

No. _____

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

SECURITY PEOPLE, INC.,
Petitioner,

v.

**ANDREI IANCU, Under Secretary of
Commerce for Intellectual Property
and Director of the United States
Patent and Trademark Office;
UNITED STATES PATENT AND
TRADEMARK OFFICE,**
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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Dated: March 30, 2021

QUESTIONS PRESENTED

The Questions presented by this Petition are:

Whether the retroactive application of inter partes review under the Leahy–Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011), the “AIA”, to Petitioner’s patent issued eight years before the passage of the AIA deprived Petitioner of its vested property in violation of the Due Process Clause of the Fifth Amendment? Petitioner seeks injunctive relief and is **not** asserting a “just compensation” claim. Retroactive application of inter partes review was expressly left open in *Oil States Energy Services, LLC v. Greene’s Energy Group, LLC*, 138 S. Ct. 1365, 1379 (2018): “We emphasize the narrowness of our holding. We address the constitutionality of inter partes review only... Moreover, we address only the precise constitutional challenges that Oil States raised here. Oil States does not challenge the retroactive application of inter partes review, even though that procedure was not in place when its patent issued. Nor has Oil States raised a due process challenge.”

Whether the Federal Circuit erred in its published opinion affirming that the district court lacked jurisdiction under 28 U.S.C. § 1331 to entertain Petitioner’s as applied constitutional challenge to the retroactive application of inter partes review to its patent issued in 2003.

RULE 29.6 DISCLOSURE STATEMENT

The parties to this proceeding are those listed on the cover: Petitioner Security People, Inc., and Respondents Andrei Iancu, Under Secretary of Commerce for Intellectual Property and Director, U.S. Patent & Trademark Office, U.S. Patent & Trademark Office.

Petitioner Security People, Inc. is wholly owned by Asil Gokcebay, an individual, and no publicly held corporation owns a 10% or greater interest in Security People, Inc.

RELATED CASES

- *Security People, Inc. v. Iancu*, No. 18-cv-06180-HSG, U.S. District Court for the Northern District of California. Judgment entered June 10, 2019.
- *Security People, Inc. v. Iancu*, No. 2019-2118, U.S. Court of Appeals for the Federal Circuit. Judgment entered August 20, 2020. Rehearing denied November 6, 2020.

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PETITION FOR A WRIT OF CERTIORARI

Security People, Inc. (SPI) respectfully petitions for a writ of certiorari to review the reported decision of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS AND ORDERS BELOW

The court of appeals' opinion (Pet App. 1a) is reported at *Security People, Inc. v. Iancu*, 971 F.3d 1355 (Fed. Cir. 2020). The court of appeals entered a judgment (Pet. App. 15a), which affirmed the district court's order (Pet. App. 17a) dismissing SPI's action asserting an as-applied challenge to the retroactive application of inter partes review. SPI petitioned the court of appeals for rehearing. The order denying panel rehearing and rehearing *en banc* (Pet. App. 22a) is unreported.

JURISDICTION

The court of appeals entered its order denying re-hearing on November 6, 2020 (Pet. App. 22a). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The pertinent constitutional and statutory provisions are as follows:

U.S. Constitution, Amendment V

No person shall be ...be deprived of life, liberty, or property, without due process of law;...

35 U.S.C. § 318(b) CERTIFICATE.—

If the Patent Trial and Appeal Board issues a final written decision under subsection (a) and the time for appeal has expired or any appeal has terminated, the Director shall issue and publish a certificate canceling any claim of the patent finally determined to be unpatentable, confirming any claim of the patent determined to be patentable, and incorporating in the patent by operation of the certificate any new or amended claim determined to be patentable.

STATEMENT OF THE CASE

SPI's complaint in the district court asserted that the as-applied retroactive application of inter partes review (IPR) to its patent issued prior to enactment of the AIA unconstitutionally deprived it of its patent rights in violation of due process. SPI's sought injunctive relief to void the PTO's cancellation of its patent claim. The district court dismissed for want of jurisdiction. The court of appeals affirmed.

A patent "is not subject to be revoked or canceled by the president, or any other officer of the Government" because "[i]t has become the property of the patentee, and as such is entitled to the same legal protection as other property." *McCormick Harvesting Mach. Co. v. C. Aultman & Co.*, 169 U.S. 606, 608-09 (1898). In *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365 (2018), this Court held the sweeping language of *McCormick* did not

render the AIA's provision for revocation of patents by an executive branch tribunal (the PTAB) facially unconstitutional. However, *Oils States*, supra at p. 1379 expressly left open this issue of the constitutionality of its retroactive application: "We emphasize the narrowness of our holding. We address the constitutionality of inter partes review only... Moreover, we address only the precise constitutional challenges that Oil States raised here. Oil States does not challenge the retroactive application of inter partes review, even though that procedure was not in place when its patent issued. Nor has Oil States raised a due process challenge."

Under the Patent Act, an inventor is entitled to obtain an exclusive right to practice the invention for a limited time. 35 U.S.C. §§ 101, 154(a)(2). To obtain that right, the inventor must disclose the invention to the public. Id. § 112; see id. § 122(b). That disclosure is the "quid pro quo of the right to exclude." *J.E.M. Ag Supply, Inc. v. Pioneer Hi-Bred Int'l, Inc.*, 534 U.S. 124, 142 (2001). The statute reflects "a carefully crafted bargain for encouraging the creation and disclosure of new, useful, and nonobvious advances in technology and design in return for the exclusive right to practice the invention." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-151 (1989). A patent confers a property right on the owner. 35 U.S.C. § 261. Anyone who "makes, uses, offers to sell, or sells any patented invention" without permission is an infringer liable for damages. Id. § 271(a). An accused infringer may defend itself by challenging the patent's validity in court, but it must prove invalidity by clear and convincing evidence. See *Microsoft Corp. v. i4i Ltd. P'ship*, 564 U.S. 91, 95 (2011).

SPI is a California corporation, which holds over thirty patents, the bulk of which it has actively practiced in products that it developed, manufactures, markets, and sells. SPI owns Patent No. 6,655,180, which was issued on December 2, 2003. At issue is the PTO's cancellation, manifested by a certificate of cancellation, of claim 4 of SPI's '180 patent. SPI has actively practiced the '180 patent at all times, having invested millions of dollars into the patent, product development and its business built around the patent. SPI is a classic small business success story, which has invested in patent development in good faith reliance that its property interest in its issued patents would be protected by the United States judicial system.

The certificate for SPI's '180 patent states that the Director of the USPTO "has received an application for a patent for a new and useful invention. The title and description of the invention are enclosed. The requirements of law have been complied with, and it has been determined that a patent on the invention shall be granted under the law. Therefore, this 6,655,180 United States Patent [g]rants to the person(s) having title to this patent the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States of America or importing the invention into the United States of America for the term set forth below, subject to the payment of maintenance fees as provided by law."

