

No. 17-1294

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

ROTHSCHILD DIGITAL
MEDIA INNOVATIONS, LLC,

Petitioner,

v.

SONY INTERACTIVE ENTERTAINMENT
AMERICA LLC, and GAMELOFT, S.A.,

Respondents.

**On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit**

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether Petitioner forfeited any challenge to the constitutionality of the *inter partes* review process of the U.S. Patent Trial and Appeal Board by failing to raise the challenge below.
2. Whether the equities of this case warrant the grant of a certiorari, vacatur, and remand order that Petitioner apparently seeks.
3. Whether any potential decision in this Court's pending *Oil States Energy Services, LLC v. Greene's Energy Group, LLC* case that *inter partes* review is unconstitutional should apply retroactively to this case.

RULE 29.6 DISCLOSURE STATEMENT

All parent corporations and any publicly held companies that own 10 percent or more of the stock of respondent Sony Interactive Entertainment America LLC¹ are: Sony Corporation of America and Sony Corporation.

All parent corporations and any publicly held companies that own 10 percent or more of the stock of respondent Gameloft, S.A. are: Vivendi S.A.

¹ On April 1, 2018, Sony Interactive Entertainment America LLC merged into Sony Interactive Entertainment LLC.

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OPINIONS BELOW

The Court of Appeals for the Federal Circuit’s opinion, Pet. App. 1a-2a, is unreported in the Federal Reporter but is available at 706 F. App’x 682 (Fed. Cir. Dec. 13, 2017). The Patent Trial and Appeal Board’s (“PTAB”) final decision in the *inter partes* review proceeding, Pet. App. 3a-38a, is unreported.

JURISDICTION

The judgment of the court of appeals was entered on December 13, 2017. The petition was filed on March 12, 2018. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATEMENT

Rothschild Digital Media Innovations, LLC (“RDMI”) is the purported owner of U.S. Patent No. 6,101,534 (“’534 Patent”). On June 9, 2015, the predecessor of Respondent Sony Interactive Entertainment America LLC filed a petition at the United States Patent and Trademark Office’s Patent Trial and Appeal Board requesting *inter partes* review of Claims 1, 6-9, and 21-24 of the ’534 Patent. The PTAB instituted *inter partes* review on December 15, 2015, and on June 22, 2016, the PTAB granted the request of Respondent Gameloft, S.A. to join the proceeding. On September 26, 2016, the PTAB issued its final decision and held all challenged claims to be unpatentable. Pet. App. 3a-38a.

Before the PTAB, RDMI did not argue that the *inter partes* review proceeding was unconstitutional. On appeal, before the Federal Circuit, RDMI did not argue that the *inter partes* review proceeding was unconstitutional.

On December 13, 2017, the Federal Circuit affirmed the PTAB's final decision without an opinion under Federal Circuit Court Rule 36. Pet. App. 1a-2a.

RDMI does not attempt to defend the validity of the '534 Patent at this Court. RDMI instead admits that its petition for certiorari merely presents "the same legal issue" – constitutionality of *inter partes* review – that this Court is already considering in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, 137 S.Ct. 2239 (2017) (petition for certiorari filed November 23, 2016). Pet. at 5. RDMI also admits that it did not contest the constitutionality of *inter partes* review at any point below, even though oral argument at the Federal Circuit took place on December 6, 2017, which was several months after this Court granted certiorari in *Oil States* on June 12, 2017. Pet. at 3-4.



REASONS FOR DENYING THE PETITION

I. Certiorari Is Not Warranted To Address An Issue That RDMI Never Raised Below.

RDMI admits that it did not contest the constitutionality of *inter partes* reviews below, either during proceedings at the PTAB or during proceedings at the

Federal Circuit. Pet. at 3-4. RDMI thus forfeited its right to argue that *inter partes* review violates the Constitution. Because RDMI never raised the issue, neither the PTAB nor the Federal Circuit addressed the constitutionality of *inter partes* review during proceedings in this case. Pet. App. 1a-38a. RDMI's petition, which invokes for the first time constitutional arguments that are the same as those raised in *Oil States*, does not merit this Court's review.

