

No. _____

In The
Supreme Court of the United States

NEOLOGY, INC.,
Petitioner,

v.

INTERNATIONAL TRADE
COMMISSION, *et al.*,
Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED FOR REVIEW

A patent claim is presumed to be valid. However, the patent claim's validity can be challenged on the grounds that it lacks adequate written description in the patent application from which the claim issued ("the relevant patent application"). Separately, the same patent claim's effective filing date can be challenged (without challenging the claim's validity) for lack of adequate written description in an earlier filed "parent" patent application. The parent and the relevant patent applications have different written descriptions because their respective initially filed claims, which conclude the specification, are different. In the proceedings below, only the effective filing date was challenged, not validity. Yet, the Federal Circuit held that because both the filing date and the validity challenges relate to written description, Petitioner was put on notice and waived the argument that the initially filed claims of the relevant patent application provide verbatim written description support for the asserted claims.

In view of this, the Question Presented is:

Whether, as a matter of law and procedural due process, a patent can be invalidated without notifying the patent owner about the specific invalidity challenge posed by the validity challenger and giving the patent owner an opportunity to be heard.

**PARTIES TO THE PROCEEDINGS
AND RULE 29.6 STATEMENT**

Petitioner in this Court (appellant below) is Neology, Inc.

Respondents in this Court (appellee and intervenors below) are the United States International Trade Commission, Kapsch TrafficCom USA, Inc., Kapsch TrafficCom Holding Corp., Kapsch TrafficCom Canada Inc., Star Systems International Ltd., and Star RFID Co., Ltd.

Pursuant to Rule 29.6, One Equity Partners VI L.P. owns 10% or more of the stock of Neology, Inc. There is no parent corporation of Neology, Inc.

STATEMENT OF RELATED PROCEEDINGS

This case is directly related to:

- *Neology, Inc. v. Kapsch TrafficCom IVHS Inc., et al*, case no. 1:13-cv-2052 (LPS), pending in the United States District Court for the District of Delaware; no judgment has issued; the case is currently stayed pending the outcome of International Trade Commission proceedings.

This case is not directly related to the following case under the definition in Rule 14(b)(iii), but the same patents were at issue, in:

- *Neology, Inc. v. Kapsch TrafficCom IVHS Inc., et al*, case no. 2017-1228, United States Court of Appeals for the Federal Circuit, judgment entered June 6, 2018; and
- *Neology, Inc. v. Kapsch TrafficCom IVHS Inc., et al*, case no. 2017-1229, United States Court of Appeals for the Federal Circuit; judgment entered June 6, 2018.

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PETITION FOR A WRIT OF CERTIORARI

Petitioner, Neology, Inc., respectfully petitions this Court for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

CITATIONS OF OPINIONS BELOW

The opinion of the court of appeals, reproduced at App. 1a – 16a, is reported at 767 Fed. Appx. 937, 2019 U.S. App. LEXIS 11410, and 2019 WL 1760744.

The decision of the International Trade Commission, reproduced at App. 19a – 87a, is believed by petitioner to be unreported.

BASIS FOR JURISDICTION

The Federal Circuit rendered its judgment on April 19, 2019. Neology, Inc. timely petitioned for panel rehearing and rehearing en banc. The Federal Circuit entered an order denying rehearing on July 3, 2019.

Jurisdiction is conferred by at least 28 U.S.C. § 1254(1).

**CONSTITUTIONAL AND
STATUTORY PROVISIONS INVOLVED**

U.S. CONST. Amend. 5 provides:

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

35 U.S.C. § 111(a) provides:

(a) In general.

(1) Written application. An application for patent shall be made, or authorized to be made, by the inventor, except as otherwise provided in this title, in writing to the Director.

(2) Contents. Such application shall include—

(A) a specification as prescribed by section 112;

(B) a drawing as prescribed by section 113; and

(C) an oath or declaration as prescribed by section 115.

(3) Fee, oath or declaration, and claims. The application shall be accompanied by the fee required by law. The fee, oath or declaration, and 1 or more claims may be submitted after the filing date of the application, within such period and under such conditions, including the payment of a surcharge, as may be prescribed by the Director. Upon failure to submit the fee, oath or declaration, and 1 or more claims within such prescribed period, the application shall be regarded as abandoned.

(4) Filing date. The filing date of an application shall be the date on which a specification, with or without claims, is received in the United States Patent and Trademark Office.

35 U.S.C. §112(a) and (b) provide:

(a) In general. The specification shall contain a written description of the

invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor or joint inventor of carrying out the invention.

(b) Conclusion. The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention.