At all times, SPI paid the necessary fees to the PTO for the application, processing and maintenance of the '180 patent. At all times SPI paid said fees in the good faith belief that the '180 patent would and

did issue pursuant to law and that it would be protected by the Fifth Amendment to the U.S. Constitution.

Prior to the AIA, SPI had previously successfully asserted the '180 patent in an infringement action, where the district court found the '180 patent valid.

In 2014, SPI sued Ojmar US, LLC for infringement of the '180 patent. (*Security People, Inc. v. Ojmar US, LLC*, NDCA# 3:14-cv-04968-HSG). Ojmar successfully petitioned for inter partes review. The PTAB found claim 4 of the patent obvious in its decision. SPI appealed the decision to the Federal Circuit, which issued a Rule 36 summary affirmance. SPI petitioned for certiorari, which was denied. **After** remand to the PTO, claim 4 of the patent was cancelled by means of a certificate of cancellation as required by 35 U.S.C. § 318(b). This cancellation certificate constituted the deprivation of SPI's property.

Having exhausted its administrative and judicial remedies, SPI filed the subject action in district court for declaratory and injunctive relief under 28 U.S.C. § 1331 asserting an **as-applied** challenge to the retroactive application of inter partes review as depriving it of property without due process of law. SPI sought to have the IPR process as retroactively applied to its patent declared unconstitutional and have the Respondents' cancellation of claim number 4 of said patent declared void. The district court dismissed the action for lack of jurisdiction. The Federal Circuit in its reported decision affirmed, holding SPI had to assert its claim

in its earlier appeal of the IPR decision. The Federal Circuit did not address the ultimate issue whether the due process clause prohibits the retroactive application of inter partes review as applied to SPI's patent.

The Federal Circuit's decision is incorrect. Challenging the retroactive application of inter partes review as part of the appeal of the IPR decision would have been impermissible because SPI at the time of that appeal had not yet suffered any deprivation of property, i.e. its claim 4 had not yet been cancelled. Thus, no due process claim for property deprivation had accrued. The matter was not ripe and thus there was no constitutionally required case or controversy. The deprivation of property occurred at the earliest only after the appeal of the IPR decision was concluded when the claim first became cancellable under 35 U.S.C. § 318(b). Only after remittitur from the Federal Circuit to the PTO could a cancellation certificate issue under 35 U.S.C. § 318(b). The certificate cancelling the patent claim constituted the deprivation of appellant's property. As noted in *Oil States*, supra at 1372: "The certificate cancels patent claims 'finally determined to be unpatentable...'" Thus, the final disposition of SPI's appeal of the IPR decision was a necessary predicate to maintain its as applied challenge.

REASONS FOR GRANTING THE WRIT

I. The Constitutionality of the Retroactive Application of Inter Partes Review Is An Issue Of Recognized Importance

As this Court has already recognized in *Oil States Energy Services LLC v. Greene's Energy Group, LLC*, supra, the constitutionality of the AIA and the retroactivity of IPR is an issue worthy of certiorari.

Although inter partes review withstood a facial constitutional challenge in *Oil States*, as noted above, this Court stressed at p. 1379: “We emphasize the narrowness of our holding. We address the constitutionality of inter partes review only... Moreover, we address only the precise constitutional challenges that Oil States raised here. Oil States does not challenge the retroactive application of inter partes review, even though that procedure was not in place when its patent issued. Nor has Oil States raised a due process challenge.”

As stated in *Eastern Enterprises v. Apfel*, 524 U.S. 498, 532-534 (1998), retroactive legislation is generally disfavored because it presents problems of unfairness which can deprive people of legitimate expectations and upset settled transactions. See also *Lemon v. Kurtzman*, 411 U.S. 192, 199 (1973): “However appealing the logic of *Norton* may have been in the abstract, its abandonment reflected our recognition that statutory or even judge-made rules of law are hard facts on which people must rely in making decisions and in shaping their conduct. This fact of legal life underpins our modern decisions recognizing a doctrine of nonretroactivity.”

The constitutionality of retroactivity of the IPR system of patent revocation is of paramount importance to owners of millions of unexpired patents issued before enactment of the AIA. The constitutional violation involved here is capable of repetition. It is happening routinely when pre-AIA patents are forced through IPRs. This results in numerous appeals to the Federal Circuit involving such patents. The issue has also percolated as much as it ever will. Since this appeal arises from the Federal Circuit, no other circuit court can weigh in on the constitutionality of retroactivity of the AIA.

IPR also imposes significant additional costs and risks on inventors, especially individuals and small companies. Generally, an inventor must incur tremendous expenses to develop and perfect an invention. Then, the inventor must incur the additional costs of patent prosecution, including not only the monetary cost, but also the real risk involved in disclosing the invention to the world. Before the AIA, inventors who paid those costs and took that risk could reap tangible rewards immediately by either exercising the exclusive right to practice their inventions or by licensing them to others. Inventors of patent issued before the AIA now face additional costs and risk: an administrative proceeding that can cost hundreds of thousands of dollars to defend, the only potential upside of which is a chance to keep their previously issued patent. Justice Breyer at oral argument in *Oil States* expressed concerns about the unfairness of inter partes review: “You at some point --I mean, what I’ve wondered as I’ve read this is suppose that just what you say happens, that all we’re doing is reexamining the patent and the statute provides it, but suppose that the patent has been in

existence without anybody reexamining it for 10 years and, moreover, the company's invested \$40 billion in developing it. And then suddenly somebody comes in and says: Oh, oh, we -- we want it reexamined, not in court but by the Patent Office. Now, that seems perhaps that it would be a problem or not?"

SPI fits completely into the hypothetical posed by Justice Breyer. The subject '180 patent was issued in 2003 (eight years before the AIA), following substantial investment of research and development, only to have it subject to an IPR years later and a claim cancelled.

II. The Retroactive Application of Inter Partes Review Violates The Fifth Amendment Due Process Clause Because Issued Patents Are Vested Private Property Not Revocable Retroactively by Changing the Century Old Rules Requiring Court Revocation

As stated in *Eastern Enterprises v. Apfel*, 524 U.S. 498 (1998), retroactive legislation is generally disfavored. The Fifth Amendment Due Process Clause states that no person shall be "deprived of life, liberty or property without due process of law." The Clause provides a "safeguard against retrospective legislation concerning property rights." *Eastern*, supra at 533-534. Retroactive legislation presents problems of unfairness because it can deprive citizens of legitimate expectations and upset settled transactions. *Id.* at page 533. The AIA was not Congress acting promptly to correct what it might have reasonably viewed as a mistake. The AIA was not intended by Congress to fix an unanticipated error in patent law, but rather purposefully meant to

radically change the law so as to deprive private parties like SPI of long established rights and processes for patent invalidation

Patent rights have existed for centuries, and for centuries their validity has been adjudicated in courts. Thus, patents represent legitimate expectations and settled transaction reached by the inventor with the United States Government By permitting IPR administrative judges to extinguish vested property rights, the AIA dramatically changed and upset long settled expectations and understanding as to how a patent may be revoked. As early as 1602, in *Darcy v. Allen*, “none of the parties disputed that the common law court had jurisdiction to decide the validity of the patent.” Oren Bracha, *Owning Ideas: A History of Anglo-American Intellectual Property* 33 (2005), *available at* <https://law.utexas.edu/faculty/obracha/dissertation/pdf/chapter1.pdf>. Later, in 1753, “the Privy Council relinquished to the law courts jurisdiction over determining the validity of patents for invention.” Adam Mossoff, *Rethinking the Development of Patents: An Intellectual History 1550-1800*, 52 *Hastings L.J.* 1255, 1286 (2001).

