

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

AUDATEX NORTH AMERICA, INC.,

Petitioner,

v.

MITCHELL INTERNATIONAL, INC.,

Respondent.

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

BRIEF IN OPPOSITION

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QUESTION PRESENTED

Whether this Court should hold a petition challenging the constitutionality of covered business method (CBM) review, established by the America Invents Act, even though petitioner did not raise its constitutional challenge below, the Federal Circuit has never addressed the issue, and CBM is a different proceeding than the one at issue in *Oil States Energy Services LLC v. Greene's Energy Group LLC*, No. 16-712 (cert. granted at 137 S. Ct. 2239 (2017)).

CORPORATE DISCLOSURE STATEMENT

MIH Parent, Inc. is the parent company of Respondent Mitchell International, Inc.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED.....	i
CORPORATE DISCLOSURE STATEMENT	ii
TABLE OF AUTHORITIES.....	iv
INTRODUCTION	1
STATEMENT OF THE CASE.....	2
REASONS FOR DENYING CERTIORARI	4
I. Petitioner Did Not Raise Below The Sole Question Presented	4
II. No Judicial Decisions Have Addressed The Question Presented	5
III. This Court’s Decision In <i>Oil States</i> Would Not Resolve The Question Presented	6
CONCLUSION.....	8

TABLE OF AUTHORITIES

	Page
CASES	
<i>Cardinale v. Louisiana</i> , 394 U.S. 437 (1969).....	5
<i>Cuozzo Speed Techs., LLC v. Lee</i> , 136 S. Ct. 2131 (2016).....	2, 7
<i>Cutter v. Wilkinson</i> , 544 U.S. 709 (2005).....	1, 4
<i>Illinois v. Gates</i> , 462 U.S. 213 (1983).....	4, 5
<i>Kamen v. Kemper Fin. Servs., Inc.</i> , 500 U.S. 90 (1991).....	4
<i>Leonard v. Texas</i> , 137 S. Ct. 847 (2017).....	4
<i>Oil States Energy Servs. LLC v. Greene’s Energy Grp., LLC</i> , No. 16-712 (cert. granted at 137 S. Ct. 2239 (2017)).....	1, 3, 6, 7, 8
<i>Versata Dev. Grp. v. SAP Am., Inc.</i> , 793 F.3d 1306 (Fed. Cir. 2015), cert. denied, 136 S. Ct. 2510 (2016).....	7
CONSTITUTIONAL PROVISIONS	
U.S. CONST. art. III.....	3
U.S. CONST. amend. VII	3
STATUTES	
Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284 (2011).....	2, 6, 7
35 U.S.C. § 101	2
35 U.S.C. § 103	2

TABLE OF AUTHORITIES—Continued

Page

REGULATIONS

Transitional Program for Covered Business Method Patents—Definitions of Covered Bus- iness Method Patent and Technological Inven- tion, 77 Fed. Reg. 48734 (Aug. 14, 2012)	7
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INTRODUCTION

Petitioner asks this Court to hold the petition pending this Court’s decision in *Oil States Energy Services LLC v. Greene’s Energy Group, LLC*, No. 16-712 (cert. granted at 137 S. Ct. 2239 (2017)). The petition should instead be denied for at least three independent, alternative reasons.

First, petitioner did not present to the Federal Circuit below its constitutional challenge to the Patent Trial and Appeal Board (PTAB)’s review of “covered business method” (CBM) patents. That argument—which is the sole question presented in the petition—is therefore forfeited. The petition should be denied for that reason alone.

Second, petitioner cites no judicial decision analyzing the constitutionality of CBM review, and we are aware of none. This Court sits as a “court of review, not of first view.” *Cutter v. Wilkinson*, 544 U.S. 709, 718 n.7 (2005). This Court should adhere to its usual practice and decline to address petitioner’s challenge to CBM review in the first instance.

Third, this case involves a different proceeding than the one under review in *Oil States*, so the decision in that case would not resolve the question presented in this one—and petitioner does not argue that the question presented in the instant case is independently certworthy. Certiorari should be denied.



