

No. \_\_\_\_\_

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

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**ESIP SERIES 2, LLC,**  
*Petitioner,*

v.

**PUZHEN LIFE USA, LLC,**  
*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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**CORRECTED**

**PETITION FOR WRIT OF CERTIORARI**

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## QUESTIONS PRESENTED

The questions presented are:

1. Whether Board decisions that are arbitrary and capricious, exceed the Board's statutory jurisdiction from the start, and are made by administrative patent judges holding that position in violation of the Appointments Clause, which decisions are not reviewed by any principal officer in the Executive Branch, are also precluded from review by an Art. III court.
2. Whether the Federal Circuit's ruling in *ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d 1378 (Fed. Cir. 2020) improperly extends the scope of *Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S.Ct. 1367 (2020).

**PARTIES TO THE PROCEEDINGS BELOW**

Petitioner, ESIP Series 2, LLC, was the patent owner in proceedings before the Patent Trial and Appeal Board and the appellant in the court of appeals.

Respondent, Puzhen Life USA, LLC, was the petitioner in proceedings before the Patent Trial and Appeal Board and the appellee in the court of appeals.

**CORPORATE DISCLOSURE STATEMENT**

Pursuant to this Court's Rule 29.6, petitioner ESIP Series 2, LLC, states that it has no parent corporation and that no publicly held company owns 10% or more of its stock.

## RELATED PROCEEDINGS

The following proceedings are directly related to this case within the meaning of Rule 14.1(b)(iii):

- *ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d 1378 (Fed. Cir. 2020), judgment entered on May 19, 2020 (App., *infra*, 1a-14a); and
- *Puzhen Life USA, LLC v. ESIP Series 2, LLC*, IPR2017-02197 (P.T.A.B.), final written decision entered on February 27, 2019 (App., *infra*, 15a-80a).

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## **PETITION FOR A WRIT OF CERTIORARI**

ESIP Series 2, LLC, respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

### **OPINIONS BELOW**

The court of appeals' opinion is reported at *ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d 1378 (Fed. Cir. 2020), designated as precedential. The Patent Trial and Appeal Board's final written decision is unreported. App., *infra*, 15a-80a

### **STATEMENT OF JURISDICTION**

The court of appeals entered its decision on May 19, 2020. App., *infra*, 1a-14a. This Court has jurisdiction under 28 U.S.C. §1254(1).

### **CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED**

Relevant provisions of the U.S. Constitution; Title 5 of the U.S. Code; Pub. L. No. 89-554, 80 Stat. 378 (1966); Title 35 of the U.S. Code; Pub. L. No. 96-517, 94 Stat. 3015 (1980); and the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011); are set forth in the Appendix. App., *infra*, 83a-93a.

### **PRELIMINARY STATEMENT**

In 2011, Congress enacted a new mechanism for challenging patents through adversarial proceedings at the U.S. Patent Office known as inter partes review. *See* Leahy-Smith America Invents Act, Pub. L. No. 112-29, §6(a), 125 Stat. 284, 299 (2011). This mechanism is routinely used to invalidate patents. This mechanism was used by the Patent Office to invalidate patent claims from U.S. Patent No.

9,415,130, which is owned by ESIP Series 2, LLC (“ESIP”).

The Director instituted an inter partes review of U.S. Patent No. 9,415,130 (“’130 Patent”), despite the fact that the Petition requesting the inter partes review did not identify as a real party in interest the only party against whom the ’130 Patent was being asserted at the time the Petition was filed. The Petition did not comply with the requirements in 35 U.S.C. §312(a)(2). The Patent Office also invalidated certain claims in the ’130 Patent as obvious. The Final Written Decision from the Patent Trial and Appeal Board (“Board”) was dated February 27, 2019.

On March 14, 2019, ESIP appealed the decision of the Board to the U.S. Court of Appeals for the Federal Circuit. Part of ESIP’s appeal was based on Board actions exceeding its statutory jurisdiction and which were arbitrary and capricious. Specifically, the relevant Petition for *Inter Partes* Review failed to satisfy the threshold statutory requirement to name all real parties in interest found in 35 U.S.C. §312(a)(2).