35 U.S.C. § 120 provides:

An application for patent for an invention disclosed in the manner provided by section 112(a) (other than the requirement to disclose the best mode) in an application previously filed in the United States, or as provided by section 363 or 385, which names an inventor or joint inventor in the previously filed application shall have the same effect, as to such invention, as though filed on the date of the prior application, if filed before the patenting or abandonment of or termination of proceedings on the first application or on an application similarly entitled to the

benefit of the filing date of the first application and if it contains or is amended to contain a specific reference to the earlier filed application. No application shall be entitled to the benefit of an earlier filed application under this section unless an amendment containing the specific reference to the earlier filed application is submitted at such time during the pendency of the application as required by the Director. The Director may consider the failure to submit such an amendment within that time period as a waiver of any benefit under this section. The Director may establish procedures, including the requirement for payment of the fee specified in section 41(a)(7), to accept an unintentionally delayed submission of an amendment under this section.

35 U.S.C. § 282 (a) and (b) provide:

(a) In general. A patent shall be presumed valid. Each claim of a patent (whether in independent, dependent, or multiple dependent form) shall be presumed valid independently of the validity of other claims; dependent or multiple dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity.

(b) Defenses. The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II as a condition for patentability.

(3) Invalidity of the patent or any claim in suit for failure to comply with—

(A) any requirement of section 112, except that the failure to disclose the best mode shall not be a basis on which any claim of a patent may be canceled or held invalid or otherwise unenforceable; or

(B) any requirement of section 251.

(4) Any other fact or act made a defense by this title.

STATEMENT OF THE CASE

Petitioner is the owner of U.S. Pats. Nos. 8,325,044 (“the ’044 Patent”) and 8,587,436 (“the ’436 Patent”). Appx.2a. Both patents are titled “System and Method for Providing Secure Identification Solutions.” Appx.3a. Both patents share the same specification except for their respective first filed claims. *Id.* (“The claims that appeared in the 2012 applications as filed (the 2012 claims) issued with very few changes as the claims in the ’044 and ’436 patents.”). Both patents issued from patent applications filed in 2012 (“the 2012 Applications”). *Id.* Both patents are related because they are continuation applications of U.S. Patent Application Serial No. 10/615,026 (“the ’026 Application”). Appx.7a, 3a. The ’026 Application was filed in 2003 and is referred to herein as the 2003 Parent Application. *Id.*

The originally-filed claims of the ’044 and ’436 patents (“the 2012 Claims” or the “Original Claims”) are different from the claims filed in the 2003 Parent Application. However, they are almost verbatim to the issued claims of the ’044 and ’436 patents (“the Asserted Claims”). Any differences between the 2012 Claims and the Asserted Claims are purely cosmetic; whereas, differences between the 2012 Claims and the claims filed in the 2003 Parent Application are substantive. The cosmetic differences resulted from (i) a dependent claim being fused with an independent claim during prosecution at the United States Patent and Trademark Office (“USPTO”) and (ii) renumbering of the claims by the USPTO. Except for

these cosmetic differences, the asserted claims are verbatim copies of the 2012 Claims.

At the United States International Trade Commission (“the Commission”)¹, the challengers to the validity of the patents-in-suit, namely the Respondent and the Intervenors (together “the Validity Challengers”), focused on the 2003 Parent Application and alleged that the 2003 Parent Application did not provide adequate written description support for the asserted claims. Appx.7a (“The administrative law judge concluded on June 22, 2017, that the ’044 and ’436 patents are not entitled to the priority date of U.S. Patent Application No. 10/615,026, filed in 2003, because that application “does not provide written description support” for some of the key limitations of the at-issue claims of the ’044 and ’436 patents.”). In other words, the Validity Challengers’ argument was based on the claims filed in 2003 and ignored the substantively different claims filed in 2012.

The Validity Challengers were singularly focused on denying the petitioner the benefit of the 2003 filing date that was afforded by 35 U.S.C. § 120. The filing date benefit under § 120 is often referred to in patent law jargon as the “priority date.” The Validity Challengers neither alleged nor proved a prima facie case that the Asserted Claims failed to satisfy the written description requirement of 35 U.S.C. § 112 as “self-describing” claims. In fact, counsel for the Validity Challengers admitted to the

¹ The Commission had jurisdiction under 19 U.S.C. 1337(a). Appx.144a-148a.

opposite, i.e., that the 2012 Claims provide verbatim written description support for the Asserted Claims:

I believe everyone knows the short story is Neology needs to get back to an earlier filing date in order to avoid the prior art. If they can't, the prior art will flood in and invalidate the patents. I don't think there's any dispute about that.

Then [the second security key] was part of the original claims of the '044 and '436. So on our written description analysis, if your original claims actually can support your written description support for that application. So the original claims would get credit. They wanted to argue those original claims provide written description support for the '044 claims, that's fine. But that just gives you the filing date.

Appx. 521a, 522a. (Commission Hearing Tr. 95:8-24) (emphasis added) (Opening Statement of Counsel for the Commission).

