA) estoppel provisions created by the misinterpretation of § 318(a). Although the AIA and the Patent Office rules give the Director authority to terminate a reexamination during the pendency of an IPR, *see* 35

U.S.C. § 315(d); 37 C.F.R. § 42.122(a), Deere waited until two months after the final written decisions issued to pursue its second bite at the apple. Using the non-institution decisions as a roadmap, Deere dressed up the same argument that failed in its IPR petitions as a request for ex parte reexamination. Deere simply swapped out the spring from the Dougherty patent and replaced it with a virtually identical spring in the Pearson patent, using the added spring to bias the completely flexible Cleveland spring. In situations involving similar, identifiable gamesmanship, the PTAB has terminated duplicative proceedings. *See Ariosa Diagnostics, Inc. v. Illumina, Inc.*, IPR2014-01093, Paper 81 (PTAB May 24, 2016) (terminating ex parte reexaminations); *Samsung et al. v. Kaist, IP US LLC*, IPR2018-00266, Decision 5/29/18 at p. 13-14; - 00267, Decision 5/28/18 at p. 14) (terminating IPRs that were “merely an attempt to remedy the deficiencies the Board identified in the First Petition, i.e., a second bite at the apple, relying on the Board’s analysis of the First Petition as a roadmap . . .”). The reexamination remains pending, currently on appeal to the PTAB, and has continued to consume Gramm’s time and resources.

Deere relies on MPEP § 2210 to argue that a remand would be an “academic exercise,” and that “no abandonment, withdrawal or striking of the [reexamination] request is possible, regardless of who requests the same.” Deere Opp. at 11-12. But Deere’s limited characterization of the options available to the Patent Office is flat-out false.

Deere omits that MPEP § 2286.01 specifically cites § 315(d), and in the event of co-pending reexamination and inter partes review proceedings authorizes the Director to terminate the ex parte reexamination. Furthermore, were the IPRs against Gramm’s ’395 Patent remanded and again pending at the PTAB, Patent Office rule 42.122(a) would permit the Board to terminate the ex parte reexamination. *See also* 35 U.S.C. § 315(d) (authorizing termination of any other PTO proceeding while IPR is pending). Without question, the Patent Office on remand has the power to mitigate the harm done to Gramm. Thus the equities of this matter strongly favor Gramm.

## II. POST-SAS FEDERAL CIRCUIT AND PTAB DECISIONS SUPPORT THE USE OF GVR TO ADDRESS CLAIMS 12-26.

As noted above, Deere weaves some additional arguments into its discussion of *Lawrence* that are more easily dispensed with separately. Each falls apart instantly when the underlying cases and PTAB decisions are examined more closely and fully.

### A. Deere Cannot Redefine the Scope of Proceedings to Deviate from the Challenges in Its Petitions.

First, Deere selectively quotes *SAS* to contend that “[a]ccording to *SAS*, ‘it’s the petitioner [Deere, here] who gets to define the contours of the proceeding’ in an IPR, and ‘the petitioner’s contentions . . . define the scope of the litigation.’” Deere Opp. at 12 (elision and parenthetical in original). Deere conveniently omits the preceding sentence, which adds that “[t]he statute envisions an inter partes review *guided by the initial petition*. See § 312 (a)(3).” *SAS*, 138 S. Ct. at 1351 (emphasis added). This Court elaborated a few pages later that “[t]he 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,” and that means “*all the way from institution through to*

*conclusion.*” *Id.* at 1357 (emphasis added). More specifically, “[t]he Director, we see, is given only the choice ‘whether’ to institute an inter partes review.” *Id.* at 1355-56. Once the “binary choice” is made to institute an IPR, the “contours of the proceeding” are defined once and for all by the petition as filed.

Deere’s one chance to “define the contours of the proceeding[s]” came when it filed its two petitions against Gramm’s ’395 Patent. Deere chose to challenge all of the claims.