On October 31, 2019, the Federal Circuit decided that the administrative patent judges who conduct inter partes review proceedings hold office in violation of the Appointments Clause. *See, Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019). A significant factor the Federal Circuit considered is that no principal officer reviews the decisions of administrative patent judges. *Id.*, at 1329-1331.

On April 20, 2020, this Court held that the Patent Office’s application of 35 U.S.C. §315(b)’s time limit is closely related to its decision whether to institute inter partes review and is therefore rendered

nonappealable under 35 U.S.C. §314(d). *See, Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S.Ct. 1367 (2020) (slip op., at 2).

On May 19, 2020, the Federal Circuit affirmed the Board's obviousness determination and relied upon *Thryv v. Click-to-Call* to find that the Board's determination with respect to 35 U.S.C. §312(a)(2) is closely related to its decision whether to institute an inter partes review and is therefore precluded from judicial review. *See, ESIP Series 2, LLC v. Puzhen Life USA, LLC*, 958 F.3d 1378 (Fed. Cir. 2020). App., *infra*, 12a-14a.

In summary, the Board, comprised primarily of administrative patent judges appointed in violation of the Appointments Clause, made an arbitrary and capricious determination, never reviewed by an official in the Executive Branch, and exceeding its statutory authority by considering a statutorily deficient petition and instituting an inter partes review proceeding. Based on this Court's decision in *Thryv v. Click-to-Call*, the Federal Circuit then held that the Board's institution determination is not reviewable by an Art. III court. App., *infra*, 12a-14a. Even if the administrative patent judges held office in compliance with the Appointments Clause, their decisions would still not be subject to review. That lack of review or oversight is a violation of ESIP's due process rights.

This petition challenges the constitutionality of depriving a patent owner of their patent rights without due process, without any review or oversight of decisions by administrative patent judges.

## STATEMENT

### I. STATUTORY BACKGROUND

#### A. *Inter Partes* Review

In 2011, Congress enacted the Leahy-Smith America Invents Act (“AIA”), Pub. L. No. 112-29, 125 Stat. 284 (2011). Any person who is not the patent owner of the subject patent may seek inter partes review of the subject patent by filing a petition with the Patent Office. 35 U.S.C. §311. The Director is not to consider a petition unless the statutory requirements for such petition are met. *Id.* §312(a). The Director then determines whether there is a “reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged.” *Id.* §314(a). If the Director finds a “reasonable likelihood,” the Director then has the authority to institute an inter partes review. *Id.* Inter partes review proceedings are conducted by a specialized adjudicative body, a Patent Trial and Appeal Board, comprised largely of administrative patent judges appointed by the Secretary of Commerce. *Id.* §316(c).

The statute permits a defendant in an ongoing infringement litigation to petition for inter partes review so long as the defendant files the petition within the first year of litigation. *Id.* §315(b). Inter partes review is a “party-directed, adversarial” process that “mimics civil litigation.” *SAS Institute, Inc. v. Iancu*, 584 U.S. \_\_\_, 138 S.Ct. 1348, 1352 (2018). A petitioner need only establish unpatentability by a “preponderance of the evidence.” 35 U.S.C. §316(e).

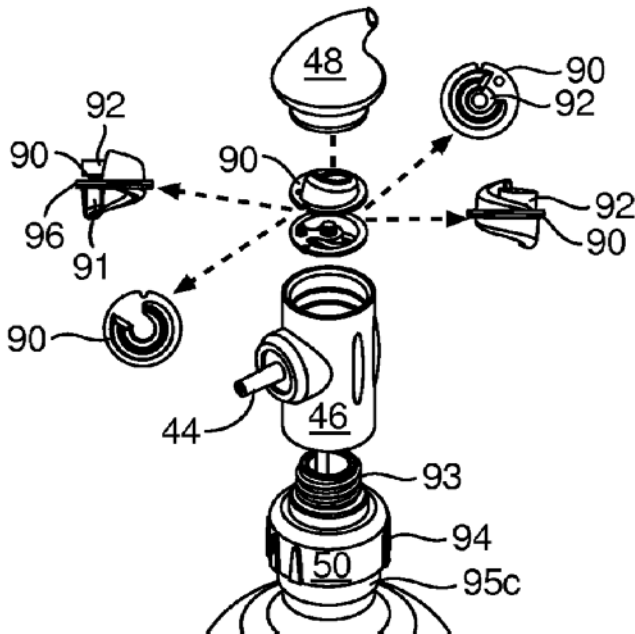
At the end of an inter partes review, the Board issues a final written decision. *Id.* §318(a). The parties can appeal the Board's decision directly to the Federal Circuit. *Id.* §319. No statute permits the Director to review Board decisions.