Nonetheless, the Commission sided with the Validity Challengers and held that the Asserted Claims lack written description support in both the 2003 Application and the 2012 Application. Appx.2a. The Commission further held that when the Validity Challengers presented a prima facie case of invalidity² under 35 U.S.C. § 120 based on the 2003

² "Invalidity" is the Commission's language. See, e.g., Appx.57a ("Respondents maintained their position that the Asserted

Parent Application, the burden shifted to the Petitioner to prove that there was adequate written description support, under 35 U.S.C. § 112, in the 2012 Applications. *See* Appx.61a; *see also* Appx.9a (“[O]n review of the ALJ decision, Neology argued that the specification and the 2012 claims themselves each provided adequate written description, but the Commission concluded that Neology had waived reliance on the 2012 claims by not relying on those claims before the ALJ as a basis for written-description support.”) In other words, the Commission held that the Petitioner waived the argument that the Asserted Claims are self-describing due to having verbatim written description support in the originally filed 2012 Claims. *Id.*

The Federal Circuit upheld the Commission. Appx.9a.³ The Federal Circuit held that the Validity Challengers did not waive the 35 U.S.C. § 112 argument. Appx.9a. However, that is irrelevant here. The relevant concern is that the Validity Challengers

Claims are invalid on both grounds [(i.e., sections 112 and 120)]”). Petitioner notes that § 120 is not a provision of the statute directed to invalidity, but rather to whether a patent application is entitled to the benefit of the filing date of an earlier patent application. A patent cannot be declared invalid under section 120. Rather, the most that section 120 provides with respect to invalidity is a test regarding whether a patent owner’s later patent applications are entitled to the benefit of the filing date of one or more earlier patent applications. The statutory invalidity provisions are identified in 35 U.S.C. § 282(b), titled “Defenses” and include section 112 among other provisions, but not section 120.

³ The Federal Circuit had jurisdiction under 28 U.S.C. 1295(a)(6). Appx.8a.

did not allege nor present a prima facie case that the 2012 Application lacked adequate written description support for the Asserted Claims. The Federal Circuit further held that it was the Petitioner who waived reliance on the 2012 Parent Application. Appx.9a (“Neology’s briefing, even after the hearing, relied on the argument that the specification of the ’026 application (the 2003 application), which did not include the 2012 claims, provided the written-description support of the claims in the ’044 and ’436 patents, and it did not make an argument that the 2012 claims furnished the required written-description support.”) The Federal Circuit’s determination misses the mark because the petitioner was only required to respond to the evidence-backed allegations that were actually proved by the Validity Challengers. If the Federal Circuit’s determination is allowed to stand, many patentees would be required to guess and respond to every possible invalidity challenge when an invalidity defense is generally alleged. Such is not (and should not be) the state of the law.

The Federal Circuit correctly recognized that (a) claims can be self-describing and (b) determining whether a particular claim is self-describing is not simple. Appx.11a (“Determining whether a particular claim is self-describing is not a cut-and-dried, simple matter, but would require more development—factual and legal—than the passing reference on which Neology now relies.”). But that only serves to demonstrate that the Validity Challengers should have presented a prima facie case as to each claim limitation that was allegedly not self-describing. In this case, there are six Asserted Claims reciting

complex structure and function; some of them are lengthy. Appx.2a-6a. In such circumstances, it is improper for the Federal Circuit to require a patent owner to guess which claim limitations that a party challenging validity believed were not self-describing, and then respond based on such guesses. The Constitution, the patent statute, and this Court's jurisprudence all require the opposite.

Federal Circuit's next error amplifies why it is essential that a validity challenger must first present a prima facie case of invalidity. The Federal Circuit erred in speculating that the Asserted Claims *might* be genus claims and genus claims are unlikely to be self-describing. Appx.11a. The genus/species concern arises where a generic (genus) claim for achieving a stated useful result (*e.g.*, a chemical reaction) may encompass a vast number of materials (species), even though the specification does not disclose a variety of species (*e.g.*, chemical compounds) that accomplish the result. *Ariad*, 598 F.3d at 1350; *see also id.* at 1349 ("The problem is especially acute with genus claims that use functional language to define the boundaries of a claimed genus."). The inquiry in the genus/species analysis is whether the specification discloses a sufficient number of species to provide written description support for the generic claim. *Id.* at 1351.

The Validity Challengers did not make a genus/species allegation or argue such a position at any time during the proceedings below. And the Federal Circuit's flawed reasoning (*i.e.*, that the Asserted Claims might be genus claims that lack written description support because the specification

does not disclose a *sufficient number of species*) is speculation by the Court, not based on the argument or evidence presented at any point in the proceedings. The Federal Circuit's flawed reasoning also falls far from "clear and convincing evidence" of invalidity; and it directly contradicts the Validity Challengers' position that there is no written description support at all.⁴

No participant in the ITC proceeding or the Federal Circuit appeal identified any genus/species concerns with respect to the Asserted Claims. Rather, the Validity Challengers argued that there is no specification support *at all* for certain claim limitations. *See, e.g.,* 7a ("The administrative law judge concluded...that [the 2003] application "does not provide written description support" for some of the key limitations.") Thus, the Federal Circuit raised the genus/species strawman in its opinion without giving Petitioner notice or an opportunity to be heard on yet another purported ground for invalidity. Nowhere in the Commission's Opinion is there any mention of whether or not the asserted claims are genus claims. *See generally* 19a-519a. That issue did not arise below. If such an invalidity argument had been presented below, the Petitioner-patentee would have easily proven that the Asserted Claims are not genus claims because they recite specific structural features. However, the Validity Challengers never alleged nor set forth clear and convincing evidence that the claims should be considered genus claims.

