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In the Supreme Court of the United States

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JTEKT CORPORATION,  
PETITIONER,

v.

GKN AUTOMOTIVE LTD.,  
RESPONDENT.

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

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**BRIEF IN OPPOSITION**

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**QUESTION PRESENTED**

Whether the Leahy-Smith America Invents Act (“AIA”) confers automatic Article III standing to any *inter partes* review (“IPR”) petitioner to appeal the agency decision to the Court of Appeals for the Federal Circuit, regardless of whether the third party petitioner suffered a particularized and concrete injury-in-fact from the agency decision confirming the patent where the patent is not involved in litigation and the third party represented that it had no finalized product implicated by the patent?

## **RULE 29.6 STATEMENT**

GKN Automotive Ltd. (“GKN” or “Respondent”) is a privately held company which is an indirect wholly-owned subsidiary of parent corporation Melrose Industries PLC, a public limited company incorporated in England and Wales.

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## INTRODUCTION

This case involves a basic failure of proof to establish the injury-in-fact prong of Article III standing. To piggyback on the pending petition for certiorari filed in *RPX Corp. v. ChanBond LLC* (17-1686) (the “RPX Petition”), JTEKT Corporation revises history to claim that this “case concerns Congress’ power to confer Article III standing by statute.” Pet. 3. During its appeal, JTEKT agreed that it needed to establish an injury-in-fact. Reply Br., at p. 2. The Federal Circuit found that JTEKT failed to meet that burden. JTEKT’s failure of proof on standing is an atypical situation and not an issue that merits Supreme Court review.

Nor is this case a worthy vehicle to address the Question Presented that JTEKT copied from the RPX Petition despite being divorced from the record below. While JTEKT now argues that the statutory scheme set by Congress dispensed with any need for JTEKT to establish standing, JTEKT explicitly “agree[d]” with GKN below that it did need to establish an “injury-in-fact.” Reply Br., at p. 2. JTEKT did not below dispute that this Court – and Federal Circuit decisions following this Court’s lead – established that an injury-in-fact is a Constitutional floor to invoke the jurisdiction of an Article III court, notwithstanding any statutory provision enacted by Congress. Indeed, “Congress cannot erase Article III’s standing requirements by statutorily granting the right to sue to a plaintiff who would not otherwise have standing.” *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540, 1547-48 (2016). A

concrete and particularized injury-in-fact is an “irreducible Constitutional minimum.” *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 560 (1992).

Reflecting the disparity between the present petition and the record below, JTEKT’s Petition confusingly vacillates between arguing that it proved an injury-in-fact and that it never needed to do so. Its arguments about the sufficiency of its proofs are undermined by its own evidence and it mischaracterizes the Federal Circuit decision. JTEKT’s Petition, like its appellate briefing, strains against the actual words of the JTEKT declarations that repeatedly insisted that it had no finalized product and that an infringement risk was thus impossible to quantify. J.A. 1632-1646. While JTEKT never asserted below that it had standing to appeal the decision of the Patent Trial and Appeal Board (“Board” or “PTAB”) based *solely* on statutory provisions, that argument nevertheless swims upstream directly against this Court’s authority, *e.g.*, in *Spokeo, Inc. v. Robins*, 136 S. Ct. 1540 (2016) and *Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131 (2016).

In creating an *inter partes* review (“IPR”) as “a quick, inexpensive, and reliable alternative to district court litigation,” Congress articulated concern throughout the enactment proceedings for the Leahy-Smith America Invents Act (“AIA”) to avoid undermining legitimate patents – such as the now twice-reviewed GKN patent at issue. See, *e.g.*, S. Rep. No. 110-259, 110th Cong., 2nd Sess. p. 20 (2008); 157 Cong. Rec. S952 (daily ed. Feb 28, 2011) (statement of Sen. Leahy); *Cuozzo*, 136 S. Ct. at 2143. Neither the plain language of the statute nor

the legislative history indicates any Congressional intent to diminish patents by permitting third parties without Article III standing to challenge a patent beyond the administrative proceeding.

JTEKT's new position would weaken patents in violation of the Constitutional rights of patent owners by having a patent that has been reviewed – and then reviewed again – exposed to further challenge in an Article III court by third parties that have not shown an injury-in-fact. This unreasonably increases the expense of innovators like GKN in maintaining deserved patent protection after having already undergone the expense of an IPR where the United States Patent and Trademark Office (“USPTO”) has confirmed the patent. JTEKT had a full and fair opportunity to challenge the patentability of the GKN patent in the USPTO, where Article III standing is not required. The Board issued its final written decision and the AIA dictates no more than that.

### **CONSTITUTIONAL AND STATUTORY FRAMEWORK**

The petition arises out of an *inter partes* review or “IPR,” an administrative proceeding established by the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011).

Article III, Section 2, Clause 1 of the Constitution states in relevant part: “The judicial power shall extend to all cases, in law and equity, arising under . . . the laws of the United States . . . .” U.S. Const. Art. 111, § 2, cl. 1.