## **II. PROCEEDINGS BELOW**

### **A. ESIP's Patent Application**

ESIP owns numerous patents directed toward the development of aroma diffuser devices. Mr. Earl Sevy, a managing partner in ESIP, developed a new and novel system for aroma diffusion. This system included a novel separation device: an arcuate channel formed through a wall, termed a "micro-cyclone" separator.

In April of 2013, Mr. Sevy filed the patent application that later became U.S. Patent No. 9,415,130 ("130 Patent"). The application included a specification that appropriately described how to make and use an aroma diffuser that utilized the "micro-cyclone" in the device's separation system. It included detailed illustrations.



The `130 Patent, Fig. 12 (relevant portion).

The `130 Patent was issued on August 16, 2016. Claims 1 and 17 recite language directed toward the “micro-cyclone” structure, including “an arcuate channel formed through the wall” and “through a wall traversed by a spiral channel” respectively.

### **B. Infringement Litigation**

On September 29, 2016, ESIP filed a Complaint for patent infringement against doTERRA International, LLC, Puzhen Life USA, LLC, and Puzhen, LLC in the U.S. District Court of the District of Utah alleging infringement of claims 1, 3 and 17 of the `130 Patent, as well as infringement of claims in a separate patent. On September 30, 2016, doTERRA International, LLC was served with the Complaint. Puzhen Life USA, LLC, and Puzhen, LLC stipulated to service of



the Complaint on October 3, 2016. On April 25, 2017, ESIP ceased asserting infringement of the `130 Patent against Puzhen Life USA and Puzhen. ESIP continued to assert infringement of the `130 Patent against doTERRA International. The case was stayed on December 5, 2017 pending an inter partes review.

### **C. *Inter Partes* Review**

On September 28, 2017, Puzhen Life USA, LLC filed its Petition for inter partes review of the `130 Patent. Puzhen Life USA identified itself and Puzhen, LLC as the real parties in interest with respect to the Petition. Puzhen Life USA did not identify its co-defendant, doTERRA International, as a real party in interest. At the time the Petition was filed, doTERRA International was the only party against whom the `130 Patent was being asserted. ESIP notified the Board of this fact in its Patent Owner's Preliminary Response dated December 19, 2017. Nevertheless, the Board instituted the inter partes review on March 9, 2018.

The Board issued a Final Written Decision on February 27, 2019. App., *infra*, 15a-80a. In this decision, the Board ultimately held that doTERRA International was not a real party in interest. *Id.*, at 25a-29a. The Board also held the challenged claims unpatentable as obvious in view of two separate combinations of prior art. The first combination of prior art was Sevy (U.S. Patent No. 7,878,418) and Cronenberg (U.S. Patent No. 4,243,396). The second combination of prior art was Sevy and Giroux (U.S. Patent No. 8,001,963).

#### D. The Federal Circuit

The Federal Circuit affirmed the Board's decision with respect to obviousness. The Federal Circuit also found the Board's decision to institute the inter partes review unappealable in view of this Court's decision in *Thryv v. Click-to-Call*.

1. The Federal Circuit first affirmed the Board's decision with respect to obviousness. Specifically, the Federal Circuit affirmed the Board's decision that claims 1, 3 and 17 of the '130 Patent were rendered obvious in view of the prior art combination of Sevy and Cronenberg, and that those same claims were also obvious in view of the prior art combination of Sevy and Giroux.

2. The Federal Circuit denied review of ESIP's claims that the subject Petition failed to comply with the statutory requirements in 35 U.S.C. §312(a)(2) and that the Board should not have instituted the inter partes review. The Federal Circuit relied upon this Court's decision in *Thryv, Inc. v. Click-to-Call* to find that ESIP's challenges regarding the subject Petition's compliance with §312(a)(2) were not reviewable. The Federal Circuit said it could "find no principled reason why preclusion of judicial review under §314(d) would not extend to a Board decision concerning the 'real parties in interest' requirement of §312(a)(2)." App., *infra*, 14a.