⁴ If there is no support, how can the patent support a genus but not species? Both cannot simultaneously be true.

REASONS FOR GRANTING THE PETITION

This case presents a recurring issue regarding the requirement that the party challenging invalidity of a patent prove invalidity by clear and convincing evidence by, at minimum, presenting a prima facie case of invalidity. It also presents the recurring issue of whether a patent owner must affirmatively prove validity without the party challenging validity having made a prima facie case of invalidity. The case also raises the issue of whether the patent owner will be deemed to have waived its ability to assert that a patent is valid (a) in the face of the patent statute stating that a patent is presumed valid and (b) where the patent owner was not confronted with a defense or given notice and an opportunity to be heard on a defense that was not supported with evidence or argument. These issues are of exceptional importance to patent owners, because in almost every patent infringement lawsuit, defenses and/or counterclaims of patent invalidity are asserted, and the requisite proof burdens associated with such defenses and counterclaims are at issue.

Without this Court's guidance, patent owners will be looking to the Federal Circuit's decision in this case for guidance, a decision that conflicts with this Court's precedent regarding both burdens of proof and procedural due process and that conflates two different sections of the patent statute, i.e., 35 U.S.C. § 112 and 35 U.S.C. § 120. This Court should grant certiorari to the Federal Circuit and reverse that court's judgment.

I. The Federal Circuit’s Waiver Ruling Directly Conflicts With This Court’s Precedent Regarding Procedural Due Process And The Requirement That Parties Be Provided Notice And An Opportunity To Be Heard Before Being Deprived Of A Property Interest.

It is well established that, under the Fifth Amendment’s Due Process Clause, a party must be provided with notice and an opportunity to be heard before being deprived of a property interest. U.S. Const. Amend. 5 (“No person shall be ... deprived of ... property, without due process of law ...”); *Dusenbury v. United States*, 534 U.S. 161, 167 (2002) (“From these ‘cryptic and abstract words,’ we have determined that individuals whose property interests are at stake are entitled to ‘notice and an opportunity to be heard.’”) (internal citations omitted); *Lachance v. Erickson*, 522 U.S. 262, 266 (1998) (“The core of due process is the right to notice and a meaningful opportunity to be heard.”). This due process right applies to property interests in patents. See *Brown v. Duchesne*, 60 U.S. 183, 197 (1857) (“[B]y the laws of the United States, the rights of a party under a patent are his private property; and by the Constitution of the United States, private property cannot be taken for public use without just compensation.”); accord *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 527 U.S. 627, 643 (1999) (“Patents ... have long been considered a species of property... As such, they are surely included within the ‘property’ of which no person may be deprived by a State without due process of law.”). The notice and opportunity afforded by the due process clause were

denied to the petitioner; the ruling should be reversed to prevent similar departures from due process in future cases.

In the context of this case, the Validity Challengers alleged that the patents lacked a proper written description and, as such, were invalid for failure to comply with 35 U.S.C. § 112; section 112 requires that a patent include a written description of the invention. The Validity Challengers, however, did not present evidence that the patent applications filed in 2012 lacked such evidence when considered in their complete form. Rather, the Validity Challengers presented evidence that the 2003 patent application lacked a written description of the patent claims that issued from the 2012 patent applications. This is an attack on whether the patents were entitled to the benefit of the filing date of the 2003 application, it is not an attack on whether the patents had sufficient written description as filed in 2012.

Based on this attack on the patents, the Federal Circuit reviewed the underlying decision and recounted the administrative law judge's two relevant findings. First, "The administrative law judge concluded ... that the [two] patents are not entitled to the priority date of [the patent application that was] filed in 2003, because that [2003] application 'does not provide written description support' for some of the key limitations of the at-issue claims of the [two] patents." Appx.7a. Second, "The ALJ also found invalidity of the claims ... for lack of written description..." *Id.*

The Federal Circuit then noted that the full Commission opinion made the same findings, “The Commission determined that the ALJ was correct that the two patents are not entitled to an earlier priority date, [and] that the claims are invalid for lack of written description...” *Id.*

The Federal Circuit “affirm[ed] the Commission’s finding that the asserted claims lack sufficient written-description support.” Appx.16a. Based on this affirmation, the Federal Circuit declined to reach the other issues that the patent owner raised on appeal. Thus, the entire scope of this petition relates to the Federal Circuit’s ruling regarding written description and priority.