35 U.S.C. § 311, titled “Inter Partes Review,” states in relevant part,

Subject to the provisions of this chapter, a person who is not the owner of a patent may file with the Office a petition to institute an inter partes review of the patent. . . . A petitioner in an inter partes review may request to cancel as unpatentable 1 or more claims of a patent only on a ground that could be raised under section 102 or 103 and only on the basis of prior art consisting of patents or printed publications.

35 U.S.C. § 314(d), titled “Institution of inter partes review” and subtitled “No Appeal,” states: “The determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.”

35 U.S.C. § 315 (e)(2), titled “Relation to other proceedings or actions,” subtitled “Estoppel,” and further subtitled “Civil Actions and other proceedings,” states in relevant part:

The petitioner in an *inter partes* review . . . that results in a final written decision under section 318(a), or the real party in interest or privy of the petitioner, may not assert either in a civil action . . . or in a proceeding before the International Trade Commission . . . that the petitioner raised or reasonably could have raised during that *inter partes* review.

35 U.S.C. § 318(a), titled “Decision of the Board” and subtitled “Final Written Decision,” states in relevant part: “If an inter partes review is instituted and not dismissed under this chapter, the Patent Trial and Appeal Board shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner. . . .”

35 U.S.C. § 319, titled “Appeal,” states in relevant part: “A party dissatisfied with the final written decision of the Patent Trial and Appeal Board . . . may appeal the decision pursuant to sections 141 through 144. Any party to the *inter partes* review shall have the right to be a party to the appeal.”

35 U.S.C. § 141(c) titled, “Appeal to the Court of Appeals for the Federal Circuit,” states in relevant part, that a party “who is dissatisfied with the final written decision” of the Board “may appeal the Board's decision only to the United States Court of Appeals for the Federal Circuit.”

### **STATEMENT OF THE CASE**

GKN Automotive Ltd. is an innovative leader that engineers and produces important products serving primarily the automotive market. GKN is the owner of U.S. Patent No. 8,215,440 B2 (the “440 Patent”), which is directed to an automotive driveline invention. The ’440 Patent has never been asserted in litigation or been the basis of a threat of litigation.

## I. THE USPTO CONFIRMED GKN'S PATENT

Claims 2 and 3 of the '440 Patent have been the subject of an initial examination and a subsequent IPR. On October 15, 2015, JTEKT filed an IPR petition that requested that claims 2 and 3 of the '440 Patent be found obvious in view of two prior art references. On January 23, 2017, after an oral hearing, the Board issued a final written decision in GKN's favor, determining that JTEKT had not shown by a preponderance of the evidence that claims 2 and 3 of the '440 Patent were unpatentable as obvious. Pet. App. 9a-56a. Thus, in IPR2016-00046, the USPTO confirmed the patentability of claims 2 and 3 of the '440 Patent.

## II. THE FEDERAL CIRCUIT DISMISSED JTEKT'S APPEAL FOR FAILURE TO ESTABLISH AN INJURY-IN-FACT

On March 24, 2017, JTEKT filed its appeal to the Federal Circuit of the final written decision of the Board in GKN's favor. GKN filed a motion to dismiss for lack of Article III standing.

In response, JTEKT only produced one business record from May 2016 reflecting multiple potential design concepts for a possible 2021 launch. J.A. 1726-1746. JTEKT largely relied on the conclusory declarations of two employees regarding a concept under development. The declaration of engineer Mikiharu Oyabu repeatedly maintained that “**no product is yet finalized.**” J.A. 1642, at ¶13 (emphasis added). Mr. Oyabu stressed that:

**Because JTEKT has not yet developed a final product, there is nothing that can be analyzed for infringement.**

J.A. 1644, at ¶23 (emphasis added). Mr. Oyabu could only say that “the concept **may create** a risk of infringement **when it is finalized** into a product.” J.A. 1645, at ¶25 (emphasis added). And, he reiterated that:

. . . because **a product was not – and is not – yet finalized**, JTEKT cannot definitively say whether or not it will infringe the '440 patent and **the potential risk of infringement** – while I believe still exists – **is impossible to quantify at this time.**

J.A. 1645, at ¶27 (emphasis added).

Mr. Koji Morito, an employee in JTEKT’s patent group, echoed that same lack of finalization:

. . . because a product **was not – and is not – yet finalized**, JTEKT cannot definitively say whether or not it will infringe the '440 patent and **the potential risk of infringement** – while I believe still exists – **is impossible to quantify at this time.**

J.A. 1637, at ¶16 (emphasis added).

JTEKT thus misstates its evidence by claiming that: “JTEKT submitted testimonial evidence

demonstrating a potential risk for infringement based on matching its concept's technical elements to claims 2-3 of the '440 patent." Pet. 4. To the contrary, its witnesses testified that calculating an infringement risk was "impossible" at the time – because "there is nothing that can be analyzed for infringement." J.A. 1637, at ¶16; J.A. 1644, at ¶23.

