

No. 21-118

IN THE
Supreme Court of the United States

APPLE INC.,
Petitioner,

v.

OPTIS CELLULAR TECHNOLOGY, LLC, ET AL.,
Respondents.

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

BRIEF OF ROKU, INC. AS *AMICUS CURIAE* IN
SUPPORT OF PETITIONER

ADAM G. UNIKOWSKY
Counsel of Record
ALEXANDER J. HADJIS
JENNER & BLOCK LLP
1099 New York Ave., NW
Suite 900
Washington, DC 20001
(202) 639-6000
aunikowsky@jenner.com

QUESTION PRESENTED

Whether the U.S. Court of Appeals for the Federal Circuit may review, by appeal or mandamus, a decision of the U.S. Patent & Trademark Office denying a petition for *inter partes* review of a patent, where review is sought on the grounds that the denial rested on an agency rule that exceeds the PTO's authority under the Leahy-Smith America Invents Act, is arbitrary or capricious, or was adopted without required notice-and-comment rulemaking.

TABLE OF CONTENTS

QUESTION PRESENTED..... i

TABLE OF AUTHORITIES iii

INTEREST OF *AMICUS CURIAE* 1

SUMMARY OF ARGUMENT..... 2

ARGUMENT..... 5

I. This Court’s Review is Warranted. 5

 A. This case is practically important. 5

 B. This case is jurisprudentially
 important. 8

II. The Federal Circuit’s Decision is Wrong..... 10

 A. The Federal Circuit has Appellate
 Jurisdiction. 10

 B. The Federal Circuit has
 Mandamus Jurisdiction. 12

CONCLUSION16

TABLE OF AUTHORITIES

CASES

<i>Cheney v. United States District Court for District of Columbia</i> , 542 U.S. 367 (2004).....	12, 13
<i>Cuozzo Speed Technologies, LLC v. Lee</i> , 136 S. Ct. 2131 (2016).....	4, 11
<i>Leedom v. Kyne</i> , 358 U.S. 184 (1958)	14, 15
<i>Oil States Energy Services, LLC v. Greene’s Energy Group, LLC</i> , 138 S. Ct. 1365 (2018).....	8
<i>SAS Institute Inc. v. Iancu</i> , 138 S. Ct. 1348 (2018)	8
<i>Thryv, Inc. v. Click-to-Call Techs., LP</i> , 140 S. Ct. 1367 (2020)	8, 11
<i>United States v. Arthrex, Inc.</i> , 141 S. Ct. 1970 (2021)	8

STATUTES

35 U.S.C. § 314(a).....	13
35 U.S.C. § 314(d).....	10
35 U.S.C. § 1651	12

OTHER AUTHORITIES

<i>Patent Dispute Report: First Half In Review</i> , Unified Patents (July 1, 2021), https://www.unifiedpatents.com/insights/q2-2021-patent-dispute-report	7
--	---

Jason Rantanen, *Federal Circuit Statistics – 2020 edition*, patentlyo (Jan. 4, 2021), <https://patentlyo.com/patent/2021/01/federal-circuit-statistics.html>.....5

United States Patent & Trademark Office, *PTAB Trial Statistics, FY21 Q2 Outcome Roundup IPR, PGR, CBM* (fiscal year 2021 2d quarter), https://www.uspto.gov/sites/default/files/documents/ptab_aia_fy2021_q2_roundup_.pdf5, 6

USPTO on Pace to Again Issue 200+ Discretionary Denials in 2021, Unified Patents (July 6, 2021) <https://www.unifiedpatents.com/insights/uspto-on-pace-to-again-issue-200-discretionary-denials-in-2021>.....7

INTEREST OF *AMICUS CURIAE*¹

Roku, Inc. is a pioneer of and world leader in streaming technology. Millions of people throughout the United States and around the world rely on Roku's streaming technology on a daily basis. Roku connects users to the content they love, enables content publishers to build and monetize large audiences, and provides advertisers with unique capabilities to engage consumers.