STATEMENT OF THE CASE

The Leahy-Smith America Invents Act (AIA), Pub. L. No. 112-29, 125 Stat. 284 (2011), established several “patent review mechanisms,” *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131, 2155 (2016) (Alito, J., concurring in part and dissenting in part), including CBM review, *inter partes* review (IPR), and post-grant review. “Patent[s] that claim[] a method or corresponding apparatus for performing data processing or other operations used in the practice, administration, or management of a financial product or service” are subject to CBM review. AIA § 18(d)(1).

This dispute involves petitioner Audatex North America’s U.S. Patent Nos. 7,912,740 and 8,468,038 entitled “System and Method for Processing Work Products for Vehicles Via the World Wide Web.” Pet. 2. The patents “relate to systems for entering data associated with an insurance claim for damaged vehicles.” App. 3. The system enables insurance claims adjusters to process vehicle valuations more quickly via the Internet. *Ibid.*

Respondent Mitchell International, Inc. petitioned the PTAB for CBM review of the patents. In 2016, the PTAB instituted review, determining that Audatex’s claims were ineligible for a patent under 35 U.S.C. § 101 and obvious under 35 U.S.C. § 103. App. 3-4. Petitioner then sought to amend the challenged claims—providing a different method for “obtaining automobile insurance claim valuation reports,” App. 6—but the

PTAB concluded that the proposed claims were also ineligible and obvious. *Ibid.*

Petitioner appealed to the Federal Circuit, disagreeing with the PTAB's eligibility and obviousness conclusions and arguing further that the PTAB improperly shifted the burden of proof to petitioner to prove patentability, but mounting no challenge to the constitutionality of the PTAB's CBM proceedings in any respect.

The Federal Circuit affirmed the PTAB's decision that the asserted claims were ineligible for patentability. App. 10-11. After rejecting petitioner's "evidentiary concern" regarding the burden of proof, App. 7, and engaging with petitioner's arguments on the merits, App. 8, the Federal Circuit "conclude[d] that the proposed claims are directed to [an] abstract idea" and thus were not patentable. *Ibid.* The Federal Circuit did not discuss the constitutionality of CBM review in any way. See generally App. 3-11.

The petition challenges none of the PTAB's or Federal Circuit's holdings. See Pet. i, 3-4. The sole question presented is whether the petition should be held for this Court's decision in *Oil States*, which presents the sole question of whether IPR comports with Article III and the Seventh Amendment. Pet. 3.



REASONS FOR DENYING CERTIORARI

I. Petitioner Did Not Raise Below The Sole Question Presented.

As an initial matter, the petition should be denied because petitioner did not present its constitutional challenge to CBM below—so the Federal Circuit had no opportunity to address it. As a prudential matter, however, this Court does not grant review of questions not pressed or passed upon below. See *Illinois v. Gates*, 462 U.S. 213, 223-24 (1983) (“A wise exercise of the powers confided in this Court dictates that we reserve for another day [a] question” that was “not pressed or passed upon below.”); *Kamen v. Kemper Fin. Servs., Inc.*, 500 U.S. 90, 97 n.4, 109 n.10 (1991) (declining to pass on a question “not litigate[d] * * * in the Court of Appeals,” rather “than take the issue up for the first time”).

A petitioner who raises an argument for the first time before this Court has not only forfeited its argument, but also deprived the lower courts of the opportunity to analyze the argument and thereby present this Court with the benefit of that analysis. Hence this Court’s frequent admonitions that it acts as a “court of review, not of first view.” *Cutter*, 544 U.S. at 718 n.7; see also *Leonard v. Texas*, 137 S. Ct. 847, 850 (2017) (Mem.) (Thomas, J., concurring in the denial of certiorari) (“Unfortunately, petitioner raises her due process arguments for the first time in this Court * * * I therefore concur in the denial of certiorari [despite the need for further] consideration [of the question].”).

Here, where petitioner did not present its constitutional challenge below, the Federal Circuit naturally limited its analysis to what petitioner actually argued and did not discuss, much less analyze, the constitutionality of CBM review. Petitioner challenges no aspect of the Federal Circuit’s holding in its petition. Under these circumstances, the Court should adhere to its customary practice and simply deny the petition.

II. No Judicial Decisions Have Addressed The Question Presented.

Even if petitioner’s question were properly presented here—and it is not—this Court nonetheless typically refuses to pass on a question not addressed in the lower courts. This is an additional reason to deny certiorari.