By its own language, the Federal Circuit acknowledges that the “priority date” challenge under 35 U.S.C. § 120 is decided separately from the “written description” invalidity challenge under 35 U.S.C. § 112. Indeed, a patent may be stripped of the benefit of the prior filing date under 35 U.S.C. § 120 and still retain its validity based on the later-filed patent application including a complete written description under 35 U.S.C. § 112. *See, e.g., Lockwood v. Am. Airlines, Inc.*, 107 F.3d 1565, 1571-72 (Fed. Cir. 1997) (eliminating the filing date benefit due to lack of written description in the earlier patent application, but not invalidating the later patent application based on lack of written description).

Here, the issue of whether the 2012 patent applications contained a complete written description after the removal of the 2003 priority date was never raised by the Validity Challengers. Rather, the

Federal Circuit acknowledged that the patent owner's ITC briefing on the issue "relied on the argument that the specification of the ... 2003 application ... which did not include the 2012 claims, provided the written description support of the claims in the [two] patents, and it did not make an argument that the 2012 claims furnished the required written-description support." Appx.9a-10a. This quote highlights the problem with the rulings by both the Federal Circuit and the ITC. The patent owner's briefing responsive to the invalidity defenses focused primarily on arguments regarding the specification of the 2003 patent application because that is what the Validity Challengers attacked.

The Validity Challengers did not attack the claims that were filed in 2012 with the 2012 applications. And the patent owner is not required by the patent statute or this Court's jurisprudence to rebut an invalidity argument that is not raised and for which a prima facie case is not presented by the Validity Challengers using clear-and-convincing evidence. Rather, the ITC and Federal Circuit flipped the burden on its head, attempting to require the patent owner to prove validity before the Validity Challengers were required to present a prima facie case of invalidity. This cannot be permitted to stand.

Indeed, during the hearing, the participating ITC attorney confirmed the parties' understanding that there was no challenge to the 2012 written description as noted above, stating in his opening statement that,

I believe everyone knows the short story is [the patent owner] needs to get back to an earlier filing date in order to avoid the prior art. If they can't, the prior art will flood in and invalidate the patents. I don't think there's any dispute about that.

Then [the second security key] was part of the original claims of the '044 and '436. So on our written description analysis, if your original claims actually can support your written description support for that application. So the original claims would get credit. They wanted to argue those original claims provide written description support for the '044 claims, that's fine. But that just gives you the filing date.

Appx.521a-522a (emphasis added). The Validity Challengers did not question or dispute this summary during the hearing. In essence, the Validity Challengers thought that they only needed to remove the filing date benefit provided by 35 U.S.C. § 120. And they thought that if they removed that filing date benefit so that the patents were limited to a 2012 filing date, then prior art dated between 2003 and 2012 would invalidate the patents. For this reason, the Validity Challengers had no reason to attack the written description of the 2012 patent applications; thus, they did not present evidence that the 2012 patent applications lacked written description as filed.

And because the Validity Challengers did not present a prima facie case (by clear and convincing evidence) that the 2012 patent applications lacked written description, the patent owner had no notice that it needed to address or dispute that matter prior to issuance of the ALJ's initial determination, and no opportunity to do so. Only after the ALJ made findings that the 2012 patent applications were insufficient was the patent owner given notice. Yet, both the Commission and the Federal Circuit attempt to fault the patent owner for not raising the issue sooner by improperly conflating sections 112 and 120 of the patent statute.

Both the Commission and the Federal Circuit improperly rejected the patent owner's argument and evidence regarding the proper written description found in the 2012 patent applications. Both the Commission and the Federal Circuit made rulings that can only be read as requiring a patent owner to prove validity despite the Validity Challengers' failure to present a prima facie case of invalidity by clear and convincing evidence. This is in direct opposition to both 35 U.S.C. § 282 and this Court's related jurisprudence. This is also in direct opposition to this Court's due process jurisprudence that requires notice and an opportunity to be heard before depriving a person of a property right.

II. This Case Presents An Important Vehicle To Clarify To The Federal Circuit The Precedent Requiring That Patent Invalidity Be Proven By The Party Challenging Validity And Be Proven By Clear And Convincing Evidence

In its jurisprudence prior to the 1952 Patent Act, this Court noted that “the presumption of validity shall prevail ... unless the countervailing evidence is clear and satisfactory.” *Radio Corp. of America v. Radio Engineering Labs., Inc.*, 293 U.S. 1, 9 (1934). Based upon this, the Federal Circuit held that proof of invalidity “must be by clear and convincing evidence or its equivalent...” *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1360 (Fed. Cir. 1984). For approximately 30 years, the Federal Circuit did not waver in this interpretation of 35 U.S.C. § 282. *Microsoft Corp. v. i4i Ltd. Partnership*, 131 S. Ct. 2238, 2243 (2011).