JTEKT also distorts the Federal Circuit decision by arguing that "the Federal Circuit focused on the fact that there is not yet a final product." Pet. 4. What the Federal Circuit actually said was:

The fact that JTEKT has no product on the market at the present time does not preclude Article III standing, either in IPRs or in declaratory judgment actions. Both IPRs and declaratory judgment actions enable a party to secure a judicial determination in advance of actual, liability-creating injury.

Pet. App. 6a (internal citations omitted).

Nor did the Federal Circuit require JTEKT to "definitively" say whether it will infringe the '440 Patent. Pet. 4. The Federal Circuit stated the opposite proposition: "To be sure, IPR petitioners need not concede infringement to establish standing to appeal." Pet. App. 8a.

Rather, the Federal Circuit noted that "where the party relies on potential infringement liability as a basis for injury in fact, but is not currently engaging in infringing activity, it must establish that it has concrete plans for future activity that creates a



substantial risk of future infringement or likely cause the patentee to assert a claim of infringement.” Pet. App. 6a. On this, the Federal Circuit analyzed the declarations and found that, “JTEKT expressly conceded that ‘no product is yet finalized,’” and “JTEKT’s product is in development and ‘will continue to evolve.”” Pet. App. 7a. It also noted that “JTEKT repeatedly stressed that ‘[b]ecause JTEKT has not yet developed a final product, there is nothing that can be analyzed for infringement.” *Id.*

Thus, the Federal Circuit correctly concluded “that JTEKT has not established at this stage of the development that its product creates a concrete and substantial risk of infringement or will likely lead to claims of infringement.” Pet. App. 8a. The Federal Circuit also addressed JTEKT’s argument with respect to the creation of estoppel based on its participation in the IPR as a separate injury-in-fact. It explained the simple logic that “estoppel provisions do not constitute an injury in fact when the appellant is not engaged in any activity that would give rise to a possible infringement suit.” *Id.* (internal quotations and citations omitted).

### **REASONS FOR DENYING THE PETITION**

This Court has provided guidance on Article III standing to appeal agency action generally and with respect to the AIA. Yet, the petition asks this Court to revisit standing based on a theory that petitioner did not assert below. Though JTEKT now argues that the statutory language of the AIA conferred an automatic right to appeal, it expressly agreed below that evidence of an injury-in-fact was required.

The statutory language does not, in fact, convey a right to appeal the agency decision without Article III standing and did not confer any private rights for patent cancellation on third party petitioners.

JTEKT is a third party who needed to (but did not) establish an injury-in-fact, which is an atypical situation where most IPR parties possess standing because of actual or threatened litigation. In the limited circumstances where a standing concern could arise, petitioners can and have submitted evidence to establish an injury-in-fact.

**I. THIS COURT ALREADY OBSERVED THAT THE AIA DOES NOT AUTOMATICALLY BESTOW ARTICLE III STANDING ON IPR PETITIONERS**

Since the AIA became fully effective in March 2013, this Court has addressed the AIA several times. In *Cuozzo*, this Court explained that an “inter partes review is less like a judicial proceeding and more like a specialized agency proceeding” where parties “that initiate the proceeding need not have a concrete stake in the outcome” and as such, “may lack constitutional standing” to appeal in federal court. *Cuozzo*, 136 S.Ct. at 2143-45. Notably, this was also the position of the USPTO in its *Cuozzo* briefing filed by the Solicitor General.<sup>1</sup>

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<sup>1</sup> The USPTO contrasted a litigant in federal court with a person who “can request an *inter partes* review without demonstrating the concrete stake in the outcome that Article III requires.” Brief for the Respondent, at p. 29 in *Cuozzo Speed Techs, LLC. v. Lee*, 136 S. Ct. 2131 (2016).

For this proposition in *Cuozzo*, the Court approvingly cited *Consumer Watchdog v. Wis. Alumni Research Found.*, 753 F.3d 1258, 1261 (Fed. Cir. 2014), which, in turn, relied on Supreme Court precedent to determine that a third party must supply the requisite proof of an injury-in-fact when it seeks review of an agency's action in a federal court. The Federal Circuit concluded that a public-interest group was entitled to request an *inter partes* reexamination but could not appeal the adverse decision to the Federal Circuit absent a showing of Article III standing. *Consumer Watchdog*, 753 F.3d at 1263.

In *Consumer Watchdog*, the Federal Circuit relied on, *inter alia*, *Massachusetts v. E.P.A.*, 549 U.S. 497 (2007) and *Summers v. Earth Island Inst.*, 555 U.S. 488 (2009). This Court in *Summers* taught that the “requirement of injury in fact is a hard floor of Article III jurisdiction that cannot be removed by statute.” *Summers*, 555 U.S. at 497.