"[T]his is a court of final review and not first view." *Adarand Constructors, Inc. v. Mineta*, 534 U.S. 103, 110 (2001). It is therefore "not the Court's usual practice to adjudicate either legal or predicate factual questions in the first instance." *CRST Van Expedited, Inc. v. EEOC*, 136 S.Ct. 1642, 1653 (2016). Indeed, "[n]o procedural principle is more familiar to this Court than that a constitutional right, or a right of any other sort, 'may be forfeited in criminal as well as civil cases by the failure to make timely assertion of the right before a tribunal having jurisdiction to determine it.'" *United States v. Olano*, 507 U.S. 725, 731 (1993) (quoting *Yakus v. United States*, 321 U.S. 414, 444 (1944)). "Courts may for that reason refuse to consider a constitutional objection even though a like objection had previously been sustained in a case where it was properly taken." *Yakus*, 321 U.S. at 444. This Court's "traditional rule" thus "precludes a grant of certiorari . . . when the question presented was not pressed or passed upon below." *United States v. Williams*, 504 U.S. 36, 41 (1992) (internal quotation marks omitted).

It is for “good reason” that “appellate courts ordinarily abstain from entertaining issues that have not been raised and preserved in the court of first instance.” *Wood v. Milyard*, 566 U.S. 463, 473 (2012). Application of waiver rules gives “[d]ue regard for the trial court’s processes and time investment.” *Id.* Further, “forfeiture and waiver rules offer respect for the integrity of the lower court, avoid unfair surprise to the other party, and acknowledge the need for finality in litigation and conservation of judicial resources.” *In re Under Seal*, 749 F.3d 276, 286 (4th Cir. 2014) (internal quotation marks and alterations omitted).

An additional need for early presentation of an issue arises when a party is required first to go before an administrative agency. “The doctrine of exhaustion of administrative remedies is well established in the jurisprudence of administrative law.” *Woodford v. Ngo*, 548 U.S. 81, 88 (2006) (internal quotation marks omitted). “The doctrine provides that no one is entitled to judicial relief for a supposed or threatened injury until the prescribed administrative remedy has been exhausted.” *Id.* at 88-89 (internal quotation marks omitted). Like the preservation requirements that apply to appellate court review of lower courts, administrative exhaustion respects the authority of the agency while promoting efficiency. *Id.* at 89; *see also Sims v. Apfel*, 530 U.S. 103, 108-09 (2000) (explaining that judge-made administrative exhaustion doctrine arises by analogy to appellate preservation requirements). And such exhaustion is especially useful and important in “a

complex or technical factual context.” *McCarthy v. Madigan*, 503 U.S. 140, 145 (1992).

Here, RDMI never once challenged the constitutionality of the *inter partes* review process before either the PTAB or the Federal Circuit. But now, having lost in those proceedings, RDMI contends that it had a right to a jury and an Article III tribunal all along. RDMI had plenty of opportunities to make such a demand before the PTAB. *See, e.g.*, 37 C.F.R. § 42.120 (offering the patent owner an opportunity to file a Patent Owner’s Response). Raising the issue before the administrative agency most familiar with the patents would have permitted better development of the question. Expert administrative patent judges from the Patent and Trademark Office, an agency with “special expertise” concerning patents, *Kappos v. Hyatt*, 132 S.Ct. 1690, 1700 (2012), could no doubt address the “public rights” question central to the question of constitutionality. *See Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 54 (1989) (discussing whether patent rights are “so closely integrated into a public regulatory scheme as to be a matter appropriate for agency resolution”). Raising the issue before the PTAB also respects Congress’s wish that appellate jurisdiction over an *inter partes* review decision should arise only from a final decision of the PTAB. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S.Ct. 2131, 2141 (2016).

RDMI also had plenty of opportunities to challenge the constitutionality of *inter partes* review before the Federal Circuit in both briefing and oral argument. And yet RDMI never presented the issue. If nothing

else, preservation below offered a chance at *en banc* review, which RDMI never sought. RDMI's observation that a panel of the Federal Circuit had found the *inter partes* review process constitutional cannot justify RDMI's failure to ask the full court of appeals to review the question. Even after the panel decision in *MCM Portfolio*, several other patent owners have sought *en banc* review of the constitutional question. *See, e.g.,* Pet. for Reh'g En Banc at 1-3, *Security People, Inc. v. Lee*, No. 16-2378 (Fed. Cir. filed Mar. 23, 2017); Pet. for Reh'g En Banc at 2-3, *Cascades Projection LLC v. Epson Am., Inc.*, No. 17-1517 (Fed. Cir. filed Feb. 15, 2017).