Roku has an interest in this case because Roku is the frequent target of patent infringement suits based on questionable patents. In such cases, Roku relies on *Inter Partes* Review (IPR) as a way of obtaining swift review of patentability from an efficient and expert tribunal, the U.S. Patent and Trademark Office.

In establishing IPR through the America Invents Act of 2011, Congress recognized that the Patent Office had erroneously issued many flawed patents. The IPR system enhances competitiveness and innovation by ensuring that those bad patents can be addressed by the agency charged with issuing them in the first place, rather than in expensive district court litigation.

¹ Pursuant to this Court's Rule 37.2(a), amicus timely notified all parties of its intention to file this brief. Counsel for all parties have consented to the filing of this *amicus* brief. Pursuant to this Court's Rule 37.6, *amicus* states that this brief was not authored in whole or in part by counsel for any party, and that no person or entity other than *amicus*, its members, or its counsel made a monetary contribution intended to fund the preparation or submission of this brief.

The *NHK-Fintiv* rule, however, has undermined the IPR mechanism that Congress created. In particular, it is increasingly being used to completely preclude IPR review.

Patent infringement plaintiffs file their cases in plaintiff-friendly forums, like courts in the Eastern and Western Districts of Texas, secure in the knowledge that an unrealistically rapid trial schedule will be set at the outset of the case. They then deploy that schedule as a basis to persuade the Patent Trial and Appeal Board (PTAB) to deny IPR petitions, regardless of the merits of the petitioner's claims. Although the *NHK-Fintiv* rule blatantly contradicts federal law and would never survive in court, it nonetheless survives and thrives because of the Federal Circuit's misguided view that the *NHK-Fintiv* rule is perpetually immune from judicial review.

This Court should grant certiorari to make clear that the Federal Circuit has jurisdiction to review the PTAB's *ultra vires* decision-making, either *via* appellate or *mandamus* jurisdiction. This will allow the Federal Circuit to decide — and vindicate — Apple's argument that the PTAB cannot invent non-statutory reasons to deny IPR petitions.

SUMMARY OF ARGUMENT

This Court should grant certiorari to decide whether the PTAB's misguided *NHK-Fintiv* rule is subject to judicial review.

IPR is a crucial tool to ensure that bad patents are swiftly weeded out by an expert tribunal. Yet the *NHK-Fintiv* rule has nullified IPR for numerous patent

defendants by completely negating Congress's carefully-crafted statutory scheme.

In addition, the *NHK-Fintiv* rule has prompted remarkable distortions of patent litigation in the United States. For example, an extraordinarily high percentage of new patent cases are filed in the Western District of Texas. This is because that court has the practice of issuing fast-moving scheduling orders, which in turn allows patentees to avoid IPR under the *NHK-Fintiv* rule. This outcome nullifies patent defendants' statutory right to file IPR petitions, and is not what Congress had in mind when it enacted IPR.

Yet, because the Federal Circuit refuses to hear challenges to the *NHK-Fintiv* rule, there is nothing patent defendants can do about it. The enormous practical consequences of the Federal Circuit's decision on day-to-day patent litigation warrant Supreme Court review.

Further, this case is jurisprudentially important. In recent years, this Court has devoted close attention to IPR, repeatedly granting certiorari to resolve disputes over the scope of 35 U.S.C. § 314(d) and other aspects of IPR procedure. The Court's attention to IPR has been warranted, given the importance of IPR to the national patent system. The Court should continue that practice through a review of the Federal Circuit's overexpansive application of § 314(d).

This case is easily as important as prior cases in which the Court has granted certiorari. It is tied to a crucial unresolved question of law: whether a federal agency may use a bar on appellate review as a means to

willfully ignore federal statutory law without any judicial constraint.

The Federal Circuit's decision further warrants review because it is wrong. The Federal Circuit erred in holding that it lacked jurisdiction under 35 U.S.C. § 314(d) to hear Apple's challenge to the *NHK-Fintiv* rule. In *Cuozzo Speed Technologies, LLC v. Lee*, 136 S. Ct. 2131 (2016), this Court held that the Federal Circuit lacks jurisdiction to answer "questions that are closely tied to the application and interpretation of" institution-related statutes. *Id.* at 2141.