This Court further explicated on Article III standing in the context of agency review in *Spokeo*: “Congress’ role in identifying and elevating intangible harms does not mean that a plaintiff automatically satisfies the injury-in-fact requirement whenever a statute grants a person a statutory right and purports to authorize that person to sue to vindicate that right.” *Spokeo*, 136 S. Ct. at 1549. “Article III standing requires a concrete injury even in the context of a statutory violation.” *Id.*

The Federal Circuit directly applied this precedent to IPR proceedings under the AIA in *Phigenix, Inc. v. Immunogen, Inc.*, 845 F.3d 1168

(Fed. Cir. 2017). *Phigenix* relied on *Cuozzo* in stating that “the Supreme Court has recognized that not every party will have Article III standing in an appeal from a PTAB final written decision.” *Id.* at 1172.

Thus, the Question Presented by the petition has already been answered – in the negative – by this Court and as properly applied by the Federal Circuit Court of Appeals. JTEKT provides no reason for this Court to revisit standing under the AIA.

## II. THIS CASE IS A DEFECTIVE VEHICLE TO REVISIT STANDING WHERE JTEKT WAIVED ANY ARGUMENT THAT THE AIA CONFERS AUTOMATIC STANDING

Even if this Court was interested in providing additional guidance on Article III standing after an administrative action, the present case is a flawed vehicle for such review.

JTEKT did not raise below any claim that it had standing *solely* pursuant to the AIA statute without a need to set forth facts to establish an injury-in-fact. Not only did JTEKT not raise the issue, it affirmatively waived the issue by expressing: “**The parties agree that a party seeking judicial review must show that they have suffered an injury in fact that is ‘actual or imminent.’**” Reply Br. at p. 2 (emphasis added). Despite JTEKT’s waiver by agreeing with GKN about the correctness of the Federal Circuit precedent, JTEKT now adopts the argument of the RPX petition which disputes the correctness of the Federal Circuit decisions in *Phigenix* and *Consumer Watchdog*.

JTEKT cannot now refute the applicability of *Phigenix* and *Consumer Watchdog* when JTEKT did not do so below.<sup>2</sup> JTEKT affirmatively relied on *Phigenix* in setting forth the standing test: “To establish standing, a party seeking judicial review must show that they have (1) suffered an injury in fact, (2) that is fairly traceable to the challenged conduct, and (3) that is likely to be redressed by a favorable decision.” JTEKT Appeal Br., at p. 12 (citing *Phigenix*, 845 F.3d at 1171). JTEKT’s acquiescence to *Phigenix* and *Consumer Watchdog* is interweaved throughout its briefing on standing.

JTEKT now asserts that the AIA’s Congressional authority to appeal hands JTEKT a free pass on presenting injury-in-fact evidence. However, JTEKT previously acknowledged that the same Congressional authority to appeal (35 U.S.C. § 319 and § 141(c)) served only to relax certain standing requirements: “where Congress has accorded a procedural right to a litigant, such as the right to appeal an administrative decision, certain requirements of standing – namely immediacy and redressability . . . may be relaxed.” JTEKT Appeal Br., at p. 12 (quoting *Consumer Watchdog*, 753 F.3d at 1261). JTEKT repeated this point later in its briefing: “Here Congress granted parties to IPRs such as JTEKT the ability to appeal decisions by the Board, relaxing the imminence requirement.” JTEKT Appeal Br., at p. 17 (citing 35 U.S.C. § 141(c)). Notably, these are the only statements in JTEKT’s Appeal Brief referencing the statutory basis

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<sup>2</sup> *Sprietsma v. Mercury Marine*, 537 U.S. 51, 56 n.4 (2002).

for appeal. In its Reply brief, JTEKT pointed out that GKN did not dispute that certain standing elements are relaxed where Congress has granted parties the ability to appeal. Reply Br., at p. 4.

Thus, the standing issue of the present petition was neither pressed nor passed on below. JTEKT did not raise the issue of automatic standing for all IPR petitioners whether or not standing evidence was presented to the Article III court. JTEKT agreed with GKN and affirmatively relied upon *Phigenix* and *Consumer Watchdog*.

### **III. JTEKT'S ARGUMENTS WOULD ELIMINATE THE CONSTITUTIONAL MINIMUM OF AN INJURY-IN-FACT**

Contrary to the authority set forth *supra* in Section I, JTEKT advances three statutory provisions as an alleged basis to now contend that the right to appeal to an Article III court was automatically bestowed on third party petitioners. First, the bare authorization to appeal of §§ 141 and 319 contains no terminology indicating any intent to erase Article III standing requirements. JTEKT next relies upon the authorization to file the petition in § 311, along with the requirement of § 318 that the Board issue a written final decision for instituted IPRs, but neither of these provisions confer a private right to cancel the patent of another. Lastly, JTEKT can take no refuge in the estoppel provision of § 315(c) as an alternative to proving a potential infringement risk, where an estoppel is dependent upon an infringement suit. Neither the plain language of the statute nor legislative history support JTEKT's argument.