In keeping with this legal tradition, this Court’s precedents have held that “[t]he only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever, is vested in the courts of the United States, and not in the department which issued the patent.” *McCormick Harvesting Mach. Co. v. C. Aultman & Co.*, 169 U.S. 606, 609 (1898); *see also United States v. Am. Bell Tel. Co.*, 128 U.S. 315, 364 (1888) (holding that the power to annul or correct a patent “is vested in the judicial

department of the government, and this can only be effected by proper proceedings taken in the courts of the United States”). That is because once the patent is issued, “[i]t has become the property of the patentee, and as such is entitled to the same legal protection as other property.” *McCormick*, 169 U.S. at 609.

Given this long history of validity of patents being determined by the courts, IPR represents a dramatic U turn in the course of patent law. The AIA is the first comprehensive patent bill to be enacted since the Patent Act of 1952 and it arguably makes the most substantial changes to the law since those imposed by the Patent Act of 1836 which created the system of patent examination. The statutory scheme upon which SPI relied in securing its patent, was at least 50 years old.

Although this change in patent law passed constitutional muster in *Oil States* against a facial challenge, the retroactive application of IPR is a completely different issue that upsets settled expectations of patentees and their investment in their patents, not to mention the yearly maintenance fees they incurred to keep their patents. In *McClurg v. Kingsland*, 42 U.S. 202, 206 (1843), the Court held that Congress’s power to “legislate upon the subject of patents is limited.” Such legislation may “not take away the rights of property in existing patents.” *Id.* See also *Society for Propagation of Gospel v. Town of New Haven*, 21 U.S. (8 Wheat.) 464, 493-94 (1823), where the Court stated “[I]t has never been supposed, that rights of property already vested during [a statute’s] existence, were gone by such [a] repeal” because “[s]uch a construction would overturn the

best established doctrines of law, and sap the very foundation on which property rests.”.

Indeed, this Court anticipated the very disruption that retroactive application of IPR presents. In *Moore v. Robbins*, 96 U.S. 530, 534 (1878), the Court anticipated the negative ramifications when the patent-granting office becomes the patent-revoking office: “[A patent], instead of being the safe and assured evidence of ownership which they are generally supposed to be, would always be subject to the fluctuating, and in many cases unreliable, action of the [granting] office. No man could buy of the grantee with safety, because he could only convey subject to the right of the officers of government to annul his title. . . . The existence of any such power in the [granting] Department is utterly inconsistent with the universal principle on which the right to private property is founded.”

Based upon long-established law, SPI had every right to expect that its '180 patent would be protected in Article III courts, and not cancelled by the means of the retroactive application of IPR, carried out by Administrative Law Judges (whose appointments are constitutionally dubious, see *United States v. Arthrex, Inc.*, Supreme Court docket #19-1434) of the executive branch.

As noted above, the certificate for SPI's '180 patent states that the Director of the USPTO “has received an application for a patent for a new and useful invention. The title and description of the invention are enclosed. The requirements of law have been complied with, and it has been determined that a patent on the invention shall be granted under the

law. Therefore, this 6,655,180 United States Patent [g]rants to the person(s) having title to this patent the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States of America or importing the invention into the United States of America for the term set forth below, subject to the payment of maintenance fees as provided by law.” Should SPI not be able to rely on this representation made by the Federal Government?

Retroactive application of IPR subverts the purpose of the Constitution’s patent clause with its express intent to foster inventions. This constitutional objective is greatly diminished if patentees cannot be secure in their patent rights, and if their issued patents exist only at the whim of Congress. It is difficult to exploit a patent and build a product and/or business premised on a patent when it is subject to invalidation by changing the rules of the game retroactively. Here, the change is from Article III Courts with the full panoply of discovery and with a right to a jury trial where the patent is given a presumption of valid and invalidity must be proven by clear and convincing evidence, to the executive branch PTAB with its very limited ability for discovery and a preponderance of evidence burden of proof and a “trial” lasting an hour. *Marbury v. Madison*, 5 U.S. 137, 154-56 (1803) held that whether a property right may be revoked lies within the exclusive province of the courts. Hence, a patent is not subject to retroactive cancellation by Congress. That authority is vested in Article III courts. *Moore v. Robbins*, 96 U.S. 530, 533 (1877); *Michigan Land & Lumber Co. v. Rust*, 168 U.S. 589, 593 (1897).

The valuable property rights in patents saliently were recognized by the Supreme Court over a year before the subject '180 patent issued. *See Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 772, 139 (2002): “Fundamental alterations in these rules risk destroying the legitimate expectations of inventors in their property... ‘[t]o change so substantially the rules of the game now could very well subvert the various balances the PTO sought to strike when issuing the numerous patents which have not yet expired and which would be affected by our decision.’ *Id.*, at 32, n. 6; see also *id.*, at 41 (GINSBURG, J., concurring).” SPI should be able to bank on the words of this Court.

III. The District Court had Jurisdiction over SPI Complaint for an as-applied Challenge

- A. Review in the Federal Circuit at the IPR appellate stage was impermissible because SPI had yet to suffer any deprivation of property and thus there was no case or controversy as Claim 4 was only cancellable by Issuance of the Required Certificate of Cancellation after “any appeal has terminated” and after a Claim is “finally determined to be unpatentable.” 35 U.S.C. § 318(b).**