In 2011, this Court had the opportunity to consider the standard of proof and stated the following, “We consider whether § 282 requires an invalidity defense to be proved by clear and convincing evidence. We hold that it does.” *Id.* at 2242.

The standard has not been altered since the *Microsoft v. i4i* decision.

The holdings by the ITC and the Federal Circuit in the instant case turn that standard on its head and directly conflict with the standard, providing this court with an important vehicle to not

only reaffirm the appropriate standard, but also to confirm that the same standard exists with respect to invalidity challenges based upon section 112 issues and invalidity challenges heard by executive agencies such as the ITC.

III. This Petition Presents A Vehicle To Correct The Federal Circuit's Ruling That Is In Square Conflict With The Clean, Established Requirement That Invalidity Be Proven By Clear And Convincing Evidence And Not By Conflating Statutory Provisions To Create A New Defense

The Court should grant the petition to correct the Federal Circuit's flawed treatment of the interplay between 35 U.S.C. § 112 and 35 U.S.C. § 120. Because that court has exclusive jurisdiction to hear appeals in section 112 and 120 cases, the manner in which it ruled will affect future section 112 and 120 proceedings absent this Court's intervention. This Court regularly grants certiorari to review questions otherwise committed to the Federal Circuit, particularly questions under the Patent Act. *See, e.g., WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129 (2018); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348 (2018); *Life Techs. Corp. v. Promega Corp.*, 137 S. Ct. 734 (2017); *Samsung Elecs. Co. v. Apple Inc.*, 137 S. Ct. 429 (2016); *Kingdomware Techs., Inc. v. United States*, 136 S. Ct. 1969 (2016); *Sebelius v. Cloer*, 569 U.S. 369 (2013).

Here the Federal Circuit conflated a filing date challenge under 35 U.S.C. § 120 with a validity

challenge under 35 U.S.C. § 112. It then relied upon evidence directed to the filing date challenge to support a ruling that the patent owner had waived its right to argue in the ITC against a validity challenge. This is an improper conflation of different statutory provisions. It denied the patent owner its due process right to notice and the opportunity to be heard on an invalidity defense that was not presented during the hearing. By doing so, the Federal Circuit shifted the burden and, rather than requiring the party challenging patent validity to prove invalidity, the Federal Circuit squarely contradicted this Court's precedent by requiring the patent owner to both (a) prove validity in direct contradiction to 35 U.S.C. § 282 (a) ("A patent shall be presumed valid..."), and (b) bear a burden of proof that should fall on the party asserting patent invalidity. *See, e.g.*, 35 U.S.C. § 282 (a) ("The burden of establishing invalidity ... shall rest on the party asserting such invalidity."); *Microsoft Corp. v. i4i Ltd. Partnership*, 131 S. Ct. 2238, 2245 (2011) ("[B]y its express terms, § 282 establishes a presumption of patent validity, and it provides that a challenger must overcome that presumption to prevail on an invalidity defense... [T]he statute explicitly specifies the burden of proof..."). The Federal Circuit's ruling is a direct departure from the statute and the jurisprudence of this Court.

Section 120 of the patent statute is not related to invalidity directly; rather, it is directed to the conditions that must be met for a patent application to be afforded the benefit of the filing date of a previously filed application. Such a benefit may alter the result of a challenge to validity. But the inquiry

in section 120 does not directly implicate validity. Specifically, section 120 provides “An application for patent for an invention disclosed in the manner provided by section 112(a) ... in an application previously filed in the United States ... shall have the same effect, as to such invention, as though filed on the date of the prior application, if [listed conditions are met].” 35 U.S.C. § 120. Failure to comply with section 120 does not directly result in invalidity. Rather, failure to comply with section 120 results in the loss of the benefit of the filing date (often called the “priority date” in patent jargon) of the earlier-filed patent application. (Notably, while not at issue in the instant case, such a loss of benefit might indirectly result in invalidity if potentially invalidating art arose after the earlier application was filed and before the filing date of the later application that lost the benefit.)

In the instant case, while the Validity Challengers nominally referred to the challenge to the patents as a written description challenge under 35 U.S.C. § 112, the substance of the challenge demonstrates that the challenge was no more than a challenge to the filing date benefit afforded by section 120. This was recognized by the parties and explicitly acknowledged by the ITC’s attorney in the opening statement at the hearing, as noted above.

The evidence provided by the Validity Challengers was directed specifically and solely at demonstrating that the patent application filed in 2003 did not provide written description support for the claims that issued from the 2012 patent applications. The Validity Challengers did not

address the patent applications filed in 2012; they did not address the originally-filed claims in the 2012 patent applications; they did not challenge those claims as lacking written description in their originally filed form. Instead, the entire challenge was directed at showing that the 2003 patent application could not provide a filing date benefit to the 2012 patent applications.