3. ESIP sought rehearing and rehearing en banc with respect to the Federal Circuit's affirmation of the obviousness determination. C.A. (Dkt.39). The Federal Circuit denied rehearing. App., *infra*, 81a-82a.

## REASONS FOR GRANTING THE PETITION

This petition represents an important constitutional question precipitated by *Thryv v. Click-to-Call*: whether all Board decisions related to statutory compliance, including its own statutory violations, are precluded from judicial review, even if the Board's decision is arbitrary and capricious, resulting in the Board exceeding its jurisdiction.

The Federal Circuit's recent holdings in *Arthrex* and *ESIP* establish a legal situation where administrative patent judges holding that position in violation of the Appointments Clause make rulings about statutory compliance that are not scrutinized nor reviewed by anyone, not by any officer in the Executive Branch, nor by any Art. III Court. This situation has resulted in an unconstitutional taking of ESIP's property rights in violation of due process. This case is particularly egregious because the Board's failure or refusal to enforce statutory requirements is not evaluated or reviewed, and thus not correctable.

Even if administrative patent judges were properly appointed, decisions that are arbitrary and capricious, or exceed statutory jurisdiction, should not be precluded from review. The rights Congress afforded patent owners in inter partes reviews need to be appropriately protected.

**I. THE FEDERAL CIRCUIT’S DECISION IS WRONG,  
LEGALLY AND FACTUALLY**

**A. The Federal Circuit Was Wrong to Apply  
Thryv v. Click-to-Call to Decisions Under  
§312(a)(2) That Exceed Jurisdiction and  
Are Arbitrary and Capricious**

The holding in *Thryv v. Click-to-Call* was that the agency’s application of §315(b)’s time limit is closely related to its decision whether to institute inter partes review and is therefore rendered nonappealable by §314(d). *Thryv*, 140 S.Ct. \_\_\_ (slip op., at 2). This Court found that §315(b) governs institution and nothing more. *Id.* (slip op., at 8).

The holding in *Cuozzo Speed Technologies, LLC v. Lee* “applies where the grounds for attacking the decision to institute inter partes review consist of questions that are closely tied to the application and interpretation of statutes related to the Patent Office’s decision to initiate inter partes review.” 579 U.S. \_\_\_, \_\_\_ (2016) (slip op., at 11). This Court found that the challenge by the patent owner was “little more” than a challenge to the Patent Office’s conclusion that the information in the petition warranted review under §314(a). *Id.* (slip op., at 12).

Even so, *Cuozzo* allowed for the possibility that certain facts or situations could preserve the presumption of judicial review.

[W]e do not categorically preclude review of a final decision where a petition fails to give “sufficient notice” such that there is a due process problem with the entire proceeding, nor does our interpretation enable the agency to act outside its statutory limits by, for

example, canceling a patent claim for “indefiniteness under §112” in inter partes review. ... Such “shenanigans” may be properly reviewable in the context of §319 and under the Administrative Procedure Act, which enables reviewing courts to “set aside agency action” that is “contrary to constitutional right,” “in excess of statutory jurisdiction,” or “arbitrary [and] capricious.”

*Id.* (slip op., at 11-12) (citing 5 U.S.C. §§706(2)(A)-(D); other citations omitted).

Section 312(a)(2) does not govern institution and nothing more. It does not govern institution at all. It governs the minimum statutory requirements that must be satisfied before a petition can be considered. ESIP’s assertion that the subject Petition did not satisfy those statutory requirements is not “little more” than a challenge to the Patent Office’s conclusion regarding review of information in the petition. It goes to statutory compliance and due process rights.

Because the Petition did not satisfy the statutory requirements, the Board exceeded its jurisdiction by instituting the inter partes review.

At the time the Petition was filed, doTERRA International was the only party against whom the ‘130 Patent was being asserted. Under any reasonable standard, doTERRA International is a real party in interest. ESIP also presented evidence to the Board that Puzhen Life USA had admitted that doTERRA International was a real party in interest. *See*, C.A. (Dkt.15) pp. 20-21. The Board’s ruling that doTERRA International was not a real party in interest was arbitrary and capricious. App., *infra*, 26a-28a.