Resolving Apple's challenge, however, would not require answering any "question[] ... closely tied to the application and interpretation of" any statute. Rather, it would merely require holding that the PTAB may not invent grounds for denying IPR petitions that are completely untethered from any federal statute.

Alternatively, the Federal Circuit has *mandamus* jurisdiction. Under this Court's precedents, litigants may not obtain *mandamus* review merely because they disagree with a lower court's or agency's interpretation of a statute. But they may obtain appellate review if they show that the lower court or agency is ignoring, rather than applying, the statute. This case falls into the latter category.

The PTAB routinely applies a legal rule that is not grounded in any federal statute. *Mandamus* jurisdiction is necessary to end the PTAB's willful disregard of the statutes that govern it.

ARGUMENT

I. This Court's Review is Warranted.

This is a profoundly important case, for both practical and jurisprudential reasons. This Court should grant certiorari to ensure that IPR process is available as Congress intended.

A. This case is practically important.

This case is practically important because the *NHK-Fintiv* rule often precludes IPR and creates an incentive for forum-shopping.

Since IPR was enacted in 2012, Roku and many other targets of patent infringement suits have come to rely on IPR as a reliable way of determining the validity of questionable patents.

PTAB judges are experienced patent lawyers with technical backgrounds. Unlike federal district judges and juries, their full-time job is determining patent validity, and they do their job with expertise and skill. PTAB decisions are rarely reversed by the Federal Circuit — in 2020, over 80% were affirmed in full and over 90% were affirmed in part. *See* Jason Rantanen, *Federal Circuit Statistics – 2020 edition*, patentlyo (Jan. 4, 2021), <https://patentlyo.com/patent/2021/01/federal-circuit-statistics.html>.

Roku, and many other companies, have come to rely on IPR. Between October 1, 2020, and March 31, 2021, 634 IPR petitions were filed, 64% of which were in the field of electrical or computer technology. *See* U.S. Patent & Trademark Off., *PTAB Trial Statistics, FY21 Q2 Outcome Roundup IPR, PGR, CBM*, at 4-5, <https://>

www.uspto.gov/sites/default/files/documents/ptab_aia_fy2021_q2_roundup_.pdf. Roughly 60 percent were instituted, indicating that the PTAB takes a balanced approach in relation to both the patentee and the petitioner. *Id.* at 6.

IPR does not merely benefit patent defendants. Rather, it promotes the Patent Act's core purpose of enhancing innovation. Bad patents — patents covering subject matter that is already known or obvious — do nothing to advance innovation.

Instead, by monopolizing technology that should be in the public domain, bad patents prevent others from using that technology as a foundation for further innovation. They also harm innovation by forcing companies to pay license fees to patentees that did not invent anything, thus diverting resources that could have been used to develop products. Worse, they force companies to pull products off the shelves, even when those products are based on technology that should be in the public domain. IPR serves the laudable purpose of whittling those patents, while ensuring that legitimate patents remain protected.

The *NHK-Fintiv* rule undermines IPR and distorts patent litigation. First, as the petition for certiorari explains, the Patent Office has relied on the *NHK-Fintiv* rule to deny hundreds of IPR petitions. Pet. at 10. Thus, by improperly using the *NHK-Fintiv* rule the PTAB has stripped hundreds of accused infringers of their statutory right to seek review from an expert tribunal, and instead has subjected them to the vagaries of federal district court litigation.

Second, the *NHK-Fintiv* rule has had the effect of shunting an astonishing percentage of patent infringement lawsuits to venues, such as the Western District of Texas, that issue procedural schedules that can be used to thwart an IPR. Plaintiffs now file roughly one-quarter of all U.S. patent cases in the Western District of Texas, almost all in the Waco Division. See *Patent Dispute Report: First Half In Review*, Unified Patents (July 1, 2021), <https://www.unifiedpatents.com/insights/q2-2021-patent-dispute-report>.