The Federal Circuit held that the district court had no jurisdiction because SPI had to raise its as-applied challenge as part of its appeal of the IPR decision. This is incorrect. An as applied challenge to the constitutionality of retroactive application of inter

partes review in the Federal Circuit at the IPR appellate stage was impermissible because SPI had yet to suffer a deprivation of property. Thus, no claim had accrued. There was no constitutionally required case or controversy. Under Article III of the Constitution, in order for a court to have jurisdiction, the case must present an actual “case or controversy.” *Hollingsworth v. Perry*, 570 U.S. 693, 704 (2013). Standing to sue is a necessary component of an Article III case or controversy. *Id.* Without a case or controversy, the Federal Circuit would be issuing an impermissible advisory opinion if it were to address SPI’s as-applied challenge. *Preiser v. Newkirk*, 422 U.S. 395, 401 (1975). Here, there was not any nor could there be any case or controversy concerning the deprivation of property until there was a cancellation of SPI’s claim 4. At the earliest, claim 4 was cancellable only after SPI’s unsuccessful appeal of the IPR decision was concluded. The claim is only cancellable by issuance of the required certificate after “any appeal has terminated” and after a claim is “finally determined to be unpatentable.” 35 U.S.C. § 318(b). As stated in *Oil States*, supra, at 1372: “If the Board’s decision becomes final, the Director must ‘issue and publish a certificate.’ § 318(b). The certificate cancels patent claims ‘finally determined to be unpatentable,’ confirms patent claims “determined to be patentable,” and incorporates into the patent ‘any new or amended claim determined to be patentable.’ *Ibid.*”

Accordingly, until there was a cancellation after completion of judicial review, there in fact was no deprivation of property actionable under the Fifth Amendment. Thus, the disposition of SPI’s appeal of the IPR decision was a necessary predicate fact to

maintain this as-applied challenge. As noted in *Abbott Laboratories v. Gardner*, 387 U.S. 136, 148 (1967), judicial review of agency action is subject to an implicit limitation: injunctive and declaratory judgment “are discretionary, and courts traditionally have been reluctant to apply them to administrative determinations unless these arise in the context of a controversy ‘ripe’ for judicial resolution...” Here, the deprivation effect of the IPR decision did not happen until after completion of judicial review, thus the issue of deprivation was not ripe during the appeal of the IPR decision. This issue of the final necessary act for patent cancellation was pointed out in oral argument on March 1, 2021 in *United States v. Arthrex, Inc.*, Supreme Court docket #19-1434 and consolidated cases. That case involves a constitutional attack whether the PTAB’s ALJs were inferior officers who did not require Senate Confirmation. that the administrative patent judges who conduct inter partes reviews hold office in violation of the Appointments Clause. There, counsel for co-petitioner SMITH & NEPHEW, INC., Mr. Perry, in defending the AIA from the constitutional attack, argued the final cancellation authority rested in the Director of the PTO at p. 44:11-21

“Second, I cannot emphasize enough that the director maintains the final authority under 318(b) to confirm or cancel any patent. The APJs do not cancel patents. The patent in this case is still valid. The board has declared it to be unpatentable, but the director has not canceled it. So, to this day, three years later, nothing has happened because the director, the politically appointed

directly accountable to the President individual, has not taken the action specified by statute.”

See also Mr. Perry’s argument at p. 28:25-29:2; 35:10-15.

In *First Data Corp. v. Inselberg*, 870 F.3d 1367, 1375 (Fed. Cir. 2017), the court stated that a claim is not ripe for adjudication if it rests upon contingent future events that may not occur as anticipated or may not occur at all. Manifestly, the outcome of SPI’s appeal of the IPR decision was a future event whose outcome was unknown. Similarly, other actions could have made the ultimate issuance of the cancellation certificate not occur, such as a ruling that the AIA is unconstitutional (see e.g. *United States v. Arthrex, Inc.*, Supreme Court docket #19-1434), Congress enacting a law repealing it, or a court could have declared the AIA invalid on retroactivity grounds or other grounds. Thus, there are numerous occurrences that could have intervened to save SPI’s claim 4, prior to its cancellation by the required certificate. And had they occurred SPI would not have needed to nor have been able to maintain the subject as-applied action – as it would not be ripe.

B. The Federal Circuit’s judicial review of IPR decisions cannot be stretched to include the subject as-applied challenge for deprivation of property.

The Federal Circuit’s jurisdiction for judicial review of IPR decisions cannot be stretched to include the subject as-applied challenge for deprivation of property. 35 U.S.C. § 144 provides: The United States

Court of Appeals for the Federal Circuit shall review the decision from which an appeal is taken on **the record** before the Patent and Trademark Office. (emphasis added). *Oil States*, supra at 1372 states: “When reviewing the Board’s decision, the Federal Circuit assesses ‘the Board’s compliance with governing legal standards de novo and its underlying factual determinations for substantial evidence.’” An IPR petitioner may challenge a claim’s patentability only on limited grounds. 35 U.S.C. § 311(b). Here, the underlying IPR challenge was strictly a 35 U.S.C. § 103 obviousness issue. The appeal from the IPR decision is limited by 35 U.S.C. § 319, which “limit[s] appellate review to the ‘final written decision.’” *Cuozzo Speed Technologies., LLC v. Lee*, 136 S. Ct. 2131, 2140 (2016). Nothing in the AIA permits the PTAB to consider an as-applied challenge for deprivation of property that has yet to occur. It stands to reason that an as-applied challenge for deprivation of property that had yet to occur, cannot be properly raised on an appeal under 35 U.S.C. § 319 since the predicate “factual determinations” of deprivation are not in “the record” and had yet to occur and thus could not be presented.

IV. The Case is a Excellent Vehicle To Address The Constitutionality Of Retroactive Application of Inter Partes Review

This *case* presents an excellent vehicle to address the reoccurring constitutional issue left expressly open in *Oil States*, i.e. the retroactive application of IPR to patents issued prior to the enactment of the AIA. The constitutional violation at issue here is happening routinely when pre-AIA patents are forced through IPRs. This results in

numerous appeals to the Federal Circuit involving such patents. The issue has percolated as much as it ever will. Since this Petition arises from the Federal Circuit, no other circuit court can weigh in on the constitutionality of retroactivity of IPR. The decisions below, necessitate this Court, as it must in all cases, to address the jurisdiction issue. That issue is subsumed in this Petition, but presents an equally important constitutional issue: the need for a case and controversy before a matter may be maintained in federal court.

Petitioner requests the granting of certiorari for plenary review or the writ should be granted, vacating the decision below and remanding for further proceedings. For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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March 30, 2021

APPENDIX

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[ENTERED: August 20, 2020]

**United States Court of Appeals
for the Federal Circuit**

SECURITY PEOPLE, INC.,
Plaintiff-Appellant

v.

**ANDREI IANCU, UNDER SECRETARY OF
COMMERCE FOR INTELLECTUAL
PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK
OFFICE, UNITED STATES PATENT AND
TRADEMARK OFFICE,**
Defendants-Appellees

2019-2118

Appeal from the United States District Court
for the Northern District of California in No. 4:18-cv-
06180-HSG, Judge Haywood S. Gilliam, Jr.

Decided: August 20, 2020

FREAR STEPHEN SCHMID, San Francisco, CA, for
plaintiff-appellant.

LEIF ERIC OVERVOLD, Appellate Staff, Civil
Division, United States Department of Justice,
Washington, DC, for defendants-appellees. Also

represented by SCOTT R. MCINTOSH, ETHAN P. DAVIS; DAVID L. ANDERSON, United States Attorney's Office, San Francisco, CA; MARY L. KELLY, THOMAS W. KRAUSE, FARHEENA YASMEEN RASHEED, Office of the Solicitor, United States Patent and Trademark Office, Alexandria, VA.