This challenge did not include evidence or argument that the patents lacked written description based on the 2012 patent applications. The challenge did not raise validity of the 2012 patent claims under section 112, except in name alone. In substance, the evidence presented by the Validity Challengers was directed at removing the filing date benefit, not at proving invalidity. Thus, the patent owner had no notice that invalidity under 35 U.S.C. § 112 was substantively at issue. And the patent owner should not have been required to prove validity where the patent is presumed valid, in the absence of a prima facie case of invalidity shown by clear and convincing evidence.

The Federal Circuit acknowledged that these are two different inquiries. It stated that the administrative law judge “concluded ... that the [two] patents are not entitled to the priority date of [the 2003 patent application].” Appx.7a. The Federal Circuit further stated, “The ALJ also found invalidity of the claims ... for lack of written description...” Appx.7a. The first inquiry is directed to section 120. The second inquiry is directed to section 112. Yet, evidence supporting the second inquiry was not presented by the Validity Challengers.

In ruling on this, the Federal Circuit conflated the two statutory sections and found a waiver of the ability to rebut invalidity arguments regarding the 2012 patent application where the Validity Challengers presented only evidence directed to the filing date benefit related to the 2003 patent application. In essence, the Federal Circuit and the ITC held that the patent owner waived the ability to rebut an invalidity defense that was nominally asserted but not supported with evidence.

These rulings by the Federal Circuit and ITC create a new invalidity defense by conflating two code sections, such that a challenge to filing date benefits under 35 U.S.C. § 120 inherently becomes a challenge to validity under 35 U.S.C. § 112. Creating this new invalidity defense and invalidating the patents without providing the patent owner notice and an opportunity to be heard is a violation of due process. Further, it upends the statutory presumption of validity and burden of proof by requiring a patent owner to affirmatively prove validity before a validity challenger proves a prima facie case of invalidity.

This Court should grant certiorari to the Federal Circuit to correct the Federal Circuit's ruling that squarely conflicts with the statutory presumption of validity and burden of proof, as well as with this Court's jurisprudence regarding both the standard of proof of invalidity by clear and convincing evidence and procedural due process.

IV. The Federal Circuit's Genus-Species Analysis Further Illustrates That The Federal Circuit Eliminated The Patent Owner's Due Process By Introducing An Issue That Was Neither Identified Nor Heard At Either The ITC Or The Federal Circuit

The Federal Circuit's opinion relied upon a stated distinction between genus and species claims. Appx.11a. But neither the Federal Circuit nor the ITC made factual findings based upon such a distinction. Yet, the Federal Circuit improperly imposed a requirement that the patent owner should have established such facts despite the absence of any challenge to validity based on a genus / species distinction.

One aspect of procedural due process is that the issuance of a decision must be based only on the arguments and evidence presented, not on arguments and evidence that are not made. *See, e.g., Goldberg v. Kelly*, 397 U.S. 254, 271 (1970) (considering an analogous issue under the Fourteenth Amendment and holding, "[T]he decisionmaker's conclusion ... must rest solely on the legal rules and evidence adduced at the hearing."). Here, however, the Federal Circuit's decision appears to be based on an issue with respect to which no argument or evidence was presented by the Validity Challengers. In particular, the Federal Circuit agreed with the patent owner's argument that "... [patent] claims can be self-describing." Appx.11a. In the next sentence, however, the Federal Circuit introduced an issue requiring disparate findings of law and fact despite

that issue having been waived by the Validity Challengers through a failure to present argument or evidence. In particular, the Federal Circuit stated, “On the other hand, genus claims, especially those that ‘use functional language to define the boundaries of a claimed genus,’ are unlikely to provide an adequate written description so as to be self-describing.” *Id.* The Federal Circuit then, relying on this possibly-applicable exception held that “Determining whether a particular [patent] claim is self-describing is not a cut-and-dried, simple matter, but would require more development – factual and legal – than the passing reference on which [patent owner] now relies.” *Id.*

This ruling illustrates the heart of the due process denial in the Federal Circuit’s decision, i.e., that patent owner was not presented with notice of the alleged invalidity defenses nor an opportunity to be heard on them, despite the Federal Circuit’s acknowledgment that such a determination “would require more development – factual and legal ...” The patent owner was not provided with notice that such factual/legal development would be needed. The patent owner was not provided an opportunity to be heard regarding such development. Doing so would have required the Validity Challengers to have affirmatively presented a defense and established a *prima facie* case that the patent claims were not self-describing – and to do so by clear and convincing evidence. The patent owner’s appeal to the Federal Circuit was based in part upon the Validity Challengers’ waiver of such arguments. The Federal Circuit rejected the patent owner’s position and conjured a new legal theory to invalidate the patent

claims, an invalidity argument that was not presented either to the ITC or the Federal Circuit. The due process clause, however, mandates that the patent owner should not be required to rebut an invalidity defense nor held to have waived such rebuttal without the requisite notice of the defense and an opportunity to be heard.