### **A. A Statutory Permission to Appeal Does Not Erase Constitutional Safeguards**

JTEKT relies on the language of § 319, along with § 141, that a dissatisfied party can appeal to the Federal Circuit and argues that its dissatisfaction is an injury-in-fact. While JTEKT begins with a circular argument that its “dissatisfaction” is grounded in an economic and competitive injury, JTEKT failed to prove that below and ultimately pivots to the argument that any IPR petitioner can rely on this provision as an automatic basis for Article III standing. Pet. 12. JTEKT cannot – and does not even try to – reconcile that position with this Court’s observation in *Cuozzo*, that explicitly recognized that third party IPR petitioners “may lack constitutional standing” for an appeal. 136 S. Ct. at 2143-44.

Sections 141 and 319 are ordinary legislative statements that make the final written decision appealable. As set forth *supra* in Section II, JTEKT previously did not read that language as erasing standing altogether but instead read it as an ordinary authority to appeal an administrative decision that had the effect of relaxing the immediacy and redressability aspects of standing. That is the plain language reading of the meaning and effect of the statutory provisions authorizing appeals that the parties agreed upon before the Federal Circuit.

An authorization to sue or appeal is a necessary predicate, but jurisdictional prerequisites remain, including the Article III standing requirement that underlies all suits and appeals in federal court.

Congress' "role in identifying and elevating intangible harms does not mean that a plaintiff automatically satisfies the injury-in-fact requirement whenever a statute grants a person a statutory right and purports to authorize that person to sue to vindicate that right." *Spokeo*, 136 S. Ct. at 1549; see *Raines v. Byrd*, 521 U.S. 811, 820 n.3 (1997) ("It is settled that Congress cannot erase Article III's standing requirements by statutorily granting the right to sue to a plaintiff who would not otherwise have standing.") Making this point in *Spokeo*, the Court stated that a plaintiff cannot "allege a bare [statutory] procedural violation, divorced from any concrete harm, and satisfy the injury-in-fact requirement of Article III." *Spokeo*, 136 S. Ct. at 1549. Congress, nevertheless, did not substantively change the authority to appeal from the authority that previously existed with *inter partes* reexamination at the time that it was replaced with IPRs – which demonstrates the absence of any Congressional intent to increase the ability of third parties to appeal.

In the AIA, Congress adopted an administrative error correction scheme that promoted Article I objectives without threatening Article III principles. The general purpose of an IPR is for the USPTO to take "a second look at an earlier administrative grant of a patent." *Cuozzo*, 136 S. Ct. at 2144. Congress intended to provide the tools the USPTO needs to conduct that second look, with the intent that the review be streamlined and "allow our inventors and innovators to flourish."<sup>3</sup> Congress

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<sup>3</sup> 157 Cong. Rec. S5409 (daily ed. Sep. 8, 2011) (statement of Sen. Schumer).



focused its concerns regarding the IPR process on patents in litigation.<sup>4</sup> The AIA was a careful balance and Congress placed important limits on third party participation and repeatedly expressed concern that quality patents not be held up by delay and expense.<sup>5</sup>

Where Congress recognized that repeated litigation and administrative attacks on the validity of a patent “would frustrate the purpose of the [AIA] as providing quick and cost-effective alternatives to litigation,” H.R. Rep. No. 112-98, 112th Cong., 1st Sess., p. 48 (2011), that purpose would be entirely frustrated if, as JTEKT urges, GKN’s successful PTAB defense functions as a door to increased cost.

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<sup>4</sup> Providing a quick and cost-effective alternative to litigation was a fundamental purpose of the IPR. See 157 Cong. Rec. S952 (daily ed. Feb. 28, 2011) (statement of Sen. Grassley) (providing that Congress enacted the IPR process to provide a “faster, less costly alternative[]” to litigation). Congress sought to “provid[e] a more efficient system for challenging patents that should not have issued,” and to “establish a more efficient and streamlined patent system that will improve patent quality and limit unnecessary and counterproductive litigation costs.” H.R. Rep. No. 112-98, 112th Cong., 1st Sess., p. 39-40 (2011).

<sup>5</sup> Congress was concerned about ensuring that the Act had provisions that would “significantly reduce the ability to use post-grant procedures for abusive serial challenges to patents.” 157 Cong. Rec. S952 (daily ed. Feb 28, 2011) (statement of Sen. Grassley); see also 157 Cong. Rec. S952 (daily ed. Feb 28, 2011) (statement of Sen. Leahy) (commenting on the “procedural safeguards to prevent a challenger from using the process to harass patent owners”); H.R. Rep. No. 112-98, at p. 48 (2011) (“The Committee recognizes the importance of quiet title to patent owners to ensure continued investment resources. . . . [Use as a tool for harassment] would frustrate the purpose of the section as providing quick and cost effective alternatives for litigation. Further such activity would divert resources from the research and development of inventions.”)

GKN has undertaken the defense of its patent and prevailed in having the PTAB confirm the quality of its patent. It is not cost-effective to permit an appeal where the parties are not in litigation and JTEKT has not disclosed any finalized product.