Before LOURIE, WALLACH, and HUGHES,
Circuit Judges.

HUGHES, *Circuit Judge.*

Security People, Inc., appeals the district court's dismissal of its Administrative Procedure Act suit challenging the constitutionality of the cancellation of its patent in an inter partes review proceeding. Because Congress foreclosed the possibility of collateral APA review of inter partes review decisions by district courts, and because Security People cannot bring an APA challenge when the statutory scheme separately establishes an adequate remedy in a court for its constitutional challenge, we affirm the district court's dismissal.

I

In this suit against the United States Patent and Trademark Office and its Director (collectively, the PTO), Security People seeks a declaratory judgment that the retroactive application of an inter partes review (IPR) proceeding to cancel claims of its patent violated its constitutional rights, namely its Fifth Amendment due process right.

Security People obtained U.S. Patent No. 6,655,180, “Locker Lock with Adjustable Bolt,” in 2003. After being sued for patent infringement, a competitor of Security People petitioned for review of certain claims of the ‘180 patent in April 2015. The Patent Trial and Appeal Board then instituted an IPR, *see Ojmar US, LLC v. Sec. People, Inc.*, No. IPR2015-01130, 2015 WL 6510359 (P.T.A.B. Oct. 27, 2015), and issued a final written decision finding the sole instituted claim unpatentable, *see Final Written Decision, Ojmar US, LLC v. Sec. People, Inc.*, No. IPR2015-01130 (P.T.A.B. Dec. 12, 2016).

Security People appealed the Board’s decision to this court, raising only issues related to the patentability of the ‘180 patent. *See* Brief for Appellant at 2, *Sec. People, Inc. v. Ojmar US, LLC*, No. 2017-1385 (Fed. Cir. Mar. 16, 2017), ECF No. 16. We summarily affirmed the Board’s decision. *Sec. People, Inc. v. Ojmar US, LLC*, 702 F. App’x 982 (Fed. Cir. 2017). The Supreme Court then denied Security People’s petition for certiorari, which also did not raise any constitutional arguments. *Sec. People, Inc. v. Ojmar US, LLC*, 138 S. Ct. 2681 (2018); Petition for Writ of Certiorari, *Sec. People, Inc.*, 138 S. Ct. 2681 (No. 17-1443). A few months after the Supreme Court denied certiorari, Security People filed the suit from which this appeal arises in the Northern District of California.

The PTO responded to the complaint by moving to dismiss the suit on three grounds: (1) the district court lacked subject matter jurisdiction because Congress established a specific means for judicial review of IPR decisions, rendering collateral APA suits in district court inappropriate; (2) Security

People failed to state a claim because it is barred from raising arguments it could have raised in an earlier proceeding; and (3) Security People failed to state a claim because precedent renders its claim meritless.

The district court agreed with the PTO on the first ground, dismissing the suit for lack of subject matter jurisdiction. *See Sec. People, Inc. v. Iancu*, No. 18-cv-06180-HSG, slip op. at 4 (N.D. Cal. Jun. 10, 2019), ECF No. 28, (*Decision*). The court reasoned that because the America Invents Act (AIA)—codified in relevant part at 35 U.S.C. §§ 319, 141(c)—provides for “broad Federal Circuit review” of the Board’s final written decisions, *see Decision* at 3, but allows for review “only” in the Federal Circuit, *see* § 141(c), Congress discernibly intended to preclude district court review of Board decisions under the APA. *Decision* at 3 (citing *Block v. Cmty. Nutrition Inst.*, 467 U.S. 340, 351 (1984)). Because the Federal Circuit is “fully capable of providing meaningful review” of any constitutional challenges to the Board’s decision, *Decision* at 3 (quoting *Elgin v. Dep’t of the Treasury*, 567 U.S. 1, 10 (2012)), Security People should have “proceed[ed] exclusively through the statutory review scheme,” *id.* (citing *Elgin*, 567 U.S. at 10). The district court thus held that it lacked subject matter jurisdiction over Security People’s claim. *Id.*

Security People timely appealed. We have jurisdiction under 28 U.S.C. § 1295(a)(1). We review de novo a district court’s dismissal of APA claims against the PTO. *Odyssey Logistics & Tech. Corp. v. Iancu*, 959 F.3d 1104, 1108 (Fed. Cir. 2020) (citing *Pregis Corp. v. Kappos*, 700 F.3d 1348, 1354 (Fed. Cir. 2012)).

II

Security People contends that the district court made two errors in holding that Security People could only raise its constitutional challenge in this court on direct review of the Board decision. First, Security People argues that the Board lacks authority to consider constitutional claims, and that it could not then assert a constitutional challenge for the first time on appeal because retroactivity challenges raise issues requiring factual resolution. Second, Security People argues that its as-applied challenge was not yet ripe until cancellation of its patent claims, which required affirmance of the Board's decision by this court, and that it had to exhaust those non-constitutional claims before raising its constitutional claims. We disagree: Security People's arguments misapply fundamental concepts of administrative law.

A

We first reject Security People's argument that, because the Board purportedly lacks the authority to decide constitutional claims, constitutional questions raised by an IPR final written decision must be reviewable in district court under the APA. Even accepting as true Security People's assertion that the Board may not decide a constitutional question, this court—which Congress designated to conduct judicial review of the Board's final written decisions—can meaningfully address constitutional questions on appeal. See *Elgin*, 567 U.S. at 17 (citing *Thunder Basin Coal Co. v. Reich*,

510 U.S. 200, 215 (1994)).¹ “It is not unusual for an appellate court reviewing the decision of an administrative agency to consider a constitutional challenge to a federal statute that the agency concluded it lacked authority to decide.” *Id.* at 18 n.8; *see, e.g., Briggs v. Merit Sys. Prot. Bd.*, 331 F.3d 1307, 1312 (Fed. Cir. 2003) (“Whether the [MSPB] should have considered Briggs’s constitutional arguments is an issue we need not decide. . . . [W]e may consider his arguments and decide the constitutionality of the Hatch Act in this appeal.”).

The presence of disputed factual questions does not change that calculus. *Elgin* remains instructive. Like *Security People* does here, the *Elgin* petitioners argued that “even if the Federal Circuit could consider their claims in the first instance, resolution of the claims requires a factual record that neither the [administrative tribunal] (because it lacks authority to decide the legal question) nor the Federal Circuit

¹ For this reason, *Security People*’s exhortation of the dispositive value of *Free Enterprise Fund* is misplaced. In *Free Enterprise Fund*, the Supreme Court concluded that the district court retained jurisdiction over an APA challenge to an agency determination because the statutory scheme at issue included several provisions precluding “meaningful judicial review” of the party’s “constitutional claims” on direct appeal; the suit was “wholly collateral” to the agency determination; and the claims were “outside the agency’s expertise.” *Free Enter. Fund v. Pub. Co. Acct. Oversight Bd.*, 561 U.S. 477, 489–90 (2010). Because this court can provide meaningful judicial review of constitutional claims arising from IPR final written decisions, that is not the case here. Further, *Elgin* expressly rejected a petitioner’s invocation of *Free Enterprise Fund* to suggest that the Merit Systems Protection Board could not provide adequate judicial review of its constitutional claims because of the MSPB’s lack of constitutional law expertise. *See Elgin*, 567 U.S. at 15–16.