Under *Cuozzo*, the Federal Circuit should have substantively reviewed the Board's "shenanigans" in the context of 35 U.S.C. §319 and 5 U.S.C. §§706(2)(A)-(D) and set aside the agency's actions that exceeded statutory jurisdiction and were arbitrary and capricious.

**B. The Federal Circuit's Decision is Absurd on its Face**

A close reading of *ESIP Series 2, LLC v. Puzhen Life USA, LLC* shows that the Federal Circuit's reasoning is unsupported and self-contradictory.

Claims 1, 3 and 17 of the '130 Patent were found to be obvious in view of the prior art combination of Sevy and Cronenberg. App., *infra*, 10a-11a. The Board found that "Sevy teaches separating droplets by passing the flow through an orifice in a wall." *Id.*, at 8a. The Federal Circuit affirmed this finding. *Id.*

As support for this finding, the Board and the Federal Circuit relied upon Sevy's disclosure that "the separator plate 98 passes the flow of air from the atomizer 16 through apertures 99 therein. Droplets that cannot move with the air flow, typically because they have too large a size and mass will not be able to quickly turn to follow the flow of air, and will strike the walls of the opening 100 or the separator plate 98." *Id.*

However, that disclosure from Sevy does not support the Board's factual assertion. That very disclosure from Sevy teaches that separation occurs when the larger droplets strike the walls 100 of the lower chamber around the atomizer or its top (the separator plate 98) when the size and mass of those droplets make them too heavy to remain entrained in the flow of air.

That separation of large droplets out of the air flow happens before the flow passes through Sevy's aperture. The droplets cannot be separated within the aperture 99. Sevy's aperture 99 defines a region of empty space, a hole. That empty space does not cause changes in the direction of a flow of air. It cannot discriminate with regard to the sizes of droplets passing through it. Sevy's aperture does not and cannot function as a separator. When ESIP made this point, the Federal Circuit disagreed. *Id.* The Board misapprehended Sevy and the Federal Circuit simply repeated that misconception.

The Board said it relied on the testimony of Puzhen Life USA's expert that the separator plate (98) in Sevy "segregate[s]" atomizer droplets. *Id.*, at 9a. Puzhen Life USA's expert did not testify that Sevy's orifice provided separation, but rather that Sevy's separator plate did so. Sevy's separator plate and aperture are separately named and distinctly numbered components. The Board's unsupported finding, affirmed by the Federal Circuit, is contradicted by Puzhen Life USA's expert and the teachings in the Sevy prior art reference cited by the Board.

The Federal Circuit asserts that "substantial evidence" supports the Board's factual findings. *Id.*, at 9a-12a. However, the evidence cited in the decision does not support the Board's factual findings, and instead contradicts those findings.

The Board also found, and the Federal Circuit affirmed, "that a skilled artisan would have been motivated to replace the aperture in Sevy with the arcuate passageway of Cronenberg" and "that a skilled artisan would have been motivated to

substitute one method [of separation] for the other.” *Id.*, at 10a. In sum, the Board found that substituting Cronenberg’s arcuate passageway in place of Sevy’s aperture was obvious because both components achieved the same result, separation of droplets.

Sevy does not teach that passing the flow of air through its aperture accomplishes separation of droplets. Accordingly, Sevy’s aperture and Cronenberg’s helical passageway – the components the Board equates as substitutes - do not achieve the same result. The Board’s statement regarding a motivation to combine Sevy and Cronenberg is based on a misapprehension of the teachings of Sevy.

The subject claims of the `130 Patent were also found to be obvious in view of the prior art combination of Sevy and Giroux. *Id.*, at 11a. The Board found that Giroux discloses a “vortex” that separates larger droplets from the air flow. *Id.*, at 9a.

As support for this finding, the Board and the Federal Circuit again relied on Puzhen Life USA’s expert testimony and Giroux’s teaching that the swirl of droplets in Giroux’s “vortex” sends the larger droplets to the outside rings [of the vortex] and . . . keeps the smaller [] droplets in the air stream for a longer period of time.” *Id.*, at 10a. This evidence does not support the Board’s statement that the larger droplets are separated from the air flow. It states that the larger droplets are sent to the outside rings of the vortex.