Futility is no excuse for RDMI's failure to raise its constitutional challenge below. *See* Pet. at 3-4 (citing *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284, 1288-89 (Fed. Cir. 2015), *cert. denied*, 137 S.Ct. 292 (2016)). Even in the criminal context, "futility cannot constitute cause [for failure to raise an argument below] if it means simply that a claim was unacceptable to that particular court at that particular time." *Bousley v. United States*, 523 U.S. 614, 623 (1998) (quoting *Engle v. Isaac*, 456 U.S. 107, 130 n.35 (1982)) (internal quotation marks omitted). Nothing in *Weinberger v. Salfi*, 422 U.S. 749, 767 (1975) or *Johnson v. Robinson*, 415 U.S. 361, 368 (1974) prevented RDMI from challenging the constitutionality of *inter partes* review before the PTAB below. Unlike those cases, where the agencies determined that the constitutional question was beyond their authority, the PTAB has already addressed the very same constitutional question that RDMI now presents, suggesting that it could

have and would have done so had RDMI raised the question below. *Thunder Basin Coal Co. v. Reich*, 510 U.S. 200, 215 (1994); *see also, e.g., American Express Co. v. Lunenfeld*, CBM2014-00050, Paper 51, at 9-10 (PTAB May 22, 2015); *Hewlett-Packard Co. v. MCM Portfolio, LLC*, IPR2013-00217, Paper 31, at 4-5 (PTAB Aug. 6, 2014).

Further, this Court’s decision in *Curtis Publ’g Co. v. Butts*, 388 U.S. 130, 142-43 (1967), does not excuse RDMI’s waiver here. As the Court noted in *Curtis*, an effective waiver must be one of a “known right or privilege.” *Id.* (quoting *Johnson v. Zerbst*, 304 U.S. 458, 464 (1938)). The waiver question in *Curtis* arose in the context of libel, and involved an action brought by an athletic director after defendant’s publication alleged a “fix” of a football game. *See id.* at 135-40. After a trial where no constitutional defenses to libel were presented, and after this Court’s decision in *New York Times Co. v. Sullivan*, 376 U.S. 254, 279-80 (1964) that first recognized such a libel defense, the defendant immediately raised a defense based on constitutional grounds in a motion for new trial. *See Curtis*, 388 U.S. at 135-40. The district court denied the new trial motion and the Fifth Circuit determined that the defendant had waived the constitutional challenge. *See id.* But this Court determined that there was no waiver because the constitutional challenge was not a known right at the time of trial and because the defendant had raised the challenge promptly, which gave this Court the “benefit of some ventilation of [the constitutional issues] by the courts below.” *See id.* at 142-45.

One of the reasons the constitutional challenge was not a known right in *Curtis* until after *New York Times* was that the cases involved different questions. *See id.* The question presented in *New York Times* involved elected public officials, but the plaintiff in *Curtis* was not an elected public official or even a state employee. *See id.* The reasoning of *Curtis* does not apply here. The question presented by *Oil States* is the same exact question that RDMI now presents. The right here was known so that the petitioner in *Oil States* was able to petition this Court for review in 2016. RDMI could have raised it too, long before now.

Requiring RDMI to preserve its constitutional argument before the Federal Circuit is not asking too much. In *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 125 (2007), for example, a patentee pressed a claim in this Court that it had discussed in only “a few pages of its appellate brief” before the Federal Circuit. This Court agreed that the limited treatment did not “suggest a waiver,” but “merely reflect[ed] counsel’s sound assessment that the argument would be futile.” *Id.* Rather than give the issue even this minimal amount of attention at any point below, RDMI said nothing of its constitutional challenge until now. This case is like *Howmedica Osteonics Corp. v. Zimmer, Inc.*, Civ. No. 05-897 (WHW), 2007 WL 1741763 (D. N.J.), *aff’d*, 397 F. App’x 654 (Fed. Cir. 2010), *cert. denied*, 131 S.Ct. 2461 (2011), where the patentee never timely raised a constitutional challenge to a determination of patent indefiniteness. *See, e.g.*, Opp. to Pet. for Certiorari, *Howmedica*, No. 10-1161 (filed Apr. 7, 2011). This

Court denied the patentee's petition that raised those constitutional arguments too late. *See Howmedica*, 131 S.Ct. 2461 (2011) (*cert. denied*). The same result should follow here.

RDMI's petition should be denied without awaiting the outcome of *Oil States*. In all of the proceedings below, RDMI failed to raise the constitutional question that it now raises, and its petition should be denied for that reason alone.

