

IN THE
Supreme Court of the United States

SMARTFLASH LLC,
Petitioner,

v.

SAMSUNG ELECTRONICS AMERICA, INC.,
SAMSUNG ELECTRONICS CO., LTD., APPLE INC.,
GOOGLE LLC, AND ANDREI IANCU, UNDER SECRETARY
OF COMMERCE FOR INTELLECTUAL PROPERTY AND
DIRECTOR OF THE UNITED STATES PATENT AND
TRADEMARK OFFICE,
Respondents.

**On Petition for a Writ of Certiorari
to the United States Court of Appeals
for the Federal Circuit**

REPLY BRIEF FOR PETITIONER

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RULE 29.6 STATEMENT

Petitioner Smartflash LLC's Rule 29.6 Statement was set forth at page iii of its petition for a writ of certiorari, and there are no amendments to that Statement.

TABLE OF CONTENTS

	Page
RULE 29.6 STATEMENT	i
TABLE OF AUTHORITIES	iii
ARGUMENT	1
I. THE APPOINTMENTS CLAUSE ISSUE IS PROPERLY PRESENTED	1
II. THE DUE PROCESS ISSUE WAS ADEQUATELY PRESERVED FOR REVIEW	2
III. COLLATERAL ESTOPPEL DOES NOT BAR REVIEW OF THE PATENT ELIGIBILITY QUESTION	3
CONCLUSION.....	4

TABLE OF AUTHORITIES

	Page
CASES	
<i>Alice Corp. Pty. Ltd. v. CLS Bank Int’l</i> , 134 S. Ct. 2347 (2014).....	3, 4
<i>Ariosa Diagnostics, Inc. v. Sequenom, Inc.</i> , 788 F.3d 1371 (Fed. Cir. 2015), <i>cert. denied</i> , 136 S. Ct. 2511 (2016)	4
<i>Freytag v. Commissioner</i> , 501 U.S. 868 (1991)	1, 2
<i>Glidden Co. v. Zdanok</i> , 370 U.S. 530 (1962).....	1
<i>Lamar v. United States</i> , 241 U.S. 103 (1916)	1
<i>Mayo Collaborative Servs. v. Prometheus Labs., Inc.</i> , 566 U.S. 66 (2012)	3, 4
<i>Oil States Energy Servs., LLC v. Greene’s Energy Grp., LLC</i> , 138 S. Ct. 1365 (2018).....	2, 3
<i>Smartflash LLC v. Apple Inc.</i> , 680 F. App’x 977 (Fed. Cir. 2017), <i>cert. denied</i> , 138 S. Ct. 687 (2018)	4
 CONSTITUTION AND STATUTES	
U.S. Const.:	
Art. II, § 2, cl. 2 (Appointments Clause).....	1, 2
Art. III.....	2
Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011)	2
Patent Act (35 U.S.C.):	
§ 101	4

ARGUMENT

I. THE APPOINTMENTS CLAUSE ISSUE IS PROPERLY PRESENTED

With respect to the principal question presented by Smartflash’s petition – whether the statutory authority granted to Administrative Patent Judges of the Patent Trial and Appeal Board (“Board”) violates the Appointments Clause – respondents do not argue that the question is not worthy of review. *See* Opp. 9. Indeed, respondents do not even argue that the statute is constitutional. Instead, their sole argument – which relies on a concurring opinion that *disagreed* with the majority on this point – is that it would be inappropriate to consider the Appointments Clause issue because it was (admittedly) not raised in the court below.

That argument contradicts this Court’s repeated determination that defects in the composition of a tribunal are to be treated as akin to jurisdictional issues that can be raised at any time. *See* Pet. 18 (citing *Freytag v. Commissioner*, 501 U.S. 868, 879 (1991); *Glidden Co. v. Zdanok*, 370 U.S. 530, 535-36 (1962) (plurality); *Lamar v. United States*, 241 U.S. 103 (1916)). In arguing that the Court should deny the petition, respondents rely on a concurring opinion in *Freytag*, in which Justice Scalia argued that the Court should not have reached the constitutional issue in that case because petitioner had affirmatively acceded to the authority of the special trial judges of the Tax Court. *See* 501 U.S. at 894-95 (Scalia, J., concurring in part and concurring in the judgment). But the majority of the Court determined that it should reach the issue, even though petitioners in that case (unlike petitioner here) affirmatively consented to have their case heard by a special trial judge. *See*

id. at 878-80 (majority). The same result is appropriate here.