**B. Deere Cannot Withdraw Claims 12-26 from Consideration to Avoid Estoppel under 35 U.S.C. § 315(e).**

Next, Deere floats the proposition that on remand before the PTAB it could simply withdraw claims 12-26 from consideration. *See* Deere Opp. at 12-13. Deere cites three post-*SAS* PTAB decisions to bolster this proposition. None of them, however, allowed a petitioner to withdraw non-instituted claim unilaterally from consideration on remand after *SAS*. *See Unified Patents Inc. v. Collision Avoidance Techs. Inc.*, IPR2017-01355, Order, May 29, 2018, at 2 (P.T.A.B.) (parties jointly moved to withdraw claims); *Ooma, Inc. v. Deep Green Wireless LLC*, IPR2017-01541, Order, May 29, 2018,

at 2-3 (P.T.A.B.) (granting joint motion to limit the petition); *One World Techs., Inc. v. Chamberlain Grp., Inc.*, IPR2017-01137, Order, May 17, 2018, at 3 (P.T.A.B.) (granting joint motion to limit the petition).

Worse yet, Deere overlooks the one post-*SAS* PTAB decision directly on point, in which an attempt to withdraw claims to avoid estoppel was denied:

Petitioner's request for authorization to file a motion is denied because Petitioner has not shown good cause to withdraw grounds from consideration. Under these circumstances, *we are unpersuaded that avoiding estoppel is good cause.*

*Dish Network Corp. v Customedia Techs., Inc.*, CBM2017-00019, Order, May 2, 2018, at 2-3 (P.T.A.B.) (emphasis added). On the whole, PTAB precedent resoundingly contradicts the notion that GVR would be pointless.

**C. Deere Fails to Demonstrate that Claims Initially Non-instituted Were Held Invalid following *SAS*.**

Finally, Deere argues that GVR would not be productive because, in any event, "history shows that

the USPTO has held claims unpatentable in an IPR even after the USPTO initially denied institution of those claims.” Deere Opp. at 13. Again Deere misstates what happened in the orders it cites.

In the *Kingston* IPR, claims 2-4 were initially non-instituted. The original final written decision, however, addressed “proposed substitute claim 9, which includes the subject matter of claim 4.” *Kingston Tech. Co. v. Polaris Innovs. Ltd.*, IPR2016-01622, Order, June 11, 2018, at 2-3 (P.T.A.B.). After *SAS*, Petitioner first sought to “exclude review of claims 2 and 3”—*i.e.*, withdraw them, as was unsuccessfully attempted in *Dish. Id.* The PTAB refused. The PTAB invalidated claim 4 only as a result of the overlap with already-invalidated claim 9. Most importantly, and contrary to Deere’s description of the outcome, the PTAB ruled that “Petition has *not* demonstrated by a preponderance of the evidence that claims 2 and 3 are unpatentable.” *Id.* at 2 (emphasis in original). In other words, the PTAB in *Kingston* did exactly what Gramm seeks through remand here. The PTAB incorporated into a new final written decision its

original non-institution decision that the challenged claims had not been shown to be invalid.<sup>3</sup>

In sum, none of Deere's arguments about its purported power to control the contours of the IPRs beyond its petitions, withdraw claims 12-26 on remand, or that remand would be pointless because the PTAB has a history of invalidating non-instituted claims, stands up to scrutiny. Rather, all of the precedent relied up on by Deere, and the subsequent decisions of the Federal Circuit and the PTAB after *SAS*, strongly favor ordering GVR for Gramm to return to the PTAB. In light of *SAS*, Gramm is entitled to final written decisions that address claims 12-26 of his '395 Patent. History shows that the PTAB is likely to stand by its conclusion that Deere's petitions failed to set forth grounds for holding those claims invalid. In which case, Gramm will be entitled to pursue the benefits of § 315(d) and (e) as he should have been under the correct interpretation of § 318(a).

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<sup>3</sup> In *Teradata Operations, Inc. v. Realtime Data LLC*, IPR2017-00557, Order, May 7, 2018, at 2 (P.T.A.B.) all of the claims had been challenged, though the PTAB added additional grounds.



**CONCLUSION**

For the reasons presented above and in  
Gramm's initial petition GVR is called for here.

Respectfully submitted,

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