A total of 785 infringement suits were filed in that district in 2020, and another 328 were filed in the first half of 2021. *Id.* By comparison, in 2015, 2016, 2017, and 2018, that district saw 38, 17, 44, and 62 patent infringement suits. *Id.*

Why has the Waco Division of the Western District of Texas become so remarkably popular? One major reason is that the court issues quick trial schedules that cause the Patent Office to deny review of IPRs under the *NHK-Fintiv* rule.

Those cases, however, do not actually get *tried* quickly. As petitioner points out, 70% of trial dates in the Western District of Texas slip. Pet. at 32; see *USPTO on Pace to Again Issue 200+ Discretionary Denials in 2021*, Unified Patents (July 6, 2021) <https://www.unifiedpatents.com/insights/uspto-on-pace-to-again-issue-200-discretionary-denials-in-2021> (noting average time-to-trial for judge in Waco Division is five months beyond time-to-trial in scheduling orders). But, by the time the trial date slips it is too late — the PTAB will have already used the *NHK-Fintiv* rule to

deny institution, condemning the infringement defendant to the protracted district court proceedings that IPR was designed to protect against.

Thus, as a result of the *NHK-Fintiv* rule, a large number of defendants are not only stripped of their statutory right to file IPR, but must defend suits in a single, congested federal district court purely because that court facilitates the invocation of the *NHK-Fintiv* rule.

Under the Federal Circuit's interpretation of § 314(d), there is nothing the Federal Circuit can do about it — the *NHK-Fintiv* rule is immune from review. In view of the profound effect the *NHK-Fintiv* rule has had on the federal patent system, Supreme Court review is warranted.

B. This case is jurisprudentially important.

Since its enactment in 2012, IPR has dramatically and beneficially transformed the national patent system. In view of IPR's importance, the Court has has appropriately devoted close attention to IPR, hearing five cases in the past five years. *See United States v. Arthrex, Inc.*, 141 S. Ct. 1970 (2021); *Thryv, Inc. v. Click-to-Call Techs., LP*, 140 S. Ct. 1367 (2020); *Oil States Energy Services, LLC v. Greene's Energy Group, LLC*, 138 S. Ct. 1365 (2018); *SAS Inst. Inc. v. Iancu*, 138 S. Ct. 1348 (2018); *Cuozzo*, 136 S. Ct. 2131.

In three of those cases — *Cuozzo*, *SAS*, and *Thryv* — this Court has interpreted § 314(d). The Court's focus on § 314(d) reflects the outsized importance of that provision.

Section 314(d) is a crucial mechanism of streamlining IPR and ensuring that IPR's efficiency will not be swamped by time-wasting appeals of institution decisions. At the same time, Section 314(d) creates the risk that the PTAB, liberated from judicial review, will follow its own policy preferences as opposed to statutory constraints imposed by Congress.

In two cases from the § 314(d) trilogy — *Cuozzo* and *Thryv* — the Court has established that § 314(d) has real force. The Court held that when the PTAB *cancel*s a patent, an alleged misinterpretation of an institution-related statute is unreviewable. The patentee must establish a defect in the final decision. It cannot continue to assert an invalid patent merely by pointing to a purported error in instituting the IPR in the first instance.

In *SAS*, the Court tempered the harshness of the *Cuozzo* rule by holding that an institution-related error, *if carried through to the final decision*, is reviewable on appeal. Put another way, if the PTAB makes a mistake at the institution stage, and then makes the same mistake in its final decision, § 314(d) does not bar review. Thus, in cases where the PTAB *grants* institution, § 314(d) permits review of PTAB decisions that matter most — decisions that made a difference to the PTAB's ultimate ruling.

This case presents the most important question left unanswered by this Court's decisions. What happens when the PTAB *denies* institution? In that scenario, the opportunity for review recognized by *SAS* — an appeal after a final decision, of rulings that affected the final decision — is unavailable.

Does a disappointed petitioner have *any* remedy? Or can the PTAB operate in a law-free zone, secure in the knowledge that no federal court will ever be capable of stepping in, no matter how blatant its violations of law?