**B. 35 U.S.C. §§ 318 AND 311 DO NOT  
CONFER ANY PRIVATE RIGHT TO  
CANCELLATION ON PETITIONERS**

The thrust of JTEKT's argument is that the AIA statutory scheme transforms a generalized public interest in the validity of a patent into a private right. JTEKT asserts that it was accorded a right to have the '440 Patent cancelled if it met its burden of proof. More specifically, JTEKT claims that: "When a patent claim is shown to be unpatentable, Congress does not merely *permit* the Patent Office to cancel that patent claim, Congress *mandates* the Patent Office cancel that patent claim. Pet. 14 (emphasis in original). JTEKT cites 35 U.S.C. § 318 (a)-(b).

The key problem with this cancellation entitlement theory is that the statutory language does not confer any rights on the petitioner toward institution or cancellation. The statute does not place the limits that JTEKT urges on the Board's decision-making process. The plain language of § 311 simply permits a third party to present certain types of prior art evidence. 35 U.S.C. § 311. The plain language of § 318 requires only that the Board issue a final written decision:

If an inter partes review is instituted  
and not dismissed under this chapter,  
the Patent Trial and Appeal Board

shall issue a final written decision with respect to the patentability of any patent claim challenged by the petitioner. . . .

35 U.S.C. § 318(a). The statute thus does not guarantee a particular outcome favorable to the petitioner. See generally 35 U.S.C. §§ 311-318. That the Board disagreed with JTEKT's position on a patent owned by another does "not invade any legal right conferred by" statute upon JTEKT because the right to petition does "not guarantee a particular outcome favorable to the requester." See *Consumer Watchdog*, 753 F.3d at 1262.

An agency denial cannot in and of itself be an injury-in-fact, because that characterization "would transform practically every dispute with an agency into one that is reviewable in a federal court," contrary to the Constitutional requirement for Article III standing. *Wilcox Electric, Inc. v. FAA*, 119 F.3d 724, 727 (8th Cir. 1997).

Petitioners who file petitions pursuant to § 311 do not receive any rights by virtue of that filing, as demonstrated by the fact that 35 U.S.C. § 314(d) provides that the USPTO decision on institution is final and not appealable. Indeed, even where the statutory prerequisites for *inter partes* review have been satisfied, the statute never mandates the institution of such a proceeding. See 35 U.S.C. 312(a), 314(a) and (d), 315(a) and (b) (specifying circumstances in which the USPTO "may not" institute review but identifying no instance in which the USPTO must institute review). As Senator Kyl explained, the absence of any such directive "reflects

a legislative judgment that it is better that the [USPTO] turn away some petitions that otherwise satisfy the threshold for instituting an inter partes or post-grant review than it is to allow the [USPTO] to develop a backlog of instituted reviews that precludes the [USPTO] from timely completing all proceedings.” 157 Cong. Rec. S1377 (daily ed. Mar, 8, 2011) (statement of Sen. Kyl).

JTEKT cannot avoid the injury-in-fact requirement to prove Article III standing based on mere argument untethered to the statutory language. The injury-in-fact standing requirement “applies with special force” where, as here, “a plaintiff files suit to require an executive agency to follow the law; at that point, the citizen must prove that he has sustained or is immediately in danger of sustaining a direct injury as a result of that challenged action and it is not sufficient that he has merely a general interest common to all members of the public.” *Spokeo*, 136 S. Ct. at 1552 (internal quotations and citations omitted). “Inter partes review falls squarely within the public-rights doctrine.” *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, 138 S. Ct. 1365, 1371 (2018).

Having failed to show an injury-in-fact, JTEKT remains a member of the public vis-à-vis the ’440 Patent and lacks Article III standing to appeal the decision of the Board confirming GKN’s patent.

### **C. ESTOPPEL IS IMMATERIAL WITHOUT A POTENTIAL INFRINGEMENT SUIT**

On the estoppel argument, JTEKT’s petition departs ways with the RPX petition. Unlike the

other issues, JTEKT did secondarily raise estoppel as a separate injury-in-fact before the Federal Circuit. The argument is as illogically circular in the JTEKT petition as it was before the Federal Circuit.

Estoppel cannot rescue an inability to show any risk of infringement because estoppel only occurs in the context of an infringement suit.<sup>6</sup> JTEKT did not show a risk of an infringement suit and the risk of estoppel is absent without a risk of infringement. In fact, the Federal Circuit addressed JTEKT's argument by explaining that "estoppel provisions do not constitute an injury in fact when the appellant is not engaged in any activity that would give rise to a possible infringement suit." Pet. App. 8a (internal quotations and citations omitted).<sup>7</sup>

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<sup>6</sup> JTEKT did not allege below that JTEKT intended to file a second IPR petition and thus estoppel could be material only to actual or potential litigation, notwithstanding the implausibility that Article III standing could be based on an estoppel to re-raise issues before an agency.