II. This Case Is An Inappropriate Vehicle For Any Form Of Review.

The equities of this case do not warrant the grant of a certiorari, vacatur, and remand ("GVR") order that RDMI apparently seeks. *See Lawrence v. Chater*, 516 U.S. 163, 168, 173 (1996) (holding that the Court's "GVR power should be exercised sparingly" and issuance of a GVR order depends "on the equities of the case"). Where a GVR is premised on "intervening developments," those developments should "reveal a reasonable probability that the decision below rests upon a premise that the lower court would reject if given the opportunity for further consideration" and that "such a redetermination may determine the ultimate outcome of the litigation." *Id.* at 167.

RDMI's petition does not explain how, if *Oil States* goes its preferred way, a different result would follow in this case. Because RDMI never raised constitutionality issues below, the lower court's decisions do not rest on any premise that would be affected by *Oil*

States. Claims 1, 6-9, and 21-24 of the '534 Patent have been held unpatentable by the Federal Circuit based on the proceedings in this case, and RDMI never attempts to defend the validity of any of these cancelled claims here. RDMI thus fails to establish that redetermination will change anything. *See Lawrence*, 516 U.S. at 167. Here, “the delay and further cost entailed in a remand are not justified by the potential benefits of further consideration by the lower court,” making a GVR order “inappropriate.” *Id.* at 168; *see also Flowers v. Mississippi*, 136 S.Ct. 2157, 2159 (2016) (Alito, J., dissenting) (a decision to “grant, vacate, and remand so that the lower court can do – or, redo – that hard work . . . is not a responsible use of the GVR power”).

III. Even If This Court Finds *Inter Partes* Review Unconstitutional In *Oil States*, That Holding Should Not Apply To This Case.

If this Court were to find constitutional infirmities in *inter partes* review in *Oil States*, that holding should not be applied retroactively in this case, which is final but for a petition for certiorari raising for the first time any question as to the constitutionality of the proceedings below.

This Court considers three factors to determine whether a decision should be applied retroactively: (1) “whether the holding in question decided an issue of first impression whose resolution was not clearly foreshadowed by earlier cases”; (2) “whether retrospective operation will further or retard the operation of

the holding in question”; and (3) “whether retroactive application could produce substantial inequitable results in individual cases.” *Northern Pipeline Coast Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 88 (1982) (citing *Chevron Oil Co. v. Huson*, 404 U.S. 97, 106-07 (1971)).

A determination in *Oil States* that *inter partes* review is unconstitutional would not have been “clearly foreshadowed” by prior precedent because this Court has denied certiorari on the same issue on at least three prior occasions. See *Cooper v. Square, Inc.*, 137 S.Ct. 475 (No. 16-76) (2016); *MCM Portfolio LLC v. Hewlett-Packard Co.*, 137 S.Ct. 292 (No. 15-1330) (2016); *Cooper v. Lee*, 137 S.Ct. 291 (No. 15-955) (2016).

Second, retroactive application of any holding that *inter partes* review is unconstitutional would not further the operation of the holding because Congress’s intent in enacting the America Invents Act was to “improve patent quality and limit unnecessary and counterproductive litigation costs.” H.R. Rep. No. 112-98, pt. 1, at 39-40 (2011). Vacating the PTAB’s well-reasoned determination that Claims 1, 6-9, and 21-24 of the ’534 Patent are unpatentable would decrease patent quality, and lead to unnecessary litigation to rehash the same arguments made at the PTAB and now affirmed by the Federal Circuit.

Finally, in *Northern Pipeline*, this Court acknowledged that “retroactive application . . . would surely visit substantial injustice and hardship upon those litigants who relied upon the [Bankruptcy] Act’s vesting

of jurisdiction in the bankruptcy courts.” *Id.* at 88. Retroactive application in this case would lead to wasteful and time-consuming re-litigation of settled issues, and potentially deprive Respondents of the ability to re-challenge the validity of the ’534 Patent either before the Patent and Trademark Office (via *ex parte* reexamination) or in the district court. *See, e.g.*, 35 U.S.C. § 302; 37 C.F.R. § 1.510(a); 35 U.S.C. § 315(e).

For the foregoing reasons, if this Court holds in *Oil States* that *inter partes* review is unconstitutional, such a holding should not apply retroactively. RDMI’s petition should be denied.

◆

CONCLUSION

RDMI’s petition for a writ of certiorari should be denied without awaiting the outcome in *Oil States*.

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