Nor do respondents offer any persuasive reason for the Court to delay its consideration of the issue that is presented by Smartflash's petition. They note (at 9) that the Appointments Clause question is currently under consideration by the Federal Circuit, but they offer no reason to believe that prior consideration by that court of appeals is likely to aid this Court. As Smartflash has shown, the Appointments Clause issue is one of extraordinary importance; it is therefore one that this Court will likely take up irrespective of how it is resolved by the Federal Circuit. And the analysis by that court is unlikely to add substantially to the presentation of the issue by counsel to the parties, including the United States, and interested *amici*. Furthermore, given the likelihood that it will come before the Court, it would be unfair to deprive Smartflash of the benefit of a ruling in favor of its position.

II. THE DUE PROCESS ISSUE WAS ADEQUATELY PRESERVED FOR REVIEW

As with the question presented concerning the Appointments Clause, respondents do not contest that the due process question presented by the petition merits review. And, again, they do not defend the constitutional validity of the CBM procedure as applied to pre-AIA patents, a question that this Court expressly reserved in *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365 (2018).

Respondents' argument that the issue was waived below, furthermore, ignores the point that petitioner did raise a closely related constitutional challenge before the Board and the Federal Circuit. To be sure, petitioner's argument focused on Article III and the

legal issue that this Court found worthy of review in *Oil States*. But because Smartflash consistently challenged the constitutional legitimacy of the CBM procedure at every stage of this litigation, there is no reason for this Court to wait for a different vehicle before resolving this question. *Cf.* Opp. 9 (noting that the Federal Circuit is currently considering this question). On the contrary, continued uncertainty on this critical threshold question – uncertainty that only this Court, not the Federal Circuit, can finally resolve – will harm the innovative community and prolong litigation. The Court should resolve it now.

III. COLLATERAL ESTOPPEL DOES NOT BAR REVIEW OF THE PATENT ELIGIBILITY QUESTION

Respondents' argument that Smartflash's challenge to the Federal Circuit's patent-eligibility determination is barred by collateral estoppel fails in light of the nature of Smartflash's challenge. In the proceedings before the Board, expert witnesses for respondents conceded that Smartflash's patent did not preempt alternative ways to implement the allegedly abstract idea of conditioning and controlling access to content based on payment. *See* Pet. 7-8, 30. That *undisputed* evidence – when presented to an expert tribunal like the Board – should, under this Court's decisions in *Mayo Collaborative Services v. Prometheus Laboratories, Inc.*, 566 U.S. 66 (2012), and *Alice Corp. Pty. Ltd. v. CLS Bank International*, 134 S. Ct. 2347 (2014), preclude a finding of patent ineligibility. The Board, however, wrongly held that the absence of undue preemption is irrelevant to patent eligibility.

The question whether such evidence concerning preemption is relevant to patent eligibility in a proceeding before the Board could not have been resolved

in *Smartflash I*,* because that case originated in district court, not in the Patent and Trademark Office. Accordingly, collateral estoppel does not bar consideration of this question, which is not fairly subsumed by the prior adjudication.

Moreover, respondents’ reliance on the Board’s “reasoning that where claims fail the two-step test for eligibility, ‘preemption concerns are fully addressed and made moot’” (Opp. 4, quoting *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 2511 (2016)) misses the point. The Federal Circuit, when faced with *disputed* evidence on preemption in *Ariosa*, relied on the premise from *Mayo* that “[c]ourts and judges are not institutionally well suited to making the kinds of judgments needed” to determine whether a claimed invention is unduly preemptive. 566 U.S. at 89. That premise is inapplicable to Administrative Patent Judges, who are, pursuant to the statute’s requirements, technically trained and thus well suited to determine whether a claimed invention is unduly preemptive – especially in the face of undisputed evidence.

Further, *Ariosa* presumes a proper and uniform application of the *Alice* two-step test for eligibility. As evidenced by the numerous inconsistent decisions that cannot be squared with the *Smartflash* decision and numerous dissents in Federal Circuit § 101 decisions, application of the two-step *Alice* test has been anything but proper and uniform.

CONCLUSION

The petition for a writ of certiorari should be granted.

* *Smartflash LLC v. Apple Inc.*, 680 F. App’x 977 (Fed. Cir. 2017), *cert. denied*, 138 S. Ct. 687 (2018).

Respectfully submitted,

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