In this case, the Federal Circuit held that the PTAB *does* operate in a law-free zone. If that really is the law — if Congress really did create this historically unique regime of complete agency unaccountability — this Court should be the one to say so.

II. The Federal Circuit’s Decision is Wrong.

In addition to being important, the Federal Circuit’s decision is wrong. The *NHK-Fintiv* rule is not perpetually immune from judicial review. The Federal Circuit has appellate jurisdiction or mandamus jurisdiction to review that misguided rule.

A. The Federal Circuit has Appellate Jurisdiction.

The Federal Circuit declined jurisdiction over Apple’s appeal under 35 U.S.C. § 314(d), which provides that “[t]he determination by the Director whether to institute an inter partes review under this section shall be final and nonappealable.” That ruling conflicts with the statutory text and this Court’s precedents.

The statutory analysis is straightforward. The PTAB did not make a determination of whether to institute an IPR “under this section.” Instead, the PTAB denied institution based on a nonstatutory prudential principle that has nothing to do with “this section.” Therefore, § 314(d) does not bar review.

This Court’s case law interpreting § 314(d) confirms that the Federal Circuit erred. In *Cuozzo*, this Court held that the Federal Circuit lacks jurisdiction to answer “questions that are closely tied to the application and interpretation of” institution-related statutes. 136 S. Ct. at 2141. The Court’s decision did not, however, foreclose Federal Circuit review in appeals “that depend on other less closely related statutes, or that present other questions of interpretation that reach, in terms of scope and impact, well beyond ‘this section.’” This case — involving a PTAB rule that injects a policy consideration into institution decisions without any statutory basis — falls comfortably in the latter category.

Similarly, in *Thryv*, the Court applied “*Cuozzo*’s holding that § 314(d) bars review at least of matters ‘closely tied to the application and interpretation of statutes related to’ the institution decision.” 140 S. Ct. at 1373. It concluded that a challenge to the PTAB’s interpretation of 35 U.S.C. § 315(b), which governs the timeliness of IPR petitions, “easily meets that measurement.” *Id.* This case, which does not involve the PTAB’s interpretation of any statute, does not.

The *Thryv* Court further explained that “§ 314(d) refers . . . to the determination ‘under this section.’” *Id.* at 1375. The phrase “this section” refers to § 314, *i.e.*, “the section housing the command to the Director to ‘determine whether to institute an inter partes review,’ § 314(b).” *Id.* “Thus, every decision to institute is made ‘under’ § 314 but must take account of specifications in other provisions.” *Id.* The Court’s reasoning establishes that the phrase “under this

section” refers to *statutes* — § 314 itself, as well as surrounding statutes to which § 314 points. Here, because the *NHK-Fintiv* rule does not reflect the interpretation of § 314 or any statute to which § 314 points, § 314(d) does not bar review.

B. The Federal Circuit has *Mandamus* Jurisdiction.

If the Court holds that § 314(d) forecloses appellate jurisdiction, it should further hold that Apple may obtain a *writ of mandamus* directing the PTAB to comply with the statutory requirements governing IPR.

The common-law writ of mandamus is codified at 35 U.S.C. § 1651, which provides: “The Supreme Court and all courts established by Act of Congress may issue all writs necessary or appropriate in aid of their respective jurisdictions and agreeable to the usages and principles of law.” Writs of *mandamus* are appropriate when a lower tribunal has engaged in a “usurpation of power or a clear abuse of discretion.” *Cheney v. U.S. Dist. Ct. for D.C.*, 542 U.S. 367, 380 (2004) (internal quotation marks omitted).