Giroux also teaches that “[a]s the particles are passed through the particle dispersion chamber 85, they are swirled into a vortex and emerge from the chamber 85 while still in the vortex into the nasal cavity and the paranasal sinuses.” C.A. (Dkt.15), pp.



43-44. Giroux teaches that the larger and smaller droplets stay in the vortex, albeit separate portions of the vortex, and are delivered to Giroux's user. Thus, the larger droplets are not separated from the air flow, contrary to the Board's finding.

The Board's motivation to combine Sevy and Giroux was that a PHOSITA would have been motivated to substitute Giroux's channel defined by a helical baffle for the straight orifice in Sevy's plate because both Sevy and Giroux teach methods for removing large droplets from [the] mixture of air and liquid droplets. App., *infra*, 11a.

Again, Sevy does not teach that passing the flow of air through its aperture accomplishes separation of droplets. And Giroux does not teach separating large droplets from the air flow. Sevy's aperture and Giroux's helical baffle – the components the Board equates as substitutes - do not achieve the same result. The Board's statement regarding a motivation to combine Sevy and Giroux is based on misapprehensions of the teachings of Sevy and Giroux.

The Federal Circuit also failed to consider substantial, independent evidence related to non-obviousness. ESIP presented a Notice of Allowance from a closely related patent application, U.S. Patent Application Serial No. 15/297,542 (“`542 Application”), arguing that it provided the most objective evidence of non-obviousness. C.A. (Dkt.15) pp. 31-36. The `542 Application was a child application of the subject `130 Patent. *Id.* The `542 patent examiner specifically considered the very prior art cited and relied upon in the Petition. *Id.* Claims in the `542 Application were not just “related” but

substantively directed to the same points of novelty as the subject claims in the `130 Patent, and were allowed over that same prior art. *Id.* The patent examiner in the `542 Application provided objective, highly relevant, evidence and reasoning why teachings of Sevy and Cronenberg could not render those claims obvious. *Id.*

The Board improperly dismissed this evidence, ignoring the nexus between the claims in the child application and the claims of the `130 Patent. App., *infra*, 55a-57a and 64a. The Federal Circuit failed to properly consider or address the Notice of Allowability.

The Board's factual conclusion with respect to the teachings of Sevy was incorrect. The Federal Circuit affirmed that error. Thus, the motivation to combine Sevy with any other prior art was inaccurate and legally improper because it was based on a factual misconception with respect to the teachings of Sevy.

The obviousness analysis performed by the Board and affirmed by the Federal Circuit was fatally flawed. Claims 1, 3 and 17 of the `130 Patent should be considered valid.

### **C. The `130 Patent Is Not a "Bad Patent"**

This case is not about mere technicalities. Underlying facts in this case militate that the `130 Patent is not a "bad patent" in need of elimination. Under the appropriate legal standard, and in view of the asserted prior art, the inter partes review Petition did not satisfy its burden to show that the subject claims of the `130 Patent are rendered obvious.

ESIP is not a patent owner that needs to appeal on §312(a)(2) grounds only because ESIP could not prevail with respect to patentability. The '130 Patent is a casualty of the witch hunt for “bad patents.” Such ends do not justify those means. The unsupportable conclusion that certain claims in the '130 Patent are rendered obvious does not justify the Board's disregard for statutory compliance, nor the Federal Circuit's refusal to review statutory compliance and to rectify decisions that are arbitrary and capricious.

ESIP's case evidences that multiple errors with respect to multiple legal and factual issues can occur at the Board level, errors of record too numerous to catalog here. Those errors can even survive appellate review. Thus, substantive review of all appropriate issues is all the more necessary.

## **II. THRYV V. CLICK-TO-CALL SHOULD BE OVERRULED**

### **A. The Statutory Requirements for a Petition Are Supposed to be Satisfied Before Considering Institution**

Section 312(a) provides the statutory requirements a petition for inter partes review must satisfy before the petition can be considered by the Director. A petition that does not meet the statutory requirements should not be considered for possible institution. By the plain terms of the respective sections, the Director's determination of whether to institute an inter partes review does not begin until the petition satisfies all statutory requirements.

Statutory compliance under §312(a) is a separate and distinct issue from the Director's determination regarding institution under §314(a). Thus, the

determination of whether a petition complies with §312(a) is not a decision related to the institution decision because no consideration of the institution decision is to be initiated until statutory compliance is established.