(because it is an appellate court) can create.” *Elgin*, 567 U.S. at 19. The Supreme Court rejected this argument. It held that the statutory review scheme at issue in that case—the Civil Service Reform Act, which provides this court exclusive jurisdiction to review MSPB decisions—“fully accommodates an [appellant’s] potential need to establish facts relevant to [its] constitutional challenge to a federal statute.” *Id.*

The Court gave two examples of how the statutory scheme accommodated factfinding for a constitutional challenge on appeal. The Court noted that “[e]ven without fact-finding capabilities, the Federal Circuit may take judicial notice of facts relevant to the constitutional question.” *Id.* Our authority to take judicial notice of facts remains the same in appeals from the PTAB as from the MSPB. *See, e.g., L.A. Biomedical Rsch. Inst. at Harbor-UCLA Med. Ctr. v. Eli Lilly & Co.*, 849 F.3d 1049, 1061 n.6 (Fed. Cir. 2017) (noting that this court can properly take judicial notice of certain facts in an appeal from the PTAB).

The Court then explained that—for the rare occasions when a constitutional claim “requires the development of facts beyond those that [we] may judicially notice”—“the [Civil Service Reform Act] empowers the MSPB to take evidence and find facts for Federal Circuit review.” *Elgin*, 567 U.S. at 19 (citing 5 U.S.C. § 1204(b)(1)–(2) (empowering MSPB members, administrative law judges, and designated employees to administer oaths, examine witnesses, take depositions, receive evidence, issue subpoenas for both persons and evidence, and order depositions)). The PTAB has similar fact-finding

authority to the MSPB, also allowing it to resolve disputed factual questions, even if it cannot decide the legal question for which those factual questions are relevant. *See* 35 U.S.C. §§ 24 (providing for the issuance of subpoenas in contested cases before the PTO), 316(a)(5) (authorizing the PTO Director to promulgate regulations for discovery of relevant evidence in IPRs, including “what is otherwise necessary in the interest of justice”); 37 C.F.R. § 42.100(a) (“An inter partes review is a trial subject to the procedures set forth in [37 C.F.R. §§ 42.1–42.80].”); *see also* 37 C.F.R. §§ 42.52 (governing the compulsion of testimony by the Board), 42.53 (providing procedures for taking both compelled and uncompelled testimony).

B

Second, we disagree with Security People’s argument that it could only raise its constitutional challenge after this court had affirmed the Board’s final written decision and the PTO had issued a certificate canceling its patent claim. Security People asserts that, for the purposes of a Fifth Amendment due process claim, no deprivation of property had occurred until after the PTO issued the certificate canceling its patent claim. This assertion misapprehends the law defining when an agency action becomes final for judicial review. “The core question [of the finality of agency action] is whether the agency has completed its decisionmaking process, and whether the result of that process is one that will directly affect the parties.” *Franklin v. Massachusetts*, 505 U.S. 788, 797 (1992). The PTO’s decision-making process in an IPR is complete after issuance of the final written decision (or, if parties

move for reconsideration, after the Board issues its decision on reconsideration). The final written decision serves as the agency action that will directly affect the parties.

Judicial review of the final written decision may result in remand of the case to the agency for correction, or even reversal of the agency decision. But a judicially mandated outcome occurring because of judicial review intrinsically is not agency decision-making. *See, e.g.*, 5 U.S.C. § 701(b)(1)(B) (defining “agency” to exclude “the courts of the United States”). And the certificate of cancellation is irrelevant to the finality of the agency’s action, as no agency decision-making is involved in deciding to issue the certificate. Issuing the certificate of cancellation is a non-discretionary formality: the PTO is statutorily compelled to “publish a certificate canceling any claim of the patent finally determined to be unpatentable” in a final written decision. 35 U.S.C. § 318(b).

Nor did the doctrine of administrative exhaustion prevent Security People from raising its constitutional claims on direct appeal to the Federal Circuit. That doctrine “provides that judicial relief is not available for a supposed or threatened injury until the prescribed administrative remedy has been exhausted.” *Sunprime Inc. v. United States*, 892 F.3d 1186, 1192 (Fed. Cir. 2018). If, as Security People asserts, the Board lacked authority to decide Security People’s constitutional challenges, then no administrative remedy exists and Security People faced no obstacle to judicial relief of its constitutional claims on direct appeal from the final written decision. And if the Board does have authority to decide Security People’s constitutional claims, then

Security People’s failure to raise those claims before the Board would lead to it forfeiting those claims, not it gaining the ability to raise those claims in district court under the APA.² *See Pers. Audio, LLC v. CBS Corp.*, 946 F.3d 1348, 1351 (Fed. Cir. 2020) (explaining that “[t]he exclusive vehicle for bringing” “challenges to the lawfulness of the Board’s final written decision,” including on “constitutional bases,” “is a direct appeal to this court from the final written decision”).³

² Further, if the Board did have authority to decide Security People’s constitutional claims, Security People’s opportunity for administrative remedy of its challenge ended when it declined to file a motion for reconsideration of the final written decision. After that, it could receive only judicial relief in this court from the final written decision.

³ Security People also appears to imply that, under the constitutional avoidance doctrine, it could not have raised constitutional challenges to the final written decision until this court denied its statutory arguments for relief from the final written decision. This argument misunderstands the courts’ exercise of constitutional avoidance. As relevant here, constitutional avoidance imparts a “principle governing the prudent exercise of [federal courts’] jurisdiction,” *Escambia Cty., Fla. v. McMillan*, 466 U.S. 48, 51 (1984)—not a limitation on the remedies an appellant may request from a court. If the appellant succeeds on the merits of its non-constitutional arguments, the constitutional question may become moot. *Ashwander v. Tenn. Valley Auth.*, 297 U.S. 288, 347 (1936) (“[I]f a case can be decided on either of two grounds, one involving a constitutional question, the other a question of statutory construction or general law, the Court will decide only the latter.”). But the possibility that a tribunal may not decide a constitutional claim does not absolve an appellant of its obligation to raise that claim when it had the opportunity to assert the claim before a tribunal with jurisdiction to provide relief. *See Henderson v. United States*, 568 U.S. 266, 271 (2013) (“[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

III

A

More generally, we agree with the district court that the statutes providing for exclusive review of the Board’s final written decisions in this court preclude district courts from exercising APA jurisdiction over claims challenging the constitutionality of a final written decision. “[A] statutory scheme of administrative review followed by judicial review in a federal appellate court [can] preclude[] district court jurisdiction over a plaintiff’s statutory and constitutional claims” if “Congress’ intent to preclude district court jurisdiction [is] ‘fairly discernible in the statutory scheme.’” *Elgin*, 567 U.S. at 9–10 (quoting *Thunder Basin*, 510 U.S. at 207). “To determine whether it is ‘fairly discernible’ that Congress precluded district court jurisdiction over [Security People’s] claims, we examine the [statute’s] text, structure, and purpose.” *Id.* at 10.