Before a writ of *mandamus* may issue, three conditions may be satisfied. “First, the party seeking issuance of the writ must have no other adequate means to attain the relief he desires—a condition designed to ensure that the writ will not be used as a substitute for the regular appeals process.” *Id.* at 380-81 (internal quotation marks and alterations omitted). “Second, the petitioner must satisfy the burden of showing that his right to issuance of the writ is clear

and indisputable.” *Id.* at 381 (internal quotation marks and alterations omitted). “Third, even if the first two prerequisites have been met, the issuing court, in the exercise of its discretion, must be satisfied that the writ is appropriate under the circumstances.” *Id.* “These hurdles, however demanding, are not insuperable.” *Id.*

This case satisfies all three requirements. First, if § 314(d) bars ordinary appellate review, then Apple has “no other adequate means” of obtaining relief.

Second, it is “clear and indisputable” that the statutes governing IPR do not authorize the PTAB to deny institution merely because of an impending trial. The PTAB may not take any action — including denying institution — unless authorized by statute. In *Fintiv* and in the decision below, the PTAB concluded that 35 U.S.C. § 314(a) conferred the authority to deny institution. But Section 314(a) merely states: “The Director may not authorize an inter partes review to be instituted unless the Director determines that the information presented in the petition filed under section 311 and any response filed under section 313 shows that there is a reasonable likelihood that the petitioner would prevail with respect to at least 1 of the claims challenged in the petition.” Nothing in Section 314(a) gives the PTAB the freewheeling authority to invent nonstatutory, “discretionary” reasons to deny institution of an IPR that meets all statutory requirements.

Third, issuance of the writ is appropriate, given that the PTAB’s repeated and continuing violations of its statutory mandate.

In reaching a contrary conclusion, the Federal Circuit suggested that § 314(d) implicitly foreclosed the exercise of mandamus jurisdiction. That conclusion was misguided. To the extent § 314(d) forecloses appellate jurisdiction, it does not *close* the door to mandamus jurisdiction. Rather, it *opens* the door to mandamus jurisdiction by establishing the predicate requirement that there are no other means for obtaining relief.

Leedom v. Kyne, 358 U.S. 184 (1958), supports the exercise of jurisdiction here. In *Leedom*, the National Labor Relations Board included both professional and nonprofessional employees in a bargaining unit, notwithstanding an explicit statutory command that it *not* include professional employees in the bargaining unit. *Id.* at 185. The affected labor organization sued the Board. *Id.* at 186. The Board sought dismissal on the ground that the National Labor Relations Act conferred appellate jurisdiction only over reviews of “final orders,” and there was no final order. *Id.* at 186-87. This Court rejected that argument.

The Court explained that the suit “is not one to ‘review,’ in the sense of that term as used in the Act, a decision of the Board made within its jurisdiction.” *Id.* at 188. “Rather it is one to strike down an order of the Board made in excess of its delegated powers and contrary to a specific prohibition in the Act.” *Id.* The Court explained that the Board had violated a “clear and mandatory” provision of the Act, and had engaged in “an attempted exercise of power that had been specifically withheld.” *Id.* at 188-89. The Court declined to interpret the National Labor Relations Act

to require a “sacrifice or obliteration of a right which Congress has given professional employees.” *Id.* at 190 (internal quotation marks omitted).

Leedom draws a line between an agency’s run-of-the-mill application of a statute, which is unreviewable, and an agency’s order “made in excess of its delegated powers and contrary to a specific prohibition,” which is reviewable. That line tracks the test for *mandamus* jurisdiction: *mandamus* relief is available when an agency *exceeds*, rather than merely *exercises*, its powers.

Hence, *Leedom* establishes that *mandamus* relief is available here, even if ordinary appellate review is not. Section 314(d) does not foreclose the issuance of a writ of *mandamus* to “to strike down an order of the” PTAB “made in excess of its delegated powers and contrary to a specific prohibition in” federal patent law. *Id.* Congress intended to shield the PTAB’s run-of-the-mill applications of the Patent Act’s institution provisions from appellate review — not to give the PTAB a means to engage in brazen defiance of the Patent Act.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

ADAM G. UNIKOWSKY

Counsel of Record

ALEXANDER J. HADJIS

JENNER & BLOCK LLP

1099 New York Ave., NW

Suite 900

Washington, DC 20001

(202) 639-6000

aunikowsky@jenner.com