This Court prefers to address questions only after they have been thoroughly examined by lower courts. This percolation “promote[s] respect for the procedures by which [this Court’s] decisions are rendered, as well as confidence in the stability of [this Court’s] decisions.” *Illinois*, 462 U.S. at 224.¹ Petitioner does not cite—and we are not aware of—any judicial decision

¹ This principle applies with special force where, as here, lower courts have been deprived of the opportunity to pass on an issue because a litigant did not present it, as “questions not raised below are those on which the record is very likely to be inadequate since it certainly was not compiled with those questions in mind.” *Illinois*, 462 U.S. at 221 (quoting *Cardinale v. Louisiana*, 394 U.S. 437, 439 (1969)).

addressing the constitutionality of CBM review. The petition should be denied for that reason, too.

III. This Court’s Decision In *Oil States* Would Not Resolve The Question Presented.

Implicitly conceding that the question presented is not independently certworthy, petitioner asks this Court to hold the petition for this Court’s decision in *Oil States*, No. 16-712, relying on what petitioner identifies as a “wide consensus that the constitutional issues raised in *Oil States* apply equally to both IPR and CBM proceedings.” Pet. 9. Putting aside that petitioner’s supposed “wide consensus” consists of three *amicus* briefs in *Oil States*, see Pet. 9, even petitioner acknowledges (at 7), as it must, that the CBM review it challenges for the first time here “ha[s] distinct features” from the IPR challenged in *Oil States*. Because this Court’s decision in *Oil States* would not resolve the distinct question presented in the instant case, the petition should be denied (and not held) for that additional reason.

While petitioner contends (at 8) that the differences between IPR and CBM review are of no constitutional moment, petitioner correctly identifies a “primary difference” between the two proceedings: “CBM review is limited to a narrow type of so-called business method patents,” whereas IPR may involve any other type of patent. Pet. 8 (citing AIA § 18(a)(1)). That is hardly the only difference. To state just a few, unlike IPR, CBM review is “transitional” and will

sunset in 2020. AIA § 18(a)(3)(A); see also Transitional Program for Covered Business Method Patents—Definitions of Covered Business Method Patent and Technological Invention, 77 Fed. Reg. 48734, 48735 (Aug. 14, 2012) (regarding 37 C.F.R. pt. 42) (CBM review will be automatically “repealed on September 16, 2020”). Unlike IPR, CBM review can only be sought where the petitioner has been sued for infringement or has standing to bring a declaratory judgment action regarding the patent. AIA § 18(a)(1)(B). And unlike IPR, CBM review does not estop a petitioner from raising in a district court any issues that could have been raised in the review—only issues that were actually raised. AIA § 18(a)(1)(A) (exempting CBM review from estoppel rules of other proceedings); see also *Cuozzo*, 136 S. Ct. at 2154-55 (Alito, J., concurring in part and dissenting in part) (noting differences between CBM review and IPR).

Petitioner’s argument to hold its petition for *Oil States* thus fails on its own terms as IPR and CBM review are simply different proceedings. To be sure, as a Federal Circuit opinion cited by petitioner has noted, there are some similarities. Pet. 7, 9 (citing *Versata Dev. Grp. v. SAP Am., Inc.*, 793 F.3d 1306, 1310, 1328 (Fed. Cir. 2015), cert. denied, 136 S. Ct. 2510 (2016)). But the salient point is that no court has ever considered whether the *differences* even petitioner acknowledges (as it must) are constitutionally significant.

If petitioner had raised the issue below, or if the Federal Circuit had addressed it in any way, a hold and a GVR in light of *Oil States* might have been

appropriate. But petitioner did not, the Federal Circuit did not, and petitioner does not argue that the question is independently certworthy. In sum, the question presented has been forfeited, it has never been addressed by any court, much less the Federal Circuit, and it is distinct from the one presented in *Oil States*. There is no need to hold the petition, and it should be denied outright.²

CONCLUSION

The petition for writ of certiorari should be denied.

January 10, 2018 Respectfully submitted,

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² In the event this Court does GVR in light of *Oil States*, respondent reserves all rights to fully defend the constitutionality of CBM review on the merits in the Federal Circuit.