Moreover, the Federal Circuit's convolution of the invalidity defense demonstrates that the patent owner was without notice of the defense and an opportunity to be heard. Specifically, the Federal Circuit acknowledges that the patent claims could provide written description support for themselves without further support in the specification, stating, "claims can be self-describing." This is the status quo; that is, the patent is presumed valid under 35 U.S.C. § 282(a) ("... Each claim of a patent ... shall be presumed valid independently of the validity of the other claims..."). If the Federal Circuit had considered the proper burdens and due process, the court should and would have stopped the inquiry at this point. The patent statute specifically provides, "The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity." *Id.* The Validity Challengers did not argue nor provide clear and convincing evidence that the 2012 Claims were not self-describing. Thus, the patent owner was not obligated to rebut anything with respect to the validity of the patent claims insofar as those claims are based on the 2012 patent application. Yet, despite the clarity of this situation, the Federal Circuit noted an exception to the rule, i.e., that "genus claims" might not be self-describing. *Id.* And, based on this exception, the Federal Circuit held

that the patent owner was “require[d to establish] more development – factual and legal...” *Id.* This is the antithesis of due process. The Federal Circuit knitted a legal rule out of thin air, specifically a rule based on an argument that neither party nor the ITC had raised in the ITC hearing nor Federal Circuit briefing, and relied upon that rule to hold that the patent owner failed to meet a burden.

By doing so, the Federal Circuit flipped this Court’s precedent on its head. The Federal Circuit both (a) eliminated procedural due process by grafting on a previously unrepresented legal rule and position to invalidate the patent claims, and (b) upended the section 282 statutory burden of proof by requiring the patent owner to prove validity before being confronted with an actual challenge to the self-description of the claims in the 2012 patent application.

Allowing this ruling to stand will cause confusion among the parties in most patent cases, as to whether the statutory rule applies (i.e., that the burden of establishing invalidity rests on the party asserting invalidity) or whether the Federal Circuit’s reversal of that rule applies (i.e., a patent owner must develop legal and factual support to maintain patent validity regardless of whether such validity is challenged by the opposing party). This Court should grant certiorari to the Federal Circuit to reverse the Federal Circuit’s erroneous ruling.

V. The Federal Circuit’s Opinion Is In Direct Conflict With Prior Federal Circuit Panel Opinions; The Court Should Grant This Petition To Harmonize These Decisions

Moreover, Federal Circuit’s decision conflicts with its own precedential holdings in other cases. It is well-established law that “[e]ach issued patent claim is presumptively valid.” *See Martek Biosciences Corp. v. Nutrinova, Inc.*, 579 F.3d 1363, 1378 (Fed. Cir. 2009) (*citing* 35 U.S.C. § 282). The party challenging the validity of a patent “bears the initial burden ... of presenting a prima facie case of unpatentability.” *In re Alton*, 76 F.3d 1168, 1175 (Fed. Cir. 1996) (*citing In re Oetiker*, 977 F.2d 1443, 1445 (Fed. Cir. 1992)). “Insofar as the written description requirement is concerned, that burden is discharged by ‘presenting evidence or reasons why persons skilled in the art would not recognize in the disclosure a description of the invention defined by the claims.’” *Id.* (*quoting In re Wertheim*, 541 F.2d 257, 263 (C.C.P.A. 1976)). *In re Alton* further states:

If the applicant claims embodiments of the invention that are completely outside the scope of the specification, then the examiner or Board need only establish this fact to make out a prima facie case. If, on the other hand, the specification contains a description of the claimed invention, albeit not *in ipsiis verbis* (in the identical words), then the examiner or Board, in order to meet the burden of proof, must provide reasons why one of ordinary skill in the art

would not consider the description sufficient. Once the examiner or Board carries the burden of making out a prima facie case of unpatentability, “the burden of coming forward with evidence or argument shifts to the applicant.” To overcome a prima facie case, an applicant must show that the invention as claimed is adequately described to one skilled in the art. “After evidence or argument is submitted by the applicant in response, patentability is determined on the totality of the record, by a preponderance of the evidence with due consideration to persuasiveness of argument.”

76 F.3d at 1175.

The prior panels’ precedent is clear that the party challenging patent validity based on the written description requirement bears the burden of proof and must present evidence or argument to satisfy that burden. Here, the Validity Challengers presented only evidence or argument related to whether the 2003 patent application would support the issued claims. They did not present evidence related to whether the 2012 patent applications would support the claims. The Validity Challengers did not meet their burden of proof.

Yet, in the instant case, the ITC and the Federal Circuit issued rulings that directly contradict the prior panels’ precedent. Both require the patent owner to prove validity of patent claims if a validity

challenger merely states that the patent claims are invalid, regardless of whether the validity challenger meets its burden of proof. As in a criminal case where an indictment does not meet the burden of proving guilt, in a civil case, merely pleading or asserting a defense does not meet the requisite burden. Thus, certiorari should be granted to harmonize the Federal Circuit decisions regarding who bears the burden of proving invalidity, and whether a patent owner must prove validity prior to being confronted with evidence of invalidity.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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