*Thryv v. Click-to-Call* finds that §314(d) should apply to Board decisions under §315 because those decisions are “related” to institution. This is an overly broad reading of the statute. *See, SAS Institute*, 584 U.S., at \_\_\_ (slip op., at 12-13).

Section 314(d) specifies that the “determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.” Pursuant to §314(a), the Director has no authority to institute unless and until finding a “reasonable likelihood.” Prior to §314(a), no decision to institute can be designated as nonappealable because there is no authority to institute.

The determination made by the Director in §314(a), after considering the petition and any patent owner response, is whether there is a reasonable likelihood that the petitioner would prevail with respect to at least one of the challenged patent claims. It is already presumed, since previously required under §312(a), that the petition has satisfied all other statutory requirements. Otherwise, the petition cannot be considered.

The statutory scheme does not support the conclusion that §314(d) precludes judicial review of all decisions made by the Director “related” to the decision to institute, only the decision finding a “reasonable likelihood” before institution.

### **B. The Dissent in *Thryv v. Click-to-Call* Has Proven Accurate**

It took approximately one month for the dissent in *Thryv v. Click-to-Call* to be proven accurate. Indeed, “the Court closes the courthouse not in a case where the patent owner is merely unhappy with the merits of the agency’s decision, but where the owner claims the agency’s proceedings were unlawful from the start.” *Thryv*, 140 S.Ct. \_\_\_ (dissenting slip op., at 1).

ESIP has shown that the subject Petition for an inter partes review should not have been considered because it failed to satisfy the statutory requirements. Yet, the Federal Circuit closed its doors to ESIP, predictably extending this Court’s *Thryv v. Click-to-Call* ruling to effectively include any and all Board decisions “related” to institution. “Institution” is now officially an opaque black box.

“So the Board can err; it can even act in defiance of plain congressional limits on its authority.” *Id.*, (dissenting slip op., at 5). ESIP’s ordeal is stark evidence that the Board can act in defiance of plain congressional limits on its authority, knowing full well that the Federal Circuit and this Court will not intervene. ESIP has found no tribunal willing to defend the rights that congress intended to protect a patent owner and preserve the value of its patents. *Id.*, (dissenting slip op., at 14).

### **C. The Result of the Current Legal State Is That Many Decisions Made by the Board Are Not Reviewed By Anyone**

The Federal Circuit has ruled that administrative patent judges hold that office in violation of the Appointments Clause. *See, Arthrex, Inc. v. Smith &*

*Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019). That ruling is based at least in part on the fact that no one from the Executive Branch reviews the decisions made by those administrative patent judges. *Id.*, at 1329-1331.

The Federal Circuit has also ruled that decisions made by administrative patent judges related to institution of an inter partes review are precluded from judicial review, which ruling is based on the *Thryv v. Click-to-Call* decision. App., *infra*, 14a.

Taken together, these rulings amount to an inter partes review proceeding where the Board's administrative patent judges, holding office in violation of the Appointments Clause, make decisions that are not reviewed by anyone in the Executive Branch and precluded from judicial review.

The specter of "bad patents" is insufficient basis for allowing wholesale violations of due process and allowing the Board unfettered, unreviewed control of determinations of statutory compliance. Again, the dissent in *Thryv v. Click-to-Call* is correct. The current inter partes review process, "the new regime represents a particularly efficient new way to 'kill' patents." *Thryv*, 140 S.Ct. \_\_\_ (dissenting slip op., at 4).

### CONCLUSION

35 U.S.C. §314(d) should be read narrowly, applying only to Board decisions within its jurisdiction and pertaining to the determination of a "reasonable likelihood" of success when determining whether to institute an inter partes review. Other Board decisions should be reviewable by, and accountable to, an Art. III Court. The balance of

powers requires such review and accountability. In operation, this case establishes that the Board is subject to errors in statutory compliance, resulting in the denial of due process and the improper taking of ESIP's patent rights. Such errors should be reviewable and correctable.

Accordingly, ESIP urges this Court to reverse the Federal Circuit's affirmation of the Board's determination that claims 1, 3 and 17 of the '130 Patent are obvious and the Federal Circuit's holding that Board decisions under 35 U.S.C. §312(a)(2) are nonappellable.

Respectfully Submitted,

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