The text of 35 U.S.C. § 141(c) makes evident Congress’s intent to preclude district court judicial review of IPR final written decisions. “A party to an inter partes review . . . who is dissatisfied with the final written decision of the Patent Trial and Appeal Board . . . may appeal the Board’s decision *only* to the United States Court of Appeals for the Federal Circuit.” § 141(c) (emphasis added). In limiting the possible forums for judicial review to this court, § 141(c) provides for our exclusive review of the Board’s final written decisions. And § 141(c) calls for

having jurisdiction to determine it.” (quoting *United States v. Olano*, 507 U.S. 725, 731 (1993))).

our comprehensive review of final written decisions, allowing a party to appeal if “dissatisfied with the final written decision.”⁴

The structure of the statutory scheme also reveals congressional intent to preclude district court review of IPR decisions. Congress carefully considered the availability of judicial review in the AIA, opting to foreclose all judicial review of certain PTAB decisions in IPRs. *See Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2141 (2016) (“The text of [35 U.S.C. § 314(d)], along with its place in the overall statutory scheme, its role alongside the [APA], the prior interpretation of similar patent statutes, and Congress’ purpose in crafting inter partes review, all point in favor of precluding review of the Patent Office’s institution decisions.”). When it did not foreclose judicial review of Board decisions entirely, Congress channeled review exclusively to this court. Congress integrated this exclusive Federal Circuit review of IPR final written decisions into the intricate existing statutory structure for judicial review of Board decisions, which allows for judicial review in only the Federal Circuit or the Eastern District of Virginia. *Cf. Pregis Corp. v. Kappos*, 700 F.3d 1348, 1359 (Fed. Cir. 2012) (“The carefully balanced framework of the Patent Act specifies a well-defined process for how, when, where, and by whom PTO

⁴ Congress has shown that it knows how to narrow the scope of our review of administrative tribunals’ decisions when it wishes to do so. *See, e.g.*, 38 U.S.C. § 7292 (limiting Federal Circuit review of decisions of the Court of Appeals for Veterans Claims to determining only “the validity of a decision of the [Veterans Court] on a rule of law or of any statute or regulation . . . or any interpretation thereof . . . that was relied on by the [Veterans Court] in making the decision”).

patentability determinations may be challenged.”); see 35 U.S.C. §§ 141, 145. “That Congress declined to include an exemption from Federal Circuit review for challenges to a statute’s constitutionality indicates that Congress intended no such exception.” *Elgin*, 567 U.S. at 13.

Like the statutory schemes in *Thunder Basin* and *Elgin*, the AIA “does not foreclose all judicial review of . . . constitutional claims, but merely directs that judicial review shall occur in the Federal Circuit,” which “is fully capable of providing meaningful review” of the types of constitutional claims asserted here. *Elgin*, 567 U.S. at 10.

B

“[T]he APA authorizes judicial review of final agency actions only if ‘there is no other adequate remedy in a court.’” *Pregis*, 700 F.3d at 1356 (quoting 5 U.S.C. § 704). The agency action here—the final written decision of an IPR—is reviewable by statute, but in the Federal Circuit, not in an APA-based collateral attack in a district court. And, as explained above, the judicial review afforded Security People in this court under 35 U.S.C. § 141(c) offers an adequate remedy for any meritorious constitutional claims. *Cf. Pregis*, 700 F.3d at 1360 (holding that a party aggrieved by the result of an inter partes reexamination had an adequate remedy in a court because it “may obtain judicial review of . . . [a reexamination] decision . . . by appealing to the Board and then, if necessary, to this court”).

“When Congress enacted the APA to provide a general authorization for review of agency action in

the district courts, it did not intend that general grant of jurisdiction to duplicate the previously established special statutory procedures relating to specific agencies.” *Bowen v. Massachusetts*, 487 U.S. 879, 903 (1988). The APA cannot furnish the cause of action Security People asserts here—a collateral attack on an agency decision for which it has already had the opportunity for comprehensive review. “Allowing [patentees] to collaterally attack [IPR decisions] through suits under the APA would destroy the Patent Act’s careful framework for judicial review at the behest of particular persons through particular procedures.” *Pregis*, 700 F.3d at 1359.

III

We have considered the parties’ remaining arguments and find them unpersuasive. The district court’s dismissal of Security People’s suit is

AFFIRMED

[ENTERED: August 20, 2020]

**United States Court of Appeals
for the Federal Circuit**

SECURITY PEOPLE, INC.,
Plaintiff-Appellant

v.

**ANDREI IANCU, UNDER SECRETARY OF
COMMERCE FOR INTELLECTUAL
PROPERTY AND DIRECTOR OF THE
UNITED STATES PATENT AND TRADEMARK
OFFICE, UNITED STATES PATENT AND
TRADEMARK OFFICE,**
Defendants-Appellees

2019-2118

Appeal from the United States District Court
for the Northern District of California in No. 4:18-cv-
06180-HSG, Judge Haywood S. Gilliam, Jr.

JUDGMENT

THIS CAUSE having been considered, it is

ORDERED AND ADJUDGED:

AFFIRMED

16a

ENTERED BY ORDER OF THE COURT

August 20, 2020

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court

[ENTERED: June 10, 2019]

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

SECURITY PEOPLE, INC,		Case No.
Plaintiff,		<u>18-cv-06180-HSG</u>
v.		ORDER GRANTING
ANDREI IANCU, et al.,		MOTION TO
<u>Defendants.</u>		DISMISS
		Re: Dkt. No. 7

On October 9, 2018, Plaintiff Security People, Inc. (“SPI”) brought this suit against the U.S. Patent and Trademark Office (“USPTO”) and Andrei Iancu, in his official capacity as Director of the USPTO (collectively, “Defendants”). Dkt. No. 1 (“Compl.”). SPI alleges a single count, seeking to have the *inter partes* review (“IPR”) process under 35 U.S.C. §§ 311–319, as established by the American Invents Act (“AIA”), declared unconstitutional on the grounds that its retroactive application to Plaintiff’s patent violates various constitutional guarantees. *Id.* ¶¶ 26–27.