<sup>7</sup> Like estoppel, JTEKT's arguments about an economic investment were tethered to a potential infringement that was never established. JTEKT only raised the investment in its product development (which was not tied to any finalized product implicated by the '440 Patent) as an investment that would be lost "if JTEKT ceased development right now to prevent any chance of an infringement suit." JTEKT Appeal Br., at p. 19. The Federal Circuit addressed such arguments just as presented by JTEKT, as part and parcel of the alleged injury-in-fact based on potential infringement. Nevertheless, JTEKT's arguments about an injury-in-fact based on an economic investment in a potential product is outside the scope of its Question Presented.

JTEKT ultimately proves the point itself by reasoning that: “If JTEKT established that it was engaged in activity that would give rise to a possible infringement suit, that itself would be sufficient to confer standing and any showing of estoppel would not be necessary.” Pet. 16. That is exactly the point. Since estoppel is applicable only in the context of a proceeding to enforce the patent, it is inapplicable here where JTEKT failed to establish that any finalized product implicated the ’440 Patent.

**IV. THIS CASE REPRESENTS THE UNUSUAL SITUATION WHERE THE PETITIONER DOES NOT HAVE ANY FINALIZED PRODUCT THAT COULD IMPLICATE THE PATENT AT ISSUE**

The IPR provision of the AIA has achieved remarkable success in generating robust participation. Statistics show that the PTAB has received 8,803 IPR petitions over the six-year period since it went into effect.<sup>8</sup> By contrast, the USPTO had received only 1,919 petitions for *inter partes* reexamination during the course of its thirteen-year existence.<sup>9</sup> That indicates nearly a ten-fold increase in the average annual number of IPR proceedings over its predecessor. Thus, the statistics show that maintaining compliance with Constitutional

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<sup>8</sup> USPTO, *Trial Statistics, IPR, PGR, CBM Patent Trial and Appeal Board* (November 2018) at p. 2, [https://www.uspto.gov/sites/default/files/documents/trial\\_statistics\\_nov\\_2018.pdf](https://www.uspto.gov/sites/default/files/documents/trial_statistics_nov_2018.pdf).

<sup>9</sup> USPTO, *Inter Partes Reexamination Filing Data*, September 30, 2017, at p. 2, [https://www.uspto.gov/sites/default/files/documents/inter\\_parte\\_historical\\_stats\\_roll\\_up.pdf](https://www.uspto.gov/sites/default/files/documents/inter_parte_historical_stats_roll_up.pdf).

safeguards for the appeal of Board decisions has not undercut the effectiveness of the IPR scheme, as JTEKT alleges.

JTEKT also exaggerates the general impact of the Federal Circuit decision concerning its failure to prove standing. First, JTEKT incorrectly claims that the currently-applied law “has the potential to affect thousands of companies who want to do their due diligence before finalizing development or entering commercial production.” Pet. 17. JTEKT further claims that the Federal Circuit has limited “standing to definitive patent-inflicted injury associated with an infringement suit.” Pet. 3. JTEKT provides no citation for these claims.

The Federal Circuit does not *limit* standing to injury associated with an infringement suit. The Federal Circuit recognizes standing based on a product in development, where both “IPRs and declaratory judgment actions enable a party to secure a judicial determination in advance of actual, liability-creating injury.”<sup>10</sup> Pet. App 6a. Many options exist for companies faced with presumptively-valid competitive patents, including

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<sup>10</sup> The Federal Circuit applies a higher standard for establishing standing for a declaratory judgment action than for IPR appeals: “We note that the universe of permissible IPR petitioners seeking to challenge patent claims is significantly larger than the universe of plaintiffs who would have Article III standing to bring a declaratory judgment action challenging the validity of a patent in federal court.” *Applications in Internet Time, LLC v. RPX Corp.*, 897 F.3d 1336, 1348 (Fed. Cir. 2018).

designing around the patent and approaching the competitor for a license. A company can also petition the USPTO, if desired over the standard freedom to operate private opinion, as part of a due diligence. If the company has a product approaching finality and discloses that product and the infringement risk, the company would have standing to appeal.

Second, JTEKT incorrectly claimed that “the Federal Circuit has consistently found that only parties facing an imminent threat of suit for infringement of the underlying patent have an injury in fact sufficient to establish standing to appeal.” Pet. 3. As set forth above, this misstates the standard. The Federal Circuit has found standing for competitors who are not engaged in litigation and have not received a threat of litigation from the patent holder – where the petitioner presented evidence of plans to take action that would implicate the patent at issue. *E.I. du Pont de Nemours & Co. v. Synvina C.V.*, 904 F.3d 996, 1004-05 (Fed. Cir. 2018); see also *Altaire Pharms., Inc. v. Paragon Biotech, Inc.*, 889 F.3d 1274, 1280-83 (Fed. Cir. 2018); *Google LLC v. Conversant Wireless Licensing S.A.R.L.*, No. 2017-2456, \_\_ F. App’x \_\_, 2018 U.S. App. LEXIS 32772, at \*9 (Fed. Cir. Nov. 20, 2018) (non-precedential); *PPG Indus., Inc. v. Valspar Sourcing, Inc.*, 679 F. App’x 1002, 1004 (Fed. Cir. 2017) (non-precedential).