Pending before the Court is Defendants’ motion to dismiss the complaint with prejudice under Federal Rule of Civil Procedure (“Rule”) 12(b)(1), principles of *res judicata*, and Rule 12(b)(6). After carefully considering the parties’ arguments, the Court **GRANTS** Defendants’ motion.

I. BACKGROUND

Plaintiff is the assignee of U.S. Patent Number 6,655,180 (“the ’180 Patent”), which was issued on December 2, 2003, prior to Congress’s passage of the AIA. *Id.* ¶¶ 3–4. In November 2014—after the AIA’s passage—Plaintiff sued Ojmar US, LLC (“Ojmar”) in this Court for alleged infringement of the ’180 Patent. *Id.* ¶ 7; *see Sec. People, Inc. v. Ojmar US, LLC*, No. 4:14-cv-04968-HSG (N.D. Cal. Nov. 10, 2014), ECF 1. Ojmar thereafter filed a petition with the USPTO to institute IPR of certain claims in the ’180 Patent. *See* Compl. ¶¶ 7, 21. IPR was instituted, and consistent with authority provided under the AIA, the Patent and Trial Appeals Board (“PTAB”) issued a final written decision, which cancelled claim 4 of the ’180 Patent as obvious, after which Plaintiff dismissed its patent infringement action against Ojmar. *Id.* ¶¶ 7, 23. Plaintiff unsuccessfully appealed PTAB’s decision to the Federal Circuit. *Id.* ¶ 7; *see also Sec. People, Inc. v. Ojmar US, LLC*, 702 Fed. Appx. 982 (Fed. Cir. 2017).

Plaintiff separately filed another action in this Court against the USPTO, its Director, and Ojmar, alleging a single count positing that the IPR process was unconstitutional for violating Article III separation of powers principles and the right to have patent validity issues determined by a jury. *See Sec. People, Inc. v. Lee*, No. 4:15-cv-3172-HSG (N.D. Cal. July 8, 2015), ECF 1. The Court ultimately dismissed the action with prejudice for failure to state a cognizable claim to relief in light of a then-recent Federal Circuit decision rejecting the argument that IPR violates Article III. *See Sec. People, Inc. v. Lee*, No. 4:15-cv-3172-HSG, 2016 WL 9455260, at *1 (N.D.

Cal. Mar. 25, 2016) (citing *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015)). SPI appealed that decision to the Ninth Circuit, which transferred the appeal to the Federal Circuit, which summarily affirmed dismissal. *See Sec. People, Inc. v. Lee*, No. 2016-2378, 2017 WL 1963332 (Fed. Cir. Feb. 23, 2017).

II. LEGAL STANDARD

“Federal courts are courts of limited jurisdiction” and may only hear cases when authorized by the Constitution or statute. *See Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 376–78 (1994). The plaintiff bears the burden of establishing subject matter jurisdiction. *See Ass’n of Am. Med. Colls. v. United States*, 217 F.3d 770, 778–79 (9th Cir. 2000). “Without jurisdiction the court cannot proceed at all in any cause.” *Steel Co. v. Citizens for a Better Env’t*, 523 U.S. 83, 94 (1998) (quoting *Ex parte McCardle*, 7 Wall. 506, 514 (1868)).

III. DISCUSSION

The Court finds it lacks subject matter jurisdiction to hear Plaintiff’s claim. Although courts presume judicial review of administrative decisions, this presumption may be overcome where “congressional intent to preclude judicial review is fairly discernible in the statutory scheme.” *Block v. Cmty. Nutrition Inst.*, 467 U.S. 340, 351 (1984) (internal quotation marks omitted). Further, a plaintiff’s claims must be of the “type Congress intended to be reviewed within th[e] statutory structure.” *Thunder Basin Coal Co. v. Reich*, 510 U.S. 200, 207, 212 (1994). All told, provided there is

“meaningful review” of given claims, Congress may require parties “to proceed exclusively through the statutory review scheme,” even where parties “raise constitutional challenges to federal statutes.” *Elgin v. Dep’t of Treasury*, 567 U.S. 1, 10 (2012).

Here, Congress expressed its intent to preclude District Court jurisdiction in the AIA’s statutory language. Section 141 specifies that parties may appeal IPR decisions “only” to the Federal Circuit. And SPI here appeals PTAB’s cancellation of its patent claim, which is well within the scope of claims Congress directed to the Federal Circuit. *See* 35 U.S.C. § 319. Against this argument, SPI contends that PTAB cannot provide meaningful review of its constitutional claims, relying primarily on *Free Enterprise Fund v. Public Co. Accounting Oversight Board*, 561 U.S. 477 (2010). *Opp.* at 10–12. But unlike in *Free Enterprise Fund*, where the statute limited judicial review in meaningful ways, Section 141 here provides for broad Federal Circuit review of PTAB’s final written decisions. *Compare Free Enterprise Fund*, 561 U.S. at 489–91, *with* 35 U.S.C. § 141(c) (providing review for any “dissatisfied” party). And the Supreme Court has stressed that the “Federal Circuit is fully capable of providing meaningful review” of constitutional challenges. *See Elgin*, 567 U.S. at 10.

Because the AIA’s statutory language indicates that Congress intended to provide review of Plaintiff’s constitutional challenge to PTAB’s decision “only” in the Federal Circuit, which is “fully capable of providing meaningful review,” the Court finds it lacks federal subject matter jurisdiction over SPI’s claims. *See id.*; 35 U.S.C. § 319. The Court further finds that

[ENTERED: November 6, 2020]

NOTE: This order is nonprecedential.

**United States Court of Appeals
for the Federal Circuit**

SECURITY PEOPLE, INC.,
Plaintiff-Appellant

v.

**ANDREI IANCU, UNDER SECRETARY OF
COMMERCE FOR INTELLECTUAL
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UNITED STATES PATENT AND TRADEMARK
OFFICE, UNITED STATES PATENT AND
TRADEMARK OFFICE,**
Defendants-Appellees

2019-2118

Appeal from the United States District Court
for the Northern District of California in No. 4:18-cv-
06180-HSG, United States District Judge Haywood S.
Gilliam, Jr.

ON PETITION FOR REHEARING EN BANC

Before PROST, *Chief Judge*, NEWMAN, LOURIE, DYK,
MOORE, O'MALLEY, REYNA, WALLACH, TARANTO,
CHEN, HUGHES, and STOLL, *Circuit Judges*.

PER CURIAM.

O R D E R

Appellant Security People, Inc. filed a petition for rehearing en banc. The petition was first referred as a petition for rehearing to the panel that heard the appeal, and thereafter the petition for rehearing en banc was referred to the circuit judges who are in regular active service.

Upon consideration thereof,

IT IS ORDERED THAT:

The petition for panel rehearing is denied.

The petition for rehearing en banc is denied.

The mandate of the court will issue on November 13, 2020.

FOR THE COURT

November 6, 2020
Date

/s/ Peter R. Marksteiner
Peter R. Marksteiner
Clerk of Court