In *E.I. du Pont*, the petitioner had standing because it had “concrete plans” to engage in activity that could give rise to infringement. *E.I. du Pont*, 904 F.3d at 1005. Not only had the petitioner announced plans for a plant that can produce the



chemical covered by the patent, but the petitioner submitted declarations averring that:

[T]he process conducted at its plant uses the same reactants to generate the same products using the same solvent and same catalysts as the '921 patent. Likewise, the temperature and PO2 ranges used at the plant overlap with those claimed in the '921 patent.

*Id.* at 1005. Similarly, in *Altaire*, the Federal Circuit found standing based on the petitioner's evidence that it intended to file an ANDA and "to resume marketing its proprietary formulation," where its production and marketing capabilities had been demonstrated. *Altaire*, 889 F.3d at 1282-83 (internal quotations omitted). JTEKT is the only known instance of a competitor who did not present the Federal Circuit with the requisite evidence of potential infringement risk.

Third, JTEKT claimed that "20% of petitioners would not be able to meet the Federal Circuit's jurisprudence limiting standing to definitive patent inflicted injury associated with an infringement suit." Pet. 17. That unscientific contention has no basis in fact: Article III standing would be available in the vast majority of the 20% of IPRs filed prior to litigation.<sup>11</sup>

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<sup>11</sup> Other sources indicate a smaller figure. One law review article reports that "only about thirteen percent of patents challenged at the PTAB are not already subject to litigation in federal court." Megan M. La Belle, *Public Enforcement of Patent Law*, 96 B.U.L. REV. 1865, 1895 n.192 (2016).

The data relied upon by JTEKT only states that “about 80 percent [of IPRs] had been filed while the challenged patent was already in an active district court case.”<sup>12</sup> The number of IPRs that are filed with existing litigation does not represent the number of IPRs without an appellant having a concrete interest in the patent at issue. First, standing is available in about 80% of the JTEKT 20% figure since, according to PTAB Statistics, the petitioners are successful in about 81% of instituted IPRs.<sup>13</sup> Patent owners have standing to appeal – and 35 U.S.C. § 319 permits the petitioner to participate in the appeal. See, *e.g.* *Pers. Audio, LLC v. Elec. Frontier Found.*, 867 F.3d 1246, 1250 (Fed. Cir. 2017).

Some IPRs are filed on patents where litigation by the patent owner or a declaratory judgment action by the petitioner was filed *after* the filing of the petition for IPR. See, *e.g.* 35 U.S.C. § 315(a)(2). Some IPRs are filed before litigation but after an infringement accusation or a repudiation of a license. See, *e.g.*, *PPG Indus.*, 679 F. App’x at 1004 (finding standing where petitioner had received a communication from a customer of patent owner).

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<sup>12</sup> Patexia, *Patexia Chart 44: Eighty Percent of IPR Filings are for Defensive Purposes*, (Nov. 8, 2017) <https://www.patexia.com/feed/patexia-chart-44-80-percent-of-ipr-filings-are-for-defensive-purposes-20171107>.

<sup>13</sup> USPTO, *Trial Statistics, IPR, PGR, CBM Patent Trial and Appeal Board* (November 2018), at p. 11, [https://www.uspto.gov/sites/default/files/documents/trial\\_statistics\\_nov\\_2018.pdf](https://www.uspto.gov/sites/default/files/documents/trial_statistics_nov_2018.pdf).

Finally, that figure does not reflect competitors with finalized products that can quantify the infringement risk, *unlike JTEKT*. See, e.g., *E.I. du Pont*, 904 F.3d at 1004-05; *Google LLC v. Conversant Wireless Licensing S.A.R.L.*, 2018 U.S. App. LEXIS 32772, at \*9.

While only a tiny fraction of issued patents are ever involved in litigation,<sup>14</sup> most patents subject to an IPR are involved or will be involved in litigation, license repudiation, infringement accusations, etc. In the atypical situation where a competitor wishes to challenge a patent prior to any indication of conflict and without seeking a license, the competitor would still have standing if it is able to show a potential infringement risk – as opposed to informing the court that “there is nothing that can be analyzed for infringement.” The peculiar facts of this case represent a miniscule fraction, at best, of IPR filings.

## CONCLUSION

For the foregoing reasons, the Petition for Writ of Certiorari should be denied and should not be considered with *RPX Corp. v. ChanBond LLC* (17-1686).

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<sup>14</sup> By one account, “it is reasonable to estimate that at most only about two percent of all patents are ever litigated, and less than two-tenths of one percent of all issued patents actually go to court.” Mark A. Lemley, *Rational Ignorance at the Patent Office*, 95 Nw. U.L. Rev. 1495, 1